INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO

PROJECT PROPOSAL

TITLE:	**INCREASING EFFICIENCY OF ACACIA PLANTATION AND TIMBER PROCESSING INDUSTRY IN VIETNAM**
SERIAL NUMBER:	PD 815/16 **Rev.2** (I)
COMMITTEE:	FOREST INDUSTRY
SUBMITTED BY:	GOVERNMENT OF VIETNAM
ORIGINAL LANGUAGE:	ENGLISH

SUMMARY:

Acacia, an exotic planting species, was introduced to Vietnam in mid of the last century. With fast growth and site adaptive advantage, Acacia has become the most popular planting species in Vietnam. Of the total 3.5 million ha of plantation area, the share of Acacia plantation is reported at 60%. At present, acacia is planted for commercial purpose with a quite short production rotation, often between 5 – 7 years, cutting is even done at year 4 - 5 for woodchip production.

To improve sector performance and upgrade added value, since 2015, Vietnam has been pursuing the process of restructuring the forest sector, including wood industry. Central to this process is the shift from the prevailing small timber production within a short rotation for wood chipping to larger timber production by extending plantation rotation for furniture making, with special attention given to acacia.

This project aims at increasing *economic, social and environmental benefits provided by Vietnam forestry and wood processing industry*. The specific objectives of the project are to increase *efficiency in the processing of acacia plantations* in Vietnam .The expected outputs are: i) to increase the supply of acacia plantation timber which is available with larger diameter, improved quality and certified; ii) enhancing the processing capacity of acacia plantations to make full efficiency in the industry; iii) raising awareness of Timber Legality Assurance System (TLAS) for acacia plantations. The key targeted beneficiaries of this project are forest owners/planters and business entities of the private sector, who are dealing with acacia timber processing.

EXECUTING AGENCY:	VIETNAM TIMBER AND FOREST PRODUCTS ASSOCIATION (VIFORES)
DURATION:	24 MONTHS

BUDGET AND PROPOSED SOURCES OF FINANCING:

SOURCE	CONTRIBUTION IN US$
ITTO	116,480
VIFORES	30,000
TOTAL	**146,480**

Contents

List of Abbreviation and Acronyms

AILPA	Australian Illegal Logging Prohibition Act
BIFA	Binh Duong Furniture Association
EU	European Union
EUTR	European Union Timber Regulations
FLEGT	Forest Law Enforcement, Governance and Trade
FPA Binh Dinh	Forest Products Association of Binh Dinh
KFW6	Forest KFW6 project
MARD	Ministry of Agriculture and Rural Development of Vietnam
MoIT	Ministry of Industry and Trade of Vietnam
NGO	Non-governmental organizations
OT	Technical Office
PC	Project Coordinator
PFA	Provincial Forest Agency
PPC	Provincial People's Committee
PS	Project Secretary
SP	Specialists Professional
TLAS	Timber Legality Assurance System
ToT	Training of Trainer
UN	United Nations
VIFORES	Vietnam Timber and Forest Products Association
VNFOREST	Vietnam Administration of Forestry
VPA	Voluntary Partnership Agreement
WB3	Forest Sector Development Project 3
YPA	Year plan action

PROJECT BRIEF

1. Background

Vietnamese wood processing industry has been experiencing fast growth over the last 2 decades. In 2016, the total value generated by wood processing industry and wood product export was about 7 billion USD with wooden products being exported to almost 120 countries. This has made industry the Vietnam's seventh largest export commodities which has made considerable contribute to economy of country in 2016.

However, Vietnam wood industry is facing some challenges. First of all, the limited supply of larger size and certified timber from domestic sources, wood processing and exporting industries of Vietnam are severely dependent on imported raw material. Meanwhile, all most plantation of Vietnam is acacia, which is accounting for 60-70% of total forest plantation, has been planted for short production rotation to take small-diameter log for wood-chips, wood-based panel production, and charcoal making. Secondly, the shortage of working technique and capacity in wood furniture making is leading to inefficiency and in-performance in processing acacia plantations in the industry. This is because of the majority of enterprises are small-medium enterprises with lack of capital to invest in technology and design to work. Thirdly, Vietnam wood industry has to meet more rigorous requirements from international markets especially when Vietnam and EU have completed negotiation of VPA/FLECT. This requires all of wood products consumed by both domestic and foreign markets will be legal.

There are some solutions to deal with these issues. Firstly, suitable policies consultation for encouraging people into establishing large-diameter plantation forest and forest certification. Secondly, capacities building of technique and technology of wood furniture making. Finally, awareness rise of for enterprises to meet well globe market requirements. Those measures are also objectives that the project will focus on.

Acacia, an exotic planting species, was introduced to Vietnam in mid of the last century. With fast growth and site adaptive advantage, acacia has become the most popular planting species and are widely used to make furniture and other products to export in Vietnam. Therefore, proposed project selected this tree as main subject.

2. Objective

Long term objective

In the long term, the project is expected to provide contribution to the increased economic, social and environmental benefits generated by the forest sector and wood processing industry of Vietnam. To verify the level of project long term achievement, the following indicators will be applied:

- ✓ Production of acacia larger diameter (> 15cm), improved quality and certified timber in 3 selected provinces will be increased by 35% - 45% in 3 years following project termination.
- ✓ Export value of acacia plantation products in 3 pilot provinces will be increased by 20% - 25% in 3 years after project completion.

Specific/short-term objective

The specific/short-term objective of the project is "to increase efficiency in the processing of acacia timber Vietnam". With this short-term objective, the project is expected to perform the following indicators:

- ✓ The number of forest owners (mostly small households) who will produce larger acacia timber by extending plantation cycle in 10 selected districts of 3 targeted provinces will be increased by 20%.
- ✓ 100% of business companies which will be involved in project implementation will get access to proper acacia timber processing technologies and be trained in sorting, sawing, drying and preserving acacia timber.
- ✓ 100% of these business companies will have ability to carry out TLAS.

3. Project Areas

Project targeted areas cover selected districts of Nam Dinh, Binh Dinh and Binh Duong provinces which are representing relatively the Northern, Central Coast and Southern parts of Vietnam.

4. Project Activities

Activity 1:

- ✓ Support forest owners to get access to preferential loans and other incentives/subsidies for extending plantation rotations (8-10 years instead of currently applied 4-5 years).
- ✓ Provide silvicultural techniques on high yield plantation establishment and intensive plantation management.
- ✓ Facilitate partnership between timber growers and enterprises to promote forest certification and verify supply chain of acacia timbers.

Activity 2:

- ✓ Provide information and connect potential wood-working machine manufactures with wood processing enterprises to deliver advanced lumber sawing devices and automatically lumber drying technologies.
- ✓ Arrange training courses on timber classifying, sawing, drying and preserving for material procurement staffs and technical workers.
- ✓ To build a system of information data of acacia serving for design, marketing and developing products.

Activity 3:

- ✓ Provide guidance on TLAS for stakeholders engaged in acacia timber processing industry.
- ✓ Evaluate and simplify procedures to reduce the costs of TLAS implementation applicable for acacia plantations.
- ✓ Arrange short-term training courses on TLAS.

5. Outputs

Output 1: Increased local supply of lager-size, certified and higher quality acacia timber for wood processing enterprises:

- ✓ Increasing by 20% in quality and quantity of the large acacia timbers providing for wood processing enterprises involved in the project as completing the project.
- ✓ Through applying best practices acacia plantation forests will be improved better. It is expected that harvesting yield will increase by 20% per ha of forest owners participating in the project until the end of the project.
- ✓ Through good cooperation between wood processing enterprises and forest owners, acacia plantations would be improved strongly by investment and purchase contracts. It is expected that 20% areas of acacia plantations will be granted through activities of linking forest owners and wood processing enterprises participating in the project.

Output 2: Enhanced capacity to increase efficiency of acacia timber processing industry

- ✓ At least 300 technical workers from wood processing enterprises will be trained on acacia timber grading, sawing, drying and preserving techniques and technologies.
- ✓ Wood waste will be reduced by 30% - 40% at enterprises involved in the project implementation.
- ✓ A report on technological properties and the guidance product development and marketing will be prepared.

Output 3: Awareness of the TLAS enforcement for acacia plantations raised

- ✓ At the end of the project, at least 50 participants from selected stakeholder groups will be trained for ToT on TLAS.
- ✓ 100% of enterprises participating in project implementation able to conduct VNTLAS.

6. Budget: USD 146,480 (including USD 116,480 funded by ITTO and USD 30,000 contributed by VIFORES)

7. Project duration: 24 months

PART I: PROJECT CONTEXT

1.1. Origin

Thanks to comparative advantages in the availability of relatively cheap and hardworking labour force and favorable investment environs, wood industry sector of Vietnam has been experiencing high growth. In 2015, the total export value of wood products from Vietnam amounted to about USD 7 billion and Vietnam has become one of the world top wood product exporters. Wood products from Vietnam are currently exported to nearly 120 countries. This sector engages about 4,000 enterprises, most of them are SMEs. It directly creates employments for about 300,000 workers, and indirectly, it contributes to provide employments for millions of farmers who are involved in plantation establishment. Wood processing and trading has become the key driver for reforestation in Vietnam.

The further development of the sector, however, is facing problems in limited capacity to source timber of larger and higher quality, lack of forest certification and absence of systemized legal evidences to assure timber legality. In addition, the limited awareness of timber growers, timber processors and traders on VNTLAS and EUTR, FLEGT/VPA requirements etc. is anticipated to hamper continued growth of this highly export-oriented industries.

To secure timber supply for wood processing and exporting industries and mitigate dependency on imported raw material, the forest sector of Vietnam seek to facilitate extended plantation rotation, improved seedling propagation and plantation management and so on. On the other hand, the Government of Vietnam is intended to conclude FLEGT/VPA with EU by this year.

In Vietnam, in the recent decade, acacia (acacia mangium and the hybrid variety of a. Mangium and a. Auriculiformis) has been dominating commercial plantations due to their fast growth and site-matching ability. Acacia is reported to take the share of over 60% of commercial plantations established so far in Vietnam.

Of great significance is the improvement of the efficiency of acacia plantation business and acacia timber processing and trading. Vietnam, as a new member of ITTO, therefore, is seeking ITTO support for implementation of this project.

1.2. Relevance

1.2.1. Conformity with ITTO's objectives and priorities

Under ITTA 2006, ITTO has two closely related and overarching objectives:

- To promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests.
- To promote sustainable management of tropical timber-producing forests.

By:

(c) Contributing to sustainable development and poverty alleviation: i) sustainable development of tropical rain forests through local acacia plantations and sustainable forest management; ii) forest certification and a stable supply source of acacia timber with better prices to make economic benefits for rural communities.

(d) Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources: i) Strengthening institutional capacity, information and management skills of forestry activities, contributing to effective enforcement system to ensure legal timber (TLAS) according to the Voluntary Partnership Agreement VPA/FLEGT; ii) Improving capability for implementation of EUTR, Lacey Act, AILPA, other regulations;

(f) Promoting and supporting research and development with a view to improve 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: i) Drafting and marketing the specifications data of acacia plantations; Technical guidance of sorting, sawing, drying and preserving acacia plantations for training.

(n) Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber: i) Raising awareness of TLAS compliance; ii) Increasing capacity of wood processing enterprises and stakeholders to meet the requirements of the VPA/FLEGT, EUTR, Lacey Act, AILPA.

ITTO Strategic Action Plan 2013 – 2018:

Strategic Priority 1. Promoting good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing investment and financing SFM.

Output 3 of the proposed project is “Awareness on Timber Legality Assurance System (TLAS) applicable for acacia plantations raised", which is suitable for Strategic Priority 1.

Strategic Priority 2. Increase the contribution of tropical forests to national and local economies, including through international trade.

Output 1 of the proposed project is "Increased the supply of acacia plantations in the country with large diameter, quality and certification" including activities to meet strategic priorities 2.

Strategic Priority 5. Improving the Quality and Availability of Information on Tropical Forests, Forest Product Markets and Trade

Output 2 of the proposed project is “enhanced the processing capacity of acacia plantations to make full efficiency of the industry", which has the appropriated operations of Strategic Priority 5;

Strategic Priority 6. Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests.

The training activities and training of Output 2 "Enhancing processing capacity of acacia plantations to make full efficiency of the industry" and Output 3 “Increasing awareness on Timber Legality Assurance System (TLAS) applicable for acacia plantations” are consistent with Strategic Priority 6.

1.2.2. Relevance to the submitting country’s policies

This proposed project is relevant to the forestry and wood industry development policies of Vietnam. Following are the key policies that are in favor of project implementation:

- ✓ Decision No. 18/2007/QD-TTg dated 05 February, 2007 of the Prime Minister approving Vietnam Forestry Development Strategy 2006 – 2020 with special emphasis on "*promote forestry development to provide significant contribution to economic growth, poverty reduction and environmental protection*" and "*forest product export reaches US$ 7.8 billion (including US$ 7 billion in wood products and US$0.8 billion NTFPs*)".
- ✓ Decision No. 124/QD-TTg dated 02 February, 2012 of the Prime Minister promulgating Master Plan on Development of Agricultural Production by 2020 and Vision till 2030 stipulating the need for "*Reorganization of wood working industry to balance production capacity and stable supply of raw material*."
- ✓ Decision No. 1393/QD-TTg dated 25 September, 2012 of the Prime Minister issuing the *National Strategy for Green Growth* advocating for efficient resource utilization, green industry development, climate smart agriculture development and environmentally agro-industry development.
- ✓ Decision No. 2728/QD-BNN-CB dated 31 October, 2012 of the Ministry of Agriculture and Rural Development adopting "*The Master Plan for Vietnamese Wood Industry Development up to 2020 and vision towards 2030*". In this Master Plan, wood processing industry and wood product trade is seen as the driving force for Vietnam economic development, playing important role in sustainable development of forests, while utilizing the advantages of Vietnamese land and manpower resource, strengthening the collaboration between the wood growers and wood processing facilities.
- ✓ Decision 899/QD-TTg dated 10 June, 2013 of the Prime Minister stipulating the restructure of the broad, including forestry. This decision urges value added and sustainable development of the Vietnamese forest sector by "*Restructuring the forestry sector to increase economic value and enhance capacity to protect environment, and improve people's livelihoods*”. With wood industry sector, this restructuring policy calls for a switch to larger timber production and value added wood processing while assuring wood legality and responsible trade.

1.3. Target areas

Nam Dinh Province:
Area: 1,652.6 km^2
Population: 1,833,500 people
GDP per capita: 1,700 USD
Plantation forest area: 3,086 ha
Project site:
Nam Dinh Forest Product Company (NAFOCO)

Binh Dinh Province:
Area: 6,047.2 km^2
Population: 1,501,800 people
GDP per capita: 2,200 USD
Plantation forest area: 166,245 ha
Project site:
- Song Kon Forest Enterprise
- Tien Dat Furniture Company
- Phuoc Hung Company
- Truong Son Company

Binh Duong Province:
Area: 2,718.5 km^2
Population: 1,691,400 people
GDP per capita: 4,783 USD
Plantation forest area: 8,548 ha
Project site:
- Binh Duong Forest Enterprise
- Hiep Long Furniture Company
- Tien Hung Company
- Minh Duong Wood Production Company

1.3.1. Geographical position

The proposed project will be implemented in three selected provinces of Nam Dinh (Northern), Binh Dinh (Central) and Binh Duong (Southern) representing 3 most dynamic centres of Vietnamese wood processing industry. In each province, project activities will be carried out at 5 -7 selected factories which are producing furniture for export, using acacia timber. The project will also investigate supply chains and the timber flows from plantations established in other provinces. Thematic training and training of trainers will be conducted at offices of local timber associations in association with learning-by-doing at target factories. Suitable trainers available from vocational schools in three provinces will be recruited to conduct training. Thematic workshops and media/communication campaigns will be arranged in Hanoi and Ho Chi Minh city to exchange ideas and expertise, distribute information and upgrade project progress. VIFORES, as the lead actor, will use its network with sub-associations in various localities to disseminate information and knowledge developed by the project to non-target enterprises.

1.3.2 Social, cultural, economic and environmental aspects

1.3.2.1 Nam Dinh Province

Overview: Nam Dinh province covers Nam Dinh City and 9 districts, including Giao Thuy, Hai Hau Loc, Nam Truc and Nghia Hung, Truc Ninh, Vu Ban, Xuan Truong and Y Yen. Located about 150 km south of Hanoi, Nam Dinh is belonging to the Red River Delta Zone of Vietnam. This province has population of 1,833,500 people with a relatively high population density (1,196 people/km²). As of 2015, Nam Dinh GDP per capita was reported at VND 35.2 million (equivalent to USD 1,700). The abundant labour force of Nam Dinh has been renowned for its hardworking and high skill in wood-working. In the past, most of the best carpenters of the Northern Vietnam came from this province. Due to its lowland/delta topography, Nam Dinh is amongst a few Vietnamese provinces which do not have much forest lands. Wood industry specialized on high quality

furniture for domestic market and export, with timber raw material imported from overseas and from other provinces of Vietnam, however, is quite developed in this province.

Nam Dinh has two biosphere reserves has been recognized by UNESCO namely National Reserve of Xuan Thuy and Coastal Protection Forest of Nghia Hung. However, Nam Dinh is now facing problems that are needed to be resolved. Firstly, air and water pollution are visible in handicraft villages and industry zone due to lack of proper attentions paying on environment protection. Secondly, climate change which raise sea level of 2.15 mm yearly is a challenge that Nam Dinh is facing. Every year, 38 thousands hectares of cultivation lands and 70% of mangrove forest area have been degraded by salt.

Project Sites
Nam Dinh Forest Products Company (NAFOCO)

Located in Nam Định City, NAFOCO is specialized on in-door and out-door furniture for export, mostly to EU via IKEA. In-door furniture is made of various locally and overseas sourced hardwood, while out-door one is of predominantly acacia timber.

NAFOCO owns 4 factories which are equipped with modern machines and modern production technologies. The total number of workers employed by these 4 factories is 2,000 people. They are consuming 75,000 m^3 of acacia timber (mostly from Northern and Central provinces of Vietnam) and generating USD 30 annually.

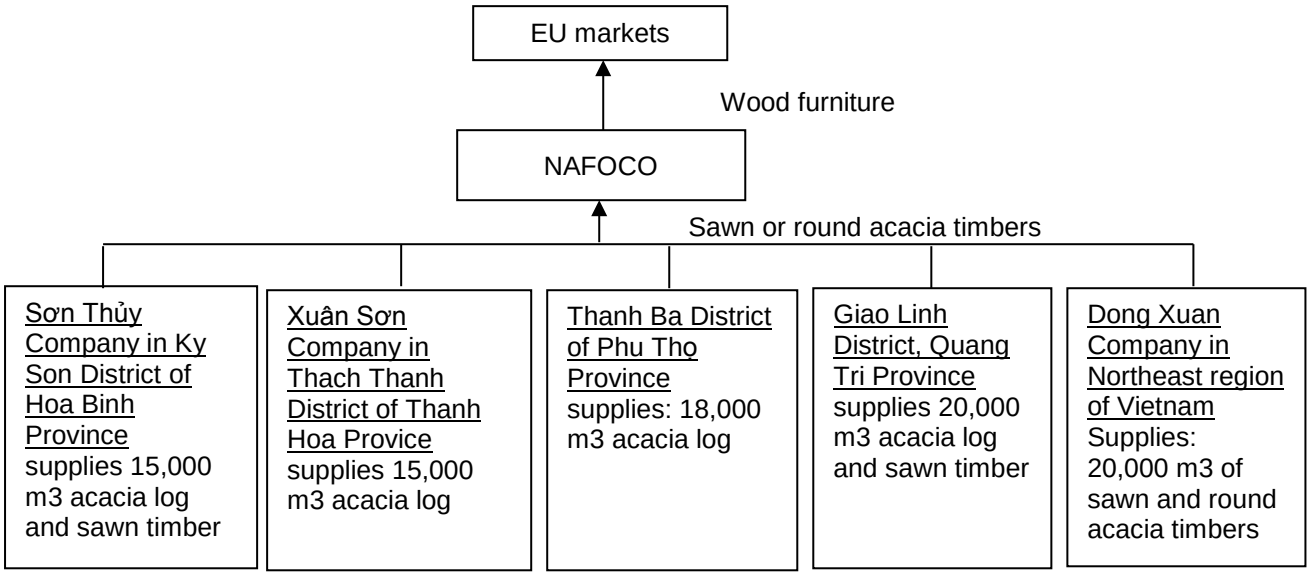


Figure 1: Supply chain of NAFOCO

To meet wood legality requirements from EU buyers, NAFACO is strictly following IWAY raw material management procedure and EUTR to ensure that all coming timber is legally sourced and traceable.

To sustain timber supply, NAFACO is pro-actively establishing partnership with farmers to develop FSC plantations. Its factories are in continuum to modernize equipment and technologies to generate added value using domestic acacia timber.

1.3.2.2. Binh Dinh Province

Overview: Binh Dinh province is located in the Southern central coast part of Vietnam. This province carries one city, one town and nine districts with total natural area of 6047.2 km^2 and population of 1,501,800 people, average density of 297 people/km^2. People of working age accounts for about 60% of the provincial population. Kinh, as the major ethnic group, together with a large number group of ethnic minorities, including Cham, Ba Na and Hre... are living in this province. Quy Nhon sea port, one of the biggest ports of Vietnam, is located in this province. In 2014 provincial GDP was reported at VND 13,281.4 billion. In 2014, 8,500 ha of industrial plantation (mostly with acacia mangium and acacia hybrid) were newly established in the province and 547,000 m^3 of planted timber was cut for downstream processing and another 502,000 m^3 was harvested for chipping. Similar to other central coast provinces, Binh Dinh owns large army of hardworking laborers which are in favor of furniture making.

In recent years, economic, social activities including local aquaculture production have released untreated wastes into environment in Binh Dinh. This will damage coastal protection mangrove forest which is considered as “green border” that is making essential contributions to regulate climate and mitigate risks of natural disasters. Furthermore, lack of running water and drought and salty contamination coming from climate change are now problems for Binh Dinh to deal with.

Project sites

a- Song Kon Forest Enterprise

Song Kon Forest Enterprise is state owner company located in Binh Dinh Province. Song Kon has been assigned to manage and protect total 12.474 hectares of forest including 1.639 hectares of plantation forest. In order to meet demand of wood processing enterprises in the province, Song Kon Forest Enterprise is developing the plan of sustainable forest management and national forest certification and in process of finalizing proposals and procedures submitting to FSC for endorsing FSC certification.

People living in the region are about 24.862 people in whom the ethnic minority people are 8.601 (accounted for 34,6%). People lives depend on agro-forestry activities and face to difficulties due to farming habits of indigenous people are obsolete, cultivated low productivity trees.

Problems: Song Kon Forest Enterprise is now facing the problems. Firstly, the biological current of acacias planted are old and degraded trees with low quality of timber and low efficiency in keeping plantation forest longer for large-diameter round wood. Secondly, most of plantation forests of Song Kon are intensive cultivation with crowded density and fast grown trees servicing for wood chip so income from acacia plantation is low.

The activities that Song Kon has been done are incorporating with local governments in raising awareness of forest management and protection, and related regulations and bans for people living around the forest to do it freely; Building up steering board of forest fire prevention cooperating with local forestry agencies as forest range forces, polices and the others; Organizing training courses to demonstrate participatory forest fire fighting at commune level. Support in sivilcutural techniques for households and trees; Support local government in building public works and actively involving in local social movements as gratitude favor.

b- Tien Dat Furniture Company

Tien Dat is a private company specializing in producing wood furniture for export. Establishment in 1999 in Binh Dinh Province, Tien Dat has been gradually and sustainably grown to become a large producer of wood products in the Central region of Vietnam. In 2015, total export of furniture is US$ 20 million and almost it gained from EU market. The wood materials that Tien Dat has been used drive from domestic and oversee wood source.

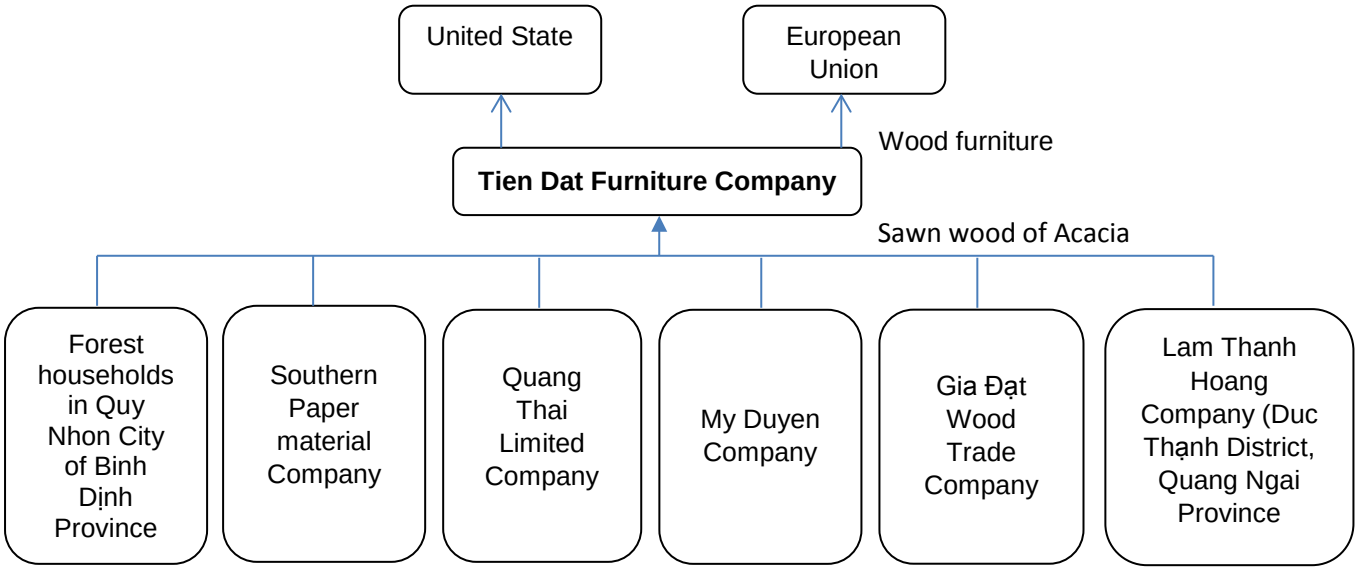


Figure 2: Supply chain of Tien Dat Furniture Company

The challenge that Tien Dat is now facing is wood materials which are almost imported from other countries in Asia and American. Consequently, company is always in the passive situation in working due to imports have continues changes in price and high cost for imports. In addition, importing wood from other country will he hardly to determine legal source of timber which are mandatory requirements requesting by company's customers.

c- Phuoc Hung Company

Setting up in 1997 in Binh Dinh Province, Phuoc Hung is a wood furniture company specializing in making indoor furniture as tables, chairs, beds and wardrobes exporting to the EU, Australian and US. Phuoc Hung is now using timber material derived from domestic and foreign timber source.

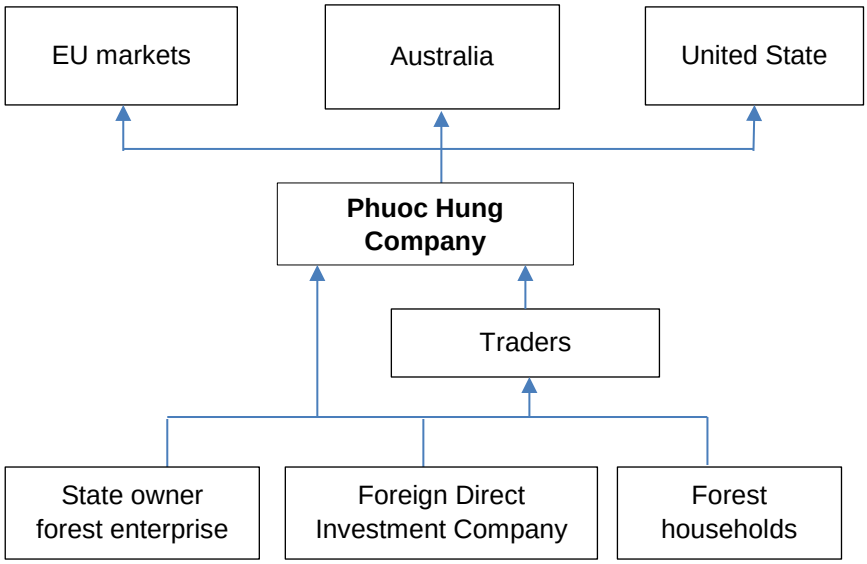


Figure 3: Supply chain of wood material and export market of Phuoc Hung Company

Phuoc Hung is now facing some problems. Most of its markets are increasing requirements for wood products in both due diligence of timber source and forest certification meanwhile most of timber materials domestically that company is using have not the international recognized certification yet. Phuoc Hung has to import a considerable amount of timber which makes hardly to control legal timber source. Furthermore, its workers and managers are lack of awareness of VNTLAS which is an important tool for controlling legal timber source.

d- Truong Son Company

Truong Son has established in 1987 in Quy Nhon City of Binh Dinh Province. Truong Son is making wood furniture for domestic consumption and exports. The main export markets are EU, Australia and United State which brought it benefits of US$ 21 million in 2015.The wood materials that Truong Son is using are acacia, eucalyptus and teak driving from domestic plantation forest and import.

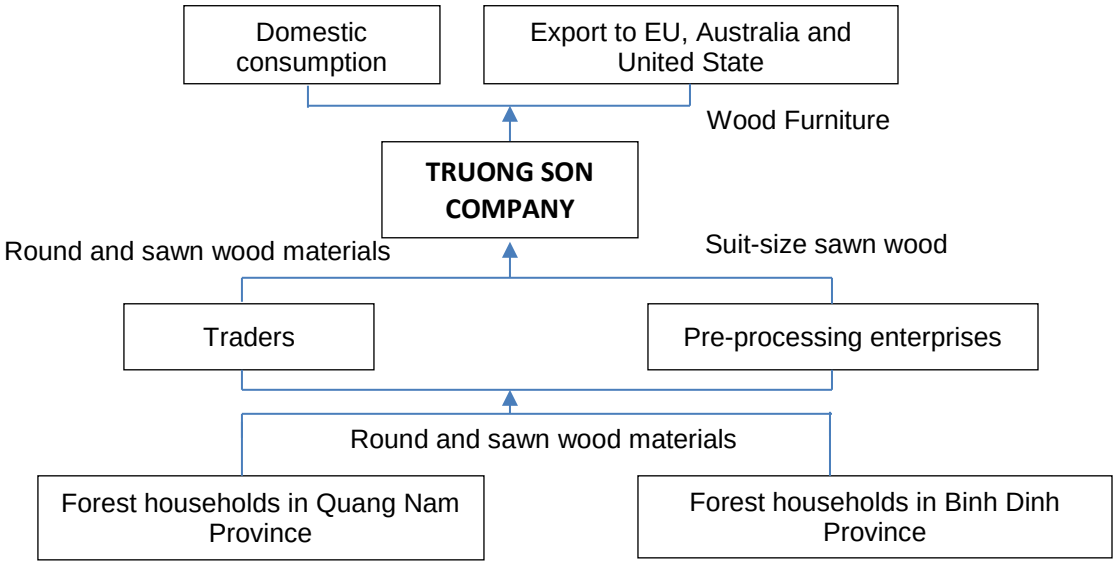


Figure 4: Supply chain of Truong Son Company

In order to meet foreign market requirements, Truong Son is tending to use wood materials deriving from plantation forest managed sustainably has recognized by VNFOREST and FSC and PEFC. However, internationally sustainably endorsed forests in the country are not as much as able to provide efficiently for wood processing enterprises. In addition, enterprises in the province are lack of large-diameter acacia timber to work. Therefore, wood materials imported are costly and hard to control legal source as Truong Son's responsible for providing legal evidence and related documents for its partners for due diligence.

1.3.2.3. Binh Duong Province

Overview: Binh Duong province is connected to Ho Chi Minh City, the most dynamic industrial and commercial centre of Vietnam. This province has 1 city, 4 towns and 4 districts. Population 1,691,400 people, population density 628 people/km², population growth rate 1.42% yearly. Unlike other targeted provinces, urban segment of population takes overwhelming majority against that of rural population (1,084,200 against 607,200). In Binh Duong, there are 15 ethnic groups, and the largest one is the Kinh followed by Chinese, Khmer, and many others. Economic growth of Binh Duong is relatively high, with provincial GDP increasing at 14.5% per year in average. Located nearby Ho Chi Minh City, Binh Duong has developed 28 industrial zones and a large number of industrial clusters. With the total land area of 8,700 ha these industrial zones carries 1,200 local and foreign invested enterprises with total registered capital of over US$13 billion.

As an industrial province, Binh Duong is now meeting with difficulties in environment protection. All most of enterprises, about 25,000, acting in a wide range of sectors from textile product to mechanic making are contaminating rivers and damaging local underwater resource. Furthermore, recently extremely weather condition, which known as flood and typhoon and forest fire, causes damage to both economy and environment in Binh Duong.

Project sites

a- Binh Duong Forest Enterprise

Located in Phu Giao District, Binh Duong Forest Enterprise was state owner company that was established in 2010. It was assigned to manage and protect natural forest and forest plantation in the province. In 2010, company started to test planting acacia trees over 160 hectares.

Binh Duong Forest Enterprise has planted to expand areas to plant acacia trees to provide wood materials for wood processing enterprises in the province. However, lacking of sivilculture and capital to invest in keeping forest plantation are challenges for company to develop acacia plantation in the future.

b- Hiep Long Furniture Company

Hiep Long Furniture Company was established in 1993 in Binh Duong Province. Company has a number of 450 employees and over 40,000 sq. meters of industrial property. The Key export markets of company are North and South America, Europe, Japan and Korea. Hiep Long wood products are outdoor and indoor wood furniture including tables and chairs, sun loungers for swimming pools and cruise lines, tea trolleys for gardens, swing sets and much more. Wood materials that Hiep Long uses for product are domestic wood source and wood imported from Europe and North America.

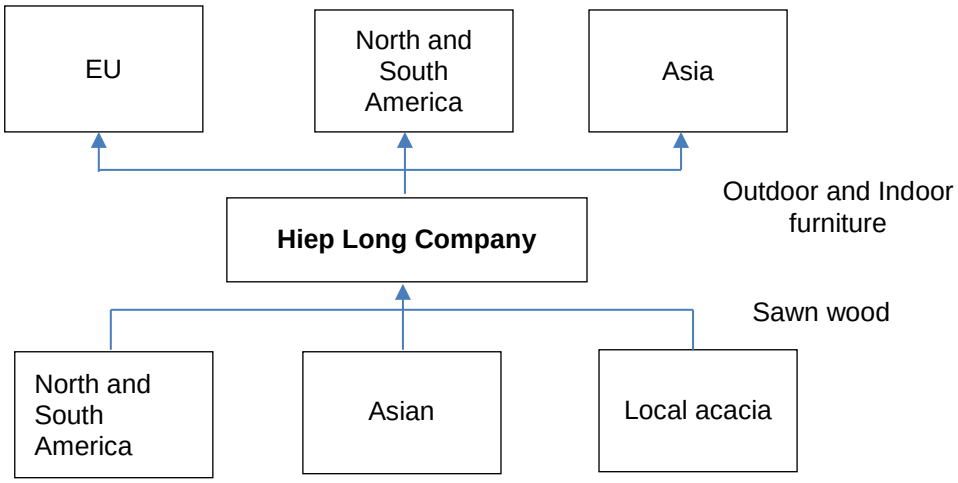


Figure 5: Supply chain of Hiep Long Company

In recently, company is facing raising cost of production and high risk of controlling legal wood imported. Therefore, company scheduled wood material by using domestic acacia making outdoor furniture and determine and invest in sustainable forest management and forest certification. However, lack of domestic supply of large-size and certificated acacia timbers, awareness of TLAS and EUTR implementation are challenges for Hiep Long Company.

c- Tien Hung Company:

Location in Thuan An District of Binh Duong Province, Tien Hung is a private company specializing in indoor furniture exporting to EU, Australia.

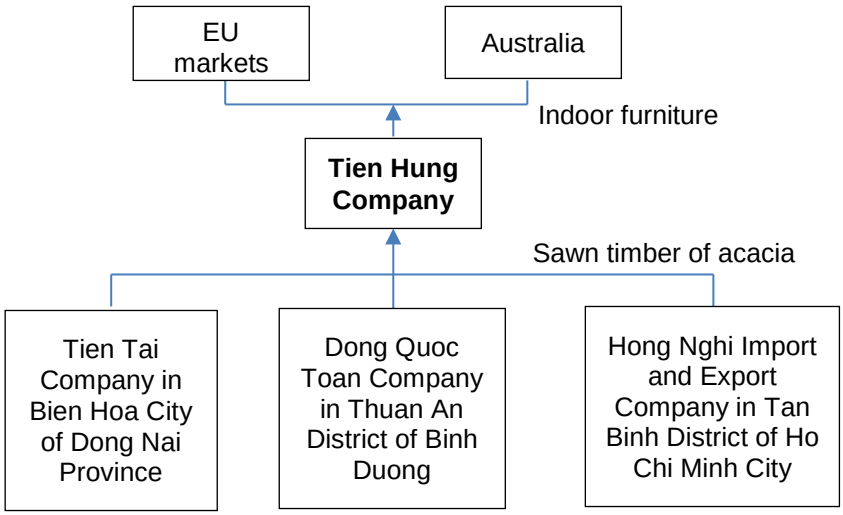


Figure 6: Supply chain of Tien Hung Company

Phuoc Hung is now facing some problems. Most of its markets are increasing requirements for wood products in both due diligence of timber source and forest certification meanwhile most of timber materials domestically that company using have not the international recognized certification yet. Phuoc Hung has to

import a considerable amount of timber which makes hardly to control legal timber source. Furthermore, its workers and managers are lack of awareness of VNTLAS which is an important tool for controlling legal timber source.

d- Minh Duong Wood Production Company

Basing in Thuan An District of Binh Duong, Minh Duong is a wood furniture specializing in producing indoor furniture to export to EU, member countries of G8, Taiwan and Korea. Wood materials that Minh Duong is using are acacia and rubber timber deriving from domestic and foreign sources.

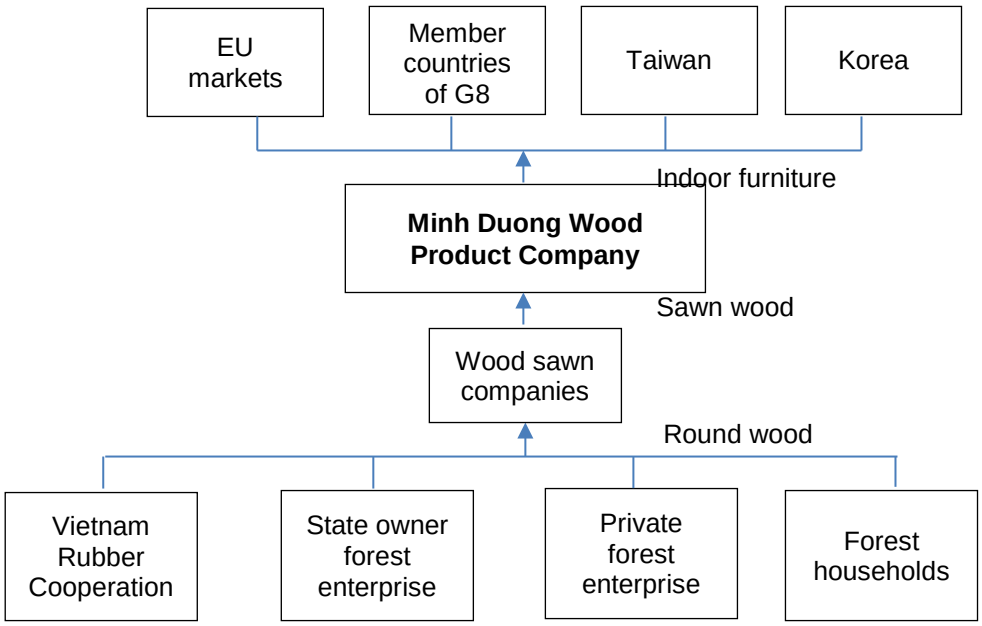


Figure 7: Supply chain of Minh Duong Wood Product Company

Minh Duong is facing some problems. Lacking of domestic large-size wood materials and timber sourcing from forest managed sustainably and endorsed internationally for sustainable forest management (FSC, PEFC). Furthermore, workers and managers are less knowledge of TLAS and less ability to timber traceability for wood imported.

1.4. Outcomes at project completion

a. At the end of the project, forest farmers in targeted areas can get knowledge of advanced silvicultural techniques and sustainable forest management and awareness of benefits bring from large-scale tree planting. Forest owners will invest more money in forest plantation and keeping their forest longer through preferential loans. Furthermore, the partnership between forest owners and wood processing enterprises would promote all quality and quantity of forest plantation through strengthening forest certification. These activities all together will facilitate increased supply of larger timber for target processing factories. The detailed outcomes to be produced by the project are as follows:

- The supply of acacia larger-sized and certified timber will increased by 20%; and the area of certified plantations is expected to be added by 20%.

b. All of manufacturers got information and consultation to access to advanced equipment and technologies to acacia timber processing. Through training courses, trained technical staffs will become the leading users of advanced technologies in those companies. At the end of project, through technology utilization in acacia timber processing would increase efficiency and productivity of acacia based wood products production.

- ✓ By the end of the project, 100% of enterprises participating in project implementation will seek to equip with advanced sawing equipment and lumber automatic drying technology.
- ✓ Wood waste released by these enterprises will be reduced by 30% - 40%.

- ✓ At least, 300 technical workers from wood working enterprises will be trained on acacia sorting, drying and preserving techniques.
- ✓ The report on mechanic-physical and chemical properties of planted acacia timber will be prepared by the end of the 1st year of the project, while guidance on product development and marketing will be formulated at the end of the 2nd year.

c. ToT Training courses and guidance on TLAS will provide required knowledge of this system for relevant stakeholders. In particular, the following verifiable indicators will be monitored and evaluated:

- ✓ By the end of the project, at least 50 participants from intended stakeholder groups, including the wood processing enterprises, regional timber associations and local forest-related agencies will be trained on TLAS and become capable of transferring their knowledge to those who will be selected from wood processing industry.
- ✓ 100% of enterprises participating in the project will be able to conduct TLAS.
- ✓ TLAS guidance to assure that EUTR/VPA requirements are met will be proposed.

PART II: PROJECT RATIONALE AND OBJECTIVES

2.1. Stakeholders analysis

Based on selected approaches and methodologies, the project will address key groups of targeted beneficiaries/relevant stakeholders as below explained:

(I) With project interventions through training, consultancy providing, cross-study tours, credit access facilitation, timber- user connection, forest owners/timber growers in three project target provinces project are expected to produce larger-diameter timber, sell their product to factories with higher prices, and earn more income.

(Ii) Wood product export SMEs will improve their business with the project support in know-how and technology transfer, better access to larger and certified timber sourcing, update on timber legality requirements, TLAS compliance and so on.

(Iii) Capacity of State administrative agencies at all levels in the project target areas will be further developed and their readiness to implement TLAS, FLEGT/VPA and other international commitments in forest and wood-working sectors will be enhanced.

(IV) Being pro-actively engaged in project implementation, wood-industry private sector associations, such as VIFORES, FPA Binh Dinh, BIFA Binh Duong etc., will benefit through dialogues and experience exchange with relevant actors, and acquaintance with local and international processes towards responsible wood processing and trading.

Detailed stakeholders analysis is summarized in the following table:

ANALYSIS OF PROJECT RELATED STAKEHOLDER GROUPS

Related stakeholder groups	Characteristics	Problems/Needs/Concerns	Potential contribution	Participation in project implementation
STAKEHOLDERS LEVEL 1				
Acacia timber processing and trading enterprises	- Having factories, wood working equipment; workers; - Creating wood products using domestic and imported wood material; - Partly relying on imported wood with higher price and difficult traceability. - Using non-certified wood and facing market risks.	- Lack of larger-sized and certified timber required for export markets. - Lack of proper processing technology. - Lack of advanced business management and product development skills. - Lack of understanding on VNTLAS, FSC, PEFC, FLEGT/VPA ...	- To access to improved policy framework and mechanisms for sustainable wood industry development. - To increase the use of domestic wood sources. - To improve the efficiency of wood processing and trading.	- Participation in training and workshops/ seminars. - Contribute to and support project implementation - Play key role in implementing VNTLAS.
Forest owners/timber growers	- Producing small and low quality timber; - Having small forest land area; - Using old equipment or rudimentary methods for harvesting; - Lack of understanding on VNTLAS, VPA/FLEGT, and FSC, PEFC, etc. - Uncertainty of livelihood.	- Cutting plantation at early age due to the lack of short-term income alternatives as well as the risk of plantation pests, diseases, and fires. - Lack of appropriate silvicultural techniques and know-how on post-cutting treatment. - Lack of capital to keep plantation longer for larger-sized timber production.	- To produce the bigger logs. - To improve plantation performance.	- Participation in training and seminars. - Involvement in partnership for larger timber plantation development and implementing TLAS.

STAKEHOLDERS LEVEL 2				
VIFORES and local associations	- Insufficient capacity to provide services and advices to members. - Inadequate capability to connect their members and maintain strong network.	- To build up capacity to meet members' needs. - To develop collaborative links with relevant authorities and related associations.	- To provide appropriate advisory services and update on policies, technologies available for timber industry development.	- Take lead in training, seminars, technology transfer. - Lead implementing actors. - Partner in TLAS execution.
Vietnam Administration of Forestry and local forest agencies (Forest Ranger Departments)	- Lack of proper liaison with SMEs. - Lack of basic and updated information. - Concern about the TLAS implementation	- Supporting the development of acacia timber database. - Building connection with wood processing enterprises and wood growers.	- To implement the forestry development plan and sustainable forest management with special attention given to acacia sp.. - To ensure TLAS information, data and guidance properly circulated. - To provide coordination/harmonization amongst projects of the same concern.	- Cooperative partners in proposing and implementing project. - Provide guidance, policy updates, M & E.
Technical schools and vocational training centres	- Specialized in vocational training, having training skill and methodologies. - Lack of facilities for on-job-training.	- Connect training and production/business doing. Get updated on processing technology. - Enlarge enrollment.	- Train skill workers and managers for enterprises and provide technical guidance to farmers.	- Provide training services.

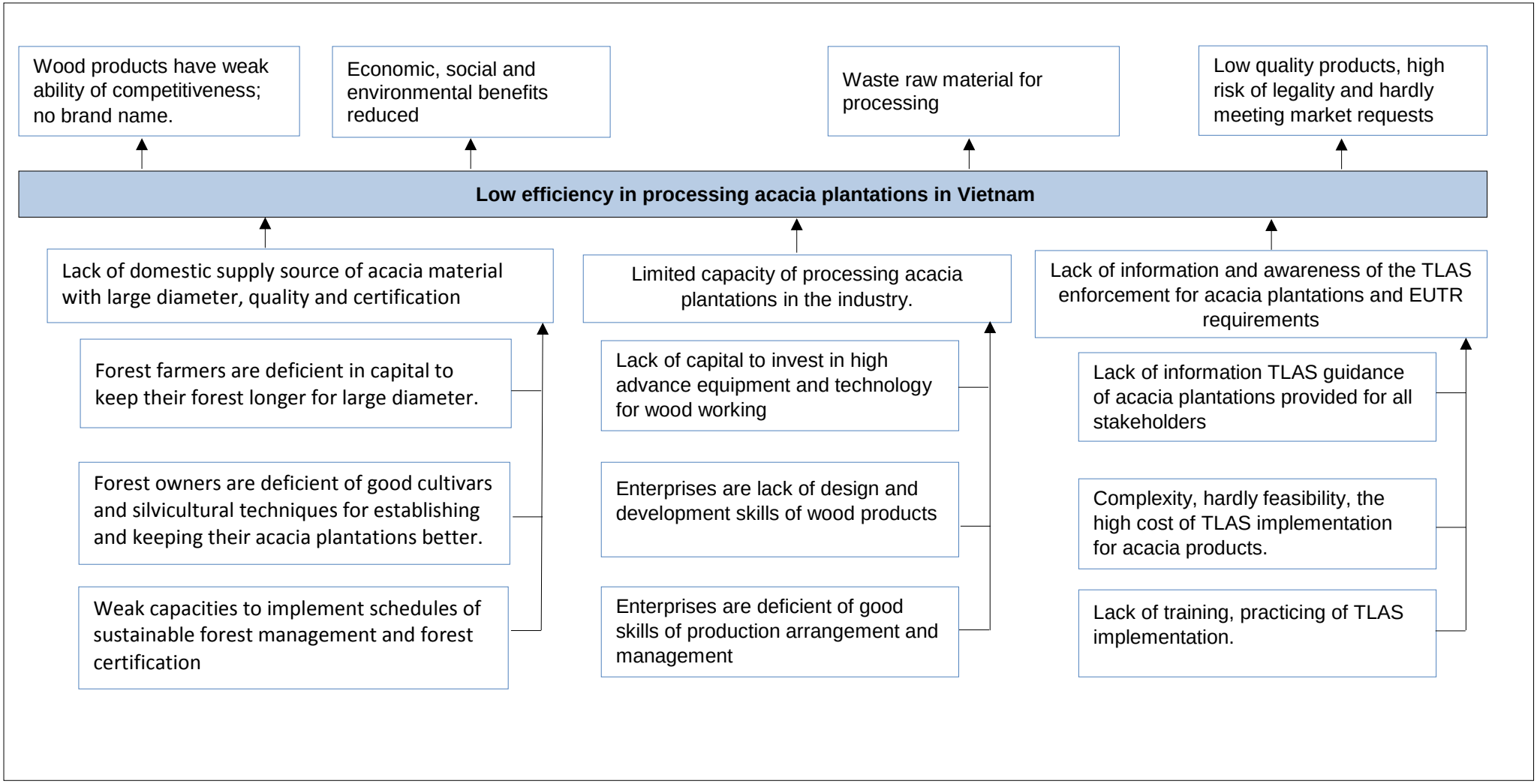
2.2. Problem analysis

This project focuses on the following three key problems:

- Problem 1: "Shortage of larger-size, certified and high quality acacia timber to meet the increasing need of wood processing and trading enterprises" due to three main reasons: i) Lack of long-term investment and income alternatives: cutting acacia at early age, unable to keep longer plantation rotation; ii) low-yield plantation due to unimproved sivilcultural techniques, poor plantation management and limited capacity to pursue forest certification and wood legality requirement; iii) Unfair competition, limited market access and weak linkage with processing industry.
- Problem 2: "Lack of capacity to develop effective and efficient acacia timber processing" due to: i) No access to advanced and automatic lumber sawing equipment and application of improper sawing, drying, and preserving technologies; ii) Limited access to larger-size, certified and high quality acacia timber; iii) Lack of expertise and know-how that hamper designing, product developing and marketing.
- Problem 3: "Lack of information and awareness on TLAS enforcement applicable for acacia plantation timber" caused by: i) Inadequate distribution/extension of TLAS information to stakeholder groups involved in timber supply chain; ii) Complexity, high cost and hardship of TLAS implementation when applied for acacia plantation and acacia timber; iii) Lack of well-arranged training, absence of good practices to follow, and insufficient skill to follow TLAS.

Figure 1 below sets indicates consequences, main problems and the causes which are briefly described in the problem tree. To solve the main problems as shown in Figure 1, the project proposes counter-measures contained in Figure 2, with potential solutions along with specified explanations, such as i) development objectives; ii) specific objectives; iii) outputs; and iv) necessary operations.

PROBLEM TREE



2.3. Objectives

2.3.1 Development objective and impact indicators

"Increasing economic, social and environmental benefits in the forestry and wood processing industry in Vietnam" is the overall objective of the forestry sector in general and wood processing industry in particular. In the recent 10 years, acacia plantations have emerged as a native plant species which are popular across the country and absolutely dominates in plant structure, both plantation area and harvested yield (including scattered acacias). However, by using low-quality of breeds and low-rate of invest in planting and caring of trees and early harvest of acacia plantation, the interests gaining from acacia plantation is quite low. Therefore, the overall study of acacia plantation and evaluation of its benefits are needed to increase efficiency of acacia plantation and timber processing industry in Vietnam.

The below specific objectives of the project will contribute to increase economic, social and environmental benefits of acacia plantations in overall forestry and wood processing industry in Vietnam. The long-term impact indicators are:

- The value of exports of acacia plantations products in three provinces will increase by 20% - 25% in 3 years after project completion.
- Production of acacia plantations with large diameter (> 15cm), better quality at 3 provinces will increase by 35% - 45% in 3 years after project completion.

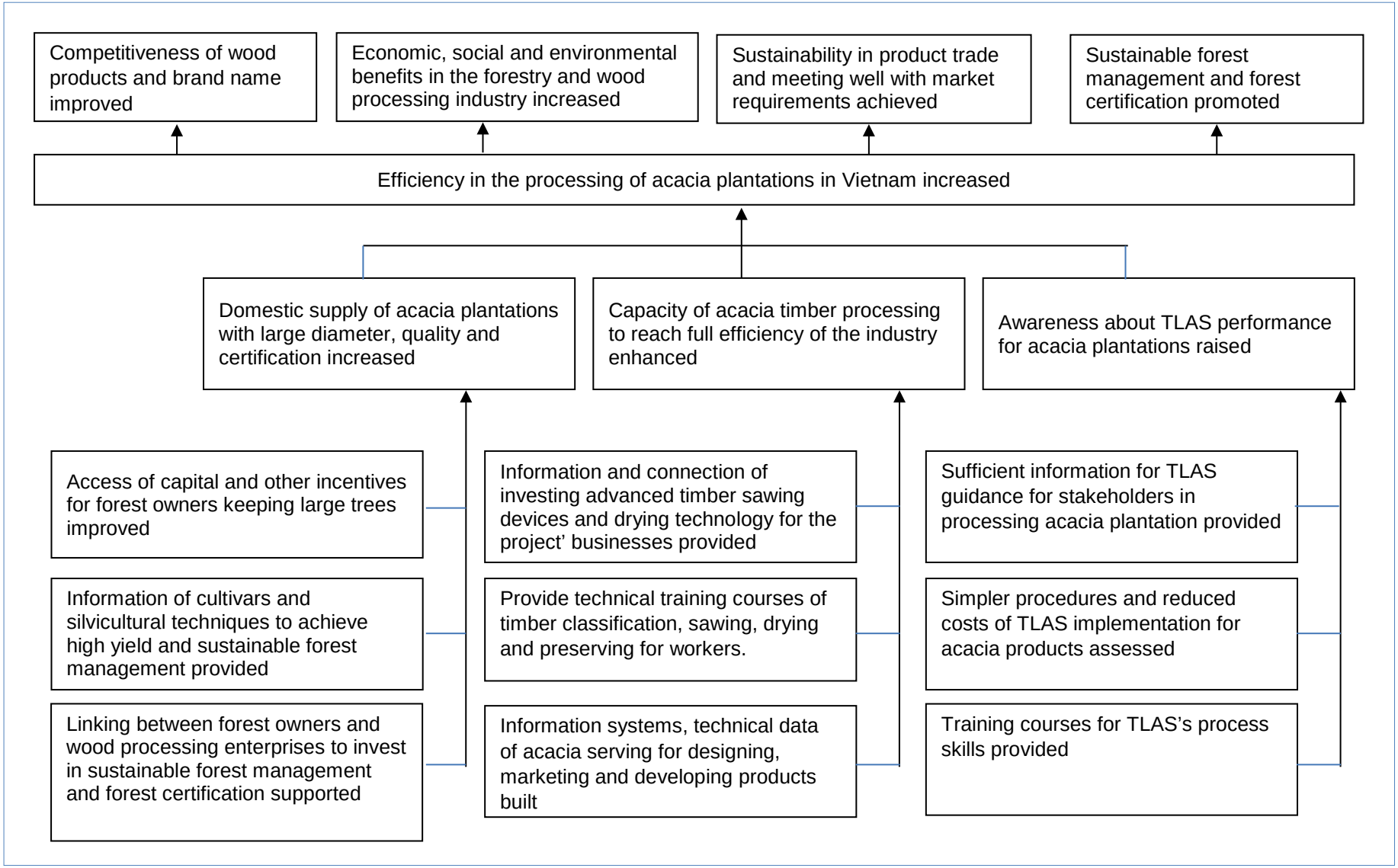
2.3.2 Specific objective and outcome indicators

Vietnam has growth in wood processing industry, but it strongly depends on imported wood materials. According to the Government's policies of developing forestry, plantation supply in the country is gradually replacing for imported wood, including acacia. However, the efficient of processing domestic acacia plantations has been still low up to now, acacia products are mainly in the form of raw processing (woodchips, lumber, charcoal, artificial board, etc.). Therefore, the project will contribute to improve the efficiency in processing acacia plantations, enhance the production of deeply processing products and generate more added values.

The specific objectives of the project are "To increase efficiency in the processing of acacia plantations in Vietnam". The project is expected to complete with the following indicators:

- To increase by 20% of the forest owners (households) establishing acacia plantation with large wood in 10 districts of 3 provinces.
- 100% of businesses which participates in the project will be transferred right technology of processing acacia products and be trained the techniques of sorting, sawing, drying and preserving acacia plantations.
- 100% of businesses which participates in the project will have ability of carrying out the TLAS.

OBJECTIVE TREE



PART III: DESCRIPTION OF PROJECT INTERVENTIONS

3.1 Outputs

This project directly contributes to make benefits for forest owners, local communities, wood processing enterprises, management agencies, associations and other stakeholders. Forest owners/planters have ability to access to credit sources for low interest rates in the long term, with quality seedlings and intensive afforestation techniques, with higher selling prices for large diameter wood. Businesses are provided properly and processing technology for material efficiency acacia, increased quality wood raw material input to production and processing, equipment design skills, research and product development, improve skills for workers, increasing labours productivity and economic efficiency of enterprise social wood industry. The state authorities are strengthening institutional capacity, information and management skills forestry activities, contributing to effective enforcement system to ensure legal timber according to the Voluntary Partnership Agreement VPA/FLEGT. The associations receive benefits from the development activities of membership network and extending connection with the domestic and international agencies and organizations, building capacity on demand of industry development, providing all necessary services for members.

Output 1: **Increased local supply of lager-size, certified and higher quality acacia timber for wood processing enterprises.** By implementing project's activities to support forest owner in access of credit and other incentives, forest owners will have more capital to invest in caring for and keeping their forest longer (8-10 years instead of 5-6 years in currently). Along with that, forest owners have chance to access to better trees and sivilculture techniques through integrating with experts will result in improving quality of their forest.

Output Indicators:
- Increasing by 20% in quality and quantity of the large acacia timbers providing for wood processing enterprises involved in the project as completing the project.
- Through applying best practices delivered by experts and greater trees, acacia plantation forests will be improved better. It is expected that harvesting yield will increase by 20% per ha of forest owners participating in the project until the end of the project.
- Through activities of improving awareness of benefits from sustainable forest management, and connecting between wood processing enterprises and forest owners, forest certification for acacia plantations would be improved strongly by investment and purchase contracts. It is expected that 20% areas of acacia plantations will be granted through activities of linking forest owners and wood processing enterprises participating in the project.

Output 2: **Enhanced capacity to increase efficiency of acacia timber processing industry**

Output Indicators:
- At Least 300 technical workers working at wood processing enterprises are trained by training courses, and these trainers are used high technology machines of classifying, sawing, drying and preserving acacia plantations.
- By enhancing and improving wood working skills, accessing new working technologies for workers will increase utility ratio of wood material and reduce waste in wood product processing. It is expected that utilization rate increase of about 30-40% in enterprises involved in the project by the end of the project.
- To complete and publish the research report of technical characteristics of acacia plantation at the end of first project year; to complete marketing guidance & development of acacia products at the end of the 2nd project year.

Output 3: **Awareness on Timber Legality Assurance System (TLAS) applicable for acacia plantations raised**

Output Indicators:
- At the end of the project, at least 50 participants from relevant stakeholder groups will be trained on TLAS and be able to introduce TLAS into due diligence system of their companies.
- 100% of enterprises involved in project implementation will be equipped with expertise and knowhow to perform the TLAS. During project implementation, related stakeholders will be updated with VNTLAS progress.

3.2 Activities and outputs

Output 1: Increased local supply of lager-size, certified and higher quality acacia timber for wood processing enterprises

Activity 1.1: Support forest owners to get access to preferential loans and other incentives/subsidies for extending plantation rotations (8-10 years instead of currently applied 4-5 years).
In collaboration with other on-going projects/programs, this project intends to provide consultancies and prepare proposals to policy makers on revision of related policies and development of incentives/subsidies. It will; also promote transactions between timber growers and credit institutions for delivering preferential loans.

Activity 1.2: Provide silvicultural technologies on high yield plantation establishment and intensive plantation management.
Project consultants will conduct survey and investigate the potential of larger timber production, transfer advanced silvicultural technologies to farmers disseminate ITTO standards and criteria required for sustainable forest management.

Activity 1.3: Facilitate partnership between timber growers and enterprises to promote forest certification and verify supply chain of acacia timbers.
Project will provide forest owners with information on timber demands from timber processing enterprises, updates on acacia timber market trends, and propose policy support for further value-added acacia timber processing.

Output 2: Enhanced capacity to increase efficiency of acacia timber processing industry

Activity 2.1 Provide information and connect potential wood-working machine manufactures with wood processing enterprises to deliver advanced lumber sawing devices and automatically lumber drying technologies.
Facilitate direct and indirect transactions between machine manufactures who afford defer-payment selling and selected wood processing enterprises identify the need of sawing equipment and automatic drying technology; Provide wood processing enterprises with updates on wood products markets, information on upcoming wood-working machine and technology related events and trade fairs; provide consultancies to policy makers and credit institutions on potential preferential credit schemes for enterprises to upgrade their equipment and technologies.

Activity 2.2 Arrange training courses on timber classifying, sawing, drying and preserving for material procurement staffs and technical workers.
Conduct short-term training courses on timber classifying, sawing, drying and preserving techniques at selected factories; Analyze properties of acacia timber and propose appropriate processing technologies; Organize workshops and dialogues to share experiences on acacia plantation; Disseminate technologies, techniques and know-how required for acacia timber treatment and processing.

Activities 2.3 To build a system of information data of acacia serving for design, marketing and developing products
Prepare technical guidance on designing and marketing acacia timber products; Analyze mechanical, physical and chemical properties of acacia timber; Produce reports with policy recommendations and submit relevant authorities for revising policies supporting the development of raw material areas in association with the master plan for wood industry development.

Output 3: Awareness and capacities on TLAS enforcement applicable for acacia plantations raised

Activity 3.1 Provide guidance on TLAS for stakeholders engaged in acacia timber processing industry.

Prepare and print TLAS procedure and guidance to be distributed to processing enterprises and other relevant stakeholders; Disseminate TLAS related documents on internet and communicate them through media; Connect this project with other related projects implemented by local and international organizations (WWF, NEPCON, VCCI, etc) to exchange TLAS implementation

Activity 3.2 Evaluate and simplify procedures to reduce the costs of TLAS implementation applicable for acacia plantations.

Consultant/s will be hired to investigate impacts of TLAS on enterprises and forest owners with regard to socio-economic efficiency of acacia plantations; Propose policies to promote the development of industry in the direction of simplifying administrative procedures needed for TLAS enforcement; Organize dialogues amongst processing enterprises, forest owners and relevant administrative authorities at all levels to solve problems arising in TLAS implementation.

Activity 3.3 Arrange short-term training courses on TLAS.

These training courses aim at timber procurement/marketing staffs who need knowledge and practical skills to follow TLAS procedures; Organize seminars and conferences to evaluate and communicate results of TLAS implementation.

3.3 Strategic approach and methods

In recent years, Vietnam wood processing has been experiencing high rate of growth. However, there are factors that may hamper its sustainable development. Of great consideration is the severe dependency on imported timber. Since the furniture made of acacia timber is widely accepted in global market, demands from wood processing enterprises are escalating. On the contrary, the quality of acacia timber may decrease and reveal the risk of timber shortage that may constrain furniture production for export. In this context, the project will focus on increasing efficiency of the industry by encouraging forest owners extend plantation rotation to upgrade timber quality. On the other hand, efforts will be made to facilitate possible application of advanced technology and techniques in order to reduce the loss ratio, waste, while meeting the growing requirements and standards of the global market, especially of TLAS.

In summary, strategic approaches applied in this project are as follows:

❖ ***Expert consultation and synthesize reports/guidelines***

In collaboration with practitioners, including forest owners and enterprise leaders, project consultants will identify key elements to be incorporated into technical guidelines on proper processing technology to ensure higher efficiency in acacia plantation establishment and timber processing. This package of guidelines may include:

- Technical guidelines on classifying, sawing, drying and preserving acacia timber;
- Technical guidelines on designing, developing and marketing acacia timber products.
- Mechanical, physical and chemical properties of planted acacia timber.

❖ ***Networking and expand the network***

By "push & pull", participating stakeholders will be benefited in different ways: forest owners are supported to get access to preferential loans, be informed of the industry dynamism, familiarize with plantation cultivation techniques (push) while and wood processing enterprises should manage to accept higher timber price (pull) to facilitate larger timber production, sustainable plantation management following timber legality requirements and standards. Processing enterprises will be benefited from secured timber supply and reduced material consumption cost. This all will lead to an increased competitive advantage of Vietnamese industry in international markets. Administrative agencies will be well informed while taking decisions and making supportive policies. Training/research institutions and consulting companies will be in better position to provide advisory services, effective training. Corporate associations/federations, in their turn, will be able

to coordinate activities and efforts made by domestic and international organizations towards achieving the commonly shared objectives.

Key activities:
- Facilitate dialogues between the processing enterprises, forest owners and relevant administrative authorities at all levels to solve problems arising in the process of TLAS implementation.

❖ ***Conduct training and seminars***

Along with conventional training provided by training institutions, short-term training courses and workshops are key activities to distribute knowledge and exchange experience needed for achieving project objectives.

Key activities:
- Efforts will be made by the project to seek pro-active support from enterprise leaders involved in the project and compile knowledge and experience available from wood product manufacturers.
- VNFOREST and related training/research institutions will be liaised to provide support and consultancies to the industry.

❖ ***Propagation and dissemination***

The outputs of the project will be utilized and multiplied through by means of the following assumptions:

- As acacia plantation establishment driven by wood processing industry has been intensifying steadily in recent years, so timber owners are expected to be proactively engaged in the project activities fully.
- Demands on acacia timber is increasing, wood processing enterprises will willing to participate in all project activities and contribute to achieve project objectives.
- With the concern of unsustainable timber supply and keeping in mind the necessity of larger timber production, the government and the forest sector will strongly support the project to achieve its objectives.

3.4. Work plan

Inputs / Activities	Responsible agencies	Year 1				Year 2			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Output 1: : Increased local supply of lager-size, certified and higher quality acacia timber for wood processing enterprises									
Activity 1.1: Support the access of preferential loans and other incentives for the forest owners to invest more money in caring for and keeping large trees (8-10 years instead of 4-5 years in currently).									
- **Work with** policy makers to improve and promote incentive policies of preferential loans for forest owners	VIFORES, FPA BD, BIFA				X				X
- **Connect** forest owners with credit institutions in delivering preferential loans	VIFORES, FPA BD, BIFA	X	X	X	X	X	X	X	
Activity 1.2: To support information of cultivars with high production, and silvicultural techniques and sustainable forest management.									
- **To hire** consultants to evaluate and research the potential of large trees;	VIFORES			X					
- **To connect** experts with forest owners to deliver silvicultural techniques to forest owners;	VIFORES	X	X	X	X	X	X	X	
-**To disseminate** information of technique and standards for sustainable forest management (regulated under Vietnam laws and international organizations).	VIFORES, VNFOREST	X		X		X		X	
Activity 1.3: Connect forest owners with enterprises to promote investment in sustainable forest management (forest certification) and domestic wood supply chain of acacia timbers.									
- **To connect** and provide information of demands of wood working enterprises for forest owners: type and size and certification of raw wood;	VIFORES, FPA BD, BIFA	X	X	X	X	X	X	X	
- **To provide** the updated news and trend analyses of acacia timber markets;	VIFORES, FPA BD, BIFA	X	X	X	X	X	X	X	
-**To advise** to make preferential policies to support the development of deep processing industry for acacia plantations.	VIFORES, FPA BD, BIFA				X				X
Output 2: : Enhanced capacity to increase efficiency of acacia timber processing industry									
Activity 2.1 To provide information and to connect the wood working machine manufactures with wood processing enterprises to promote delivering and investment of advanced lumber sawing devices and automatically lumber drying technology for project businesses;									
- **To hold** direct and indirect meetings between machine manufactures who want to post-pay their products and wood processing enterprises to discuss mutual demands of advanced timber sawing equipment and automatic drying technology;	VIFORES, FPA BD, BIFA	X		X		X		X	
- To provide wood processing enterprises with information of wood working markets, events of machines and technology demonstrations of making wood products;	VIFORES, FPA BD, BIFA		X	X		X		X	
- To consult policy makers to make encouraging and preferential policies for credit institutions to provide priority loans of technology and advanced machine equipment for wood processing enterprises.	VIFORES, FPA BD, BIFA	X	X	X	X	X	X	X	

Inputs / Activities	Responsible agencies	Year 1				Year 2			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Activity 2.2 To provide technical training courses of classifying, sawing, drying and preserving wood for material staff and workers.									
- **To organize** short-time training courses on techniques of timber classifying, sawing, drying and preserving at the factories;	VIFORES,FPABD, BIFA			X				X	
- **To hire experts** to consult processing technology of acacia plantations properly;	VIFORES			X					
- **To organize seminars**, workshops, dialogues to share experiences on acacia plantations;	VIFORES				X			X	
- **To communicate knowledge** of the technology and techniques of processing acacia.	VNFOREST, VIFORES, FPA BD, BIFA				X				X
Activities 2.3 To build a system of information data of acacia serving for design, marketing and developing products									
- **To hire experts** to consult and prepare the technical guidelines of design, marketing skills of woody products that made from acacia plantations;	VIFORES						X	X	
- **To hire** experts to evaluate domestic acacia plantation for mechanical, physical and chemical properties;	VIFORES				X				
- **To establish** reports of domestic acacia plantation to provide authorities to make suitable policies to develop raw material areas and planning wood processing enterprises.	VIFORES, FPA BD, BIFA				X				X
Output 3: Awareness and capacities on TLAS enforcement applicable for acacia plantations raised									
Activity 3.1 To provide enough information to guide the TLAS for stakeholders in the wood processing industry of acacia plantations.									
- **To issue** the publications of guiding the TLAS procedures for wood processing enterprises and other stakeholders;	VNFOREST, VIFORES			X		X		X	
- To disseminate the knowledge of the TLAS on internet and other media;	VNFOREST, VIFORES	X	X		X		X		
- To connect this project and different national and international organizations (WWF, NEPCON, VCCI, etc.) to exchange and discuss TLAS implementation	IFORES, FPA BD, BIFA	X	X	X	X	X	X	X	
Activity 3.2 To evaluate and simplify procedures to reduce the costs of TLAS implementation for acacia plantations.									
- **To hire experts** assess the impacts of TLAS for enterprises and forest owners on the socio-economic efficiency of acacia plantations;	VIFORES							X	
- **To advise the policy** to promote development of industry in the direction of simplifying administrative procedures as enforcing the TLAS;	VIFORES, FPA BD, BIFA				X				X
- **To organize the dialogues** between the processing enterprises, forest owners and the authorities at all levels to solve problems in the process of implementation of TLAS.	VNFOREST, VIFORES				X				X

Inputs / Activities	Responsible agencies	Year 1				Year 2			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Activity 3.3 To provide short-term training courses of TLAS.									
- **To organize** short-term training courses for material staff/marketing sales to provide knowledge and practical skills as required by the TLAS procedures;	VIFORES, FPA BD, BIFA		X	X			X	X	
- **To organize** seminars, conferences to evaluate and public the results of implementation, draw lessons in the process of the TLAS implementation;	VNFOREST, VIFORES			X			X		

Notes: VNFOREST = Vietnam Administration of Forestry; VIFORES = Vietnam Timber and Forest Products Association; FPA Binh Dinh = Binh Dinh Timber Association; BIFA = Binh Duong Furniture Association

3.5 Budget
3.5.1 Master Budget

Outputs/ Activities	Description	Budget Component	Quantity		Units	Unit cost in US$	Total cost in US$	ITTO		VIFORES	
			Year 1	Year 2				Year 1	Year 2	Year 1	Year 2
	Common Expenses of Project										
	Project Coordinator	11,1	12	12	Month	438	10.500	5.250	5.250		
	Secretary	11,2	12	12	Month	208	5.000	2.500	2.500		
	Core	41	12	12	Month	250	6.000	1.000	1.000	1.000	3.000
	Auditing expense	62		1	Times	1.500	1.500	750	750		
	Computer equipment	44,1	1	1	Computer	750	1.500			750	750
	Office equipment	53	1	1	times	750	1.500			750	750
	Spare parts	52	1	1	times	750	1.500	650	650	100	100
	Accountant	61	12	12	Month	250	6.000	3.000	3.000		
	ITTO Monitor and Evaluation	91				15.000	15.000		15.000		
	ITTO Ex-post Evaluation	92				10.000	10.000		10.000		
	ITTO Program Support	95				12.480	12.480		12.480		
Output 1	**Increased local supply of lager-size, certified and higher quality acacia timber for wood processing enterprises**										
A1.1	*Support forest owners to get access to preferential loans and other incentives/subsidies for extending plantation rotations (8-10 years instead of currently applied 4-5 years).*										
	Experts/Consult of wood processing and plantation	11.3	10	10	Participation day	50	1.000	500	500		
	Domestic travel expense	32	2	2	Times	680	2.720	1.360	1.360		
	Domestic expert/consultant	31.1	15	15	Participation day	50	1.500	350	350	400	400
	Materials	51	1	1	Reports	455	910	455	455		
A1.2	*Provide silvicultural technologies on high yield plantation establishment and intensive plantation management*										
	Experts/Consult of wood processing and plantation	11.3	10	10	Participation day	50	1.000	500	500		
	Local staffs	21	5	5	Participation day	50	500	250	250		
	Local association	23	12	12	Participation day	50	1.200	600	600		
	Materials (Guidance documents)	51	1	1	Document	500	1.000	500	500		

A1.3	*Facilitate partnership between timber growers and enterprises to promote forest certification and verify supply chain of acacia timbers*										
	Domestic expert/consultant	31.1	10	15	Participation day	50	1.250	625	625		
	Domestic Travel expense	32	2	2	Times	620	2.480	1.240	1.240		
	Expert/Consult of TLAS, FLEGT, EUTR, ILP, LACEY	13,4	10	9	Participation day	50	950	475	475		
	Experts/Consult of wood processing and plantation	11.3	13	13	Participation day	50	1.300	300	300	400	400
	Local association	23	15	15	Participation day	50	1.500	750	750		
Output 2	**Enhanced capacity to increase efficiency of acacia timber processing industry**										
A2.1	Provide information and connect potential wood-working machine manufactures with wood processing enterprises to deliver advanced lumber sawing devices and automatically lumber drying technologies										
	Experts/Consult of wood processing and plantation	11.3	10	10	Participation day	50	1.000	500	500		
	Local association	23	14	14	Participation day	50	1.400	700	700		
A2.2	To provide training courses on timber classifying, sawing, drying and preserving for material procurement staffs and technical workers										
	Training courses	64	1	1	Course	5.000	10.000			5.000	5.000
	Experts/Consult of wood processing and plantation	11.3	15	15	Participation day	50	1.500	200	200	550	550
	Local association	23	15	15	Participation day	50	1.500	750	750		
	Expert/Consult of TLAS, FLEGT, EUTR, ILP, LACEY	13.4	8	8	Participation day	50	800	400	400		
	Materials (guidance documents)	51	1	1	Document	320	640	320	320		
	Domestic expert/consultant	31.1	16	15	Participation day	50	1.550	775	775		
	Local staffs	21	25	25	Participation day	40	2.000	1.000	1.000		
	Domestic Travel expense	32	2	2	Times	700	2.800	1.400	1.400		
A2.3	To build a system of information data of acacia serving for design, marketing and developing products										
	Experts/Consult of wood processing and plantation	11.3	15	15	Participation day	50	1.500	400	400	300	300
	Materials	51	1	1	Report	1.950	3.900	1.950	1.950		
	Local association	23	12	12	Participation day	50	1.200	600	600		
	Domestic expert/consultant	31.1	15	10	Participation day	50	1.250	625	625		

Output 3	**Increased awareness and capacities on TLAS enforcement applicable for acacia plantations**										
A3.1	*Provide guidance on TLAS for stakeholders engaged in acacia timber processing industry.*										
	Expert/Consult of TLAS, FLEGT, EUTR, ILP, LACEY	13.4	20	20	Participation day	50	2.000	500	500	500	500
	Domestic expert/consultant	31.1	10	11	Participation day	50	1.050	475	475	50	50
	Experts/Consult of wood processing and plantation	11.3	15	9	Participation day	50	1.200	600	600		
	Domestic Travel expense	32	1	0	Times	400	400	200	200		
	Local association	23	15	15	Participation day	50	1.500	750	750		
A3.2	*Evaluate and simplify procedures to reduce the costs of TLAS implementation applicable for acacia plantations.*										
	Domestic expert/consultant	31.1	9	12	Participation day	50	1.050	525	525		
	Expert/Consult of TLAS, FLEGT, EUTR, ILP, LACEY	13.4	20	15	Participation day	50	1.750	875	875		
	Local association	23	10	10	Participation day	50	1.000	500	500		
A.3.3	*Arrange short-term training courses on TLAS*										
	Training workshop	64	1	1	Workshop	3.750	7.500			3.750	3.750
	Local association	23	12	12	Participation day	50	1.200	600	600		
	Expert/Consult of TLAS, FLEGT, EUTR, ILP, LACEY	13.4	20	20	Participation day	50	2.000	550	550	450	450
	Local staffs	21	25	25	Participation day	40	2.000	1.000	1.000		
	Domestic expert/consultant	31.1	15	12	Participation day	50	1.350	675	675		
	Materials (Guidance documents)	51	1	2	Document	350	1.050	525	525		
	Domestic Travel expense	32	1	2	Times	700	2.100	1.050	1.050		

3.5.2 Consolidated Budget of the Project

Order	Description	Total	Year 1	Year 2
10	**Human resources for the project**			
11.1	Project Coordinator	10,500	5,250	5,250
11.2	Secretary	5,000	2,500	2,500
11.3	Experts/Consult of wood processing and plantation	8,500	4,250	4,250
13.4	Expert/Consult of TLAS, FLEGT, EUTR, ILP, LACEY	7,500	3,750	3,750
	Sub-total	***31,500***	***15,750***	***15,750***
20	**Short-term contract**			
21	Contract No 1 (Local staffs)	4,500	2,250	2,250
23	Contract No 3 (associations)	10,500	5,250	5,250
	Sub-total	**15,000**	**7,500**	**7,500**
30	**Travel expense**			
31.	Daily subsistence allowance			
31.1	Domestic expert/consultant	9,000	4,500	4,500
32	Domestic Travel expense	10,500	5,250	5,250
	Sub-total	**19,500**	**9,750**	**9,750**
40	**Capital**			
41.	Core	6,000	3,000	3,000
44.1	Computer equipment	1,500	750	750
	Sub-total	**7,500**	**3,750**	**3,750**
50	**Consumable items**			
51	Materials	7,500	3,750	3,750
52	Spare parts	1,500	750	750
53	Office equipment	1,500	1,000	500
	Sub-total	**10,500**	**5,500**	**5,000**
60	**Other items**			
61	Accountant	6,000	3,000	3,000
62	Auditing expense	1,500	750	750
64	Training workshops	17,500	8,750	8,750
	Sub-total	**25,000**	**15,500**	**9,500**
70	**Total of project**	**109,000**	**57,750**	**51,250**
90	**Project Management and Monitor**			
91	ITTO Monitor and Evaluation	15,000		
92	ITTO Ex-post Evaluation	10,000		
95	ITTO Program Support	12,480		
100	**Total cost of project management and monitor**	**37,480**		
	GRAND TOTAL	**146,480**		

3.5.3 ITTO Sponsored Budget

Order	Description	Total	Year 1	Year 2
10	Human resources for the project			
11.1	Project Coordinator	10,500	5,250	5,250
11.2	Secretary	5,000	2,500	2,500
11.3	Experts/Consult of wood processing and plantation	6,000	3,000	3,000
13.4	Expert/Consult of TLAS, FLEGT, EUTR, ILP, LACEY	5,600	2,800	2,800
19	**Sub-total**	**27,100**	**13,550**	**13,550**
20	**Short-term contract**			
21	Contract No 1 (Local staffs)	4,500	2,250	2,250
23	Contract No 3 (associations)	10,500	5,250	5,250
29	**Sub-total**	**15,000**	**7,500**	**7,500**
30	**Travel expense**			
31	Daily subsistence allowance			
31.1	Domestic expert/consultant	8,100	4,050	4,050
32	Domestic Travel expense	10,500	5,250	5,250
39	**Sub-total**	**18,600**	**9,300**	**9,300**
40	**Capital**			
41	Core	2,000	1,000	1,000
44.1	Computer equipment	-	-	-
49	**Sub-total**	**2,000**	**1,000**	**1,000**
50	**Consumption**			
51	Materials	7,500	3,750	3,750
52	Spare parts	1,300	650	650
53	Office equipment	-	-	-
59	**Sub-total**	**8,800**	**4,400**	**4,400**
60	**Other items**			
61	Accountant	6,000	3,000	3,000
62	Auditing expense	1,500	750	750
64	Training workshops	-	-	-
69	**Sub-total**	**7,500**	**6,750**	**750**
70	**Total of project**	**79,000**	**42,500**	**36,500**
90	**Project Management and Monitor**			
91	ITTO Monitor and Evaluation	15,000		
92	ITTO Ex-post Evaluation	10,000		
95	ITTO Program Support (70 + 91 + 92) x 12%	12,480		
100	**Total cost of project management and monitor**	**37,480**		
	Total (70+ 100)	**116,480**		

3.5.4 VIFORES Budget

Order	Description	Total	Year 1	Year 2
10	Human resources for the project			
11.1	Project Coordinator	-	-	-
11.2	Secretary		-	-
11.3	Experts/Consult of wood processing and plantation	2,500	1,250	1,250
13.4	Expert/Consult of TLAS, FLEGT, EUTR, ILP, LACEY	1,900	950	950
19	**Sub-total**	**4,400**	**2,200**	**2,200**
20	**Short-term contract**	-	-	-
21	Contract No 1 (Local staffs)	-	-	-
23	Contract No 3 (associations)	-	-	-
29	**Sub-total**	**-**	**-**	**-**
30	**Travel expense**	-	-	-
31	Daily subsistence allowance	-	-	-
31.1	Domestic expert/consultant	900	450	450
32	Domestic Travel expense	-	-	-
39	**Sub-total**	**900**	**450**	**450**
40	**Capital**	-	-	-
41	Core	4,000	2,000	2,000
44.1	Computer equipment	1,500	750	750
49	**Sub-total**	**5,500**	**2,750**	**2,750**
50	**Consumption**	-	-	-
51	Materials	-	-	-
52	Spare parts	200	100	100
53	Office equipment	1,500	1,000	500
59	**Sub-total**	**1,700**	**1,100**	**600**
60	**Other items**	-	-	-
61	Accountant	-	-	-
62	Auditing expense	-	-	-
64	Training workshops	17,500	8,750	8,750
69	**Sub-total**	**17,500**	**8,750**	**8,750**
70	**Total**	**30,000**	**15,250**	**14,750**

PART IV: IMPLEMENTATION ARRANGEMENTS

4.1. Executing agency and organizational structure

4.1.1 Project implementation agency and implementing partners

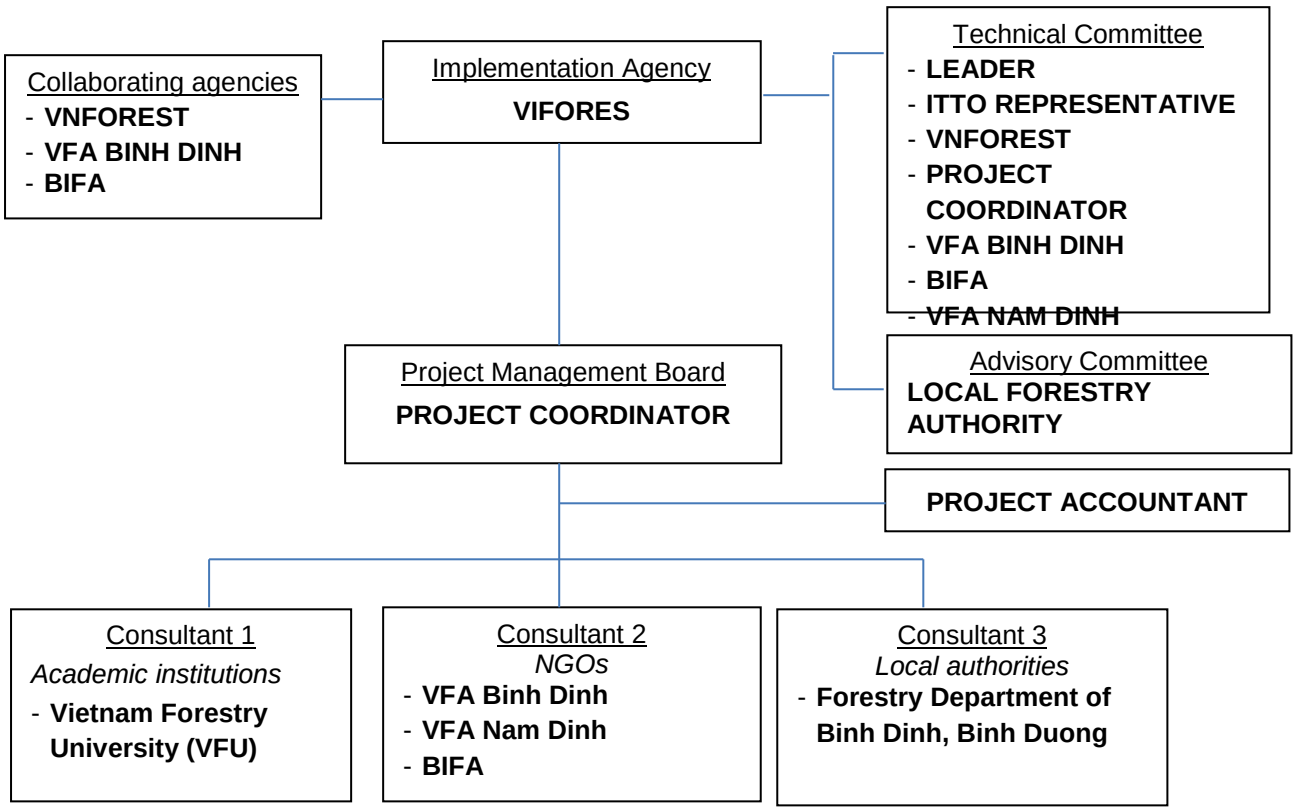
The implementing agency is Vietnam Timber and Forest Products Association (VIFORES).

Vietnam Timber and Forest Product Association (VIFORES) is a non-profit and non-governmental organization established in 2000. Its mission is to converge Vietnamese plantation and wood processing and trading enterprises to work toward sustainable forest management and responsible wood industry development. VIFORES maintain ties with local and overseas partners to facilitate its member enterprises to integrate into global markets and keep in pave with local and international processes/initiatives to strengthen wood industry sector.

VIFORES works closely with VNFOREST in forest policy consultation. It serves as the only local NGO taking part in VPA/FLEGT negotiations. VIFORES also keeps close contacts with local timber platforms and networks, including Binh Dinh Timber and Forest Product Association (FPA Binh Dinh), Binh Duong Furniture Association (BIFA), and Ho Chi Minh Art Handicrafts and Wood Association (HAWA).

4.1.2 Organizational Structure

Figure 8: Organizational Structure:



4.1.3 Project Technical Committee (PTO)

PTO to be established by VIFORES will oversee project implementation, approve budget planning, monitor and evaluate project activities against project logical matrix and give immediate instructions on necessary revisions and adjustments. PTO consists of a chairman appointed in consultation with VNFOREST and members from ITTO Vietnam, VNFOREST, VFA Binh Dinh, and BIFA.

4.1.4 Stakeholder involvement mechanisms

Under this project, VIFORES intends to set up a consultative committee with participants from Forestry University (VFU), Vietnamese Academy of Forest Sciences(VAFS), Vietnam Forestry Club (VFC), Forestry Departments of Binh Duong, Binh Dinh and eminent local/international independent consultants. Consultative committee is responsible for keeping relevant stakeholders informed of and involved in project implementation, while providing platform to attract their inputs into the project. Recommendations and proposals to be made by the consultative committee will be delivered to project steering committee for further treatment.

- Vietnam Forestry University (VFU): will be encouraged to support training and update information on techniques and standard applicable for Vietnamese wood processing industry.
- Local forestry agencies: will be requested to support local training courses under project auspices and cooperate with project to disseminate information on TLAS. They will function in improving mechanisms and policies to attract investments in forest certification, extended acacia plantation management and modernization of wood industry.

4.2 Project Management (PMU)

VIFORES will assign a project coordinator and establish PMU for coordination and implementation of project activities.

4.3. Monitoring and reporting

The project will be implemented with a defined monitoring system and report to ITTO. Project Steering Committee convenes project meetings and direct project implementation. Project management board is responsible for preparing reports as below specified:

4.3.1 Inception Report
- Prepared and submitted upon getting ITTO notification of project approval;
- Provide information on project office space and facilities, bank accounts and key staff.
- Formulate action plan for the first year of the project life and a conclude memorandum between VNFOREST and VIFORES for project implementation.

4.3.2 Annual Action Plans
- Annual reports will be approved by the Project Steering Committee before their implementation.
- Action Plan covering the first year will be submitted together with the inception report. Action plans for next years will be submitted 8 weeks before the starting of the planned year.
- ITTO approves annual plans.

4.3.3 Progress Reports
- Contain information on the activities implemented in the reporting period.
- Progress reports are submitted every 6 months or as requested by the ITTO.

4.3.4 Technical Report
- Report on technical and scientific data, data analysis and project results
- Technical report on single operation, two or more activities depending on the importance of key activities; report must present procedures and approved method, the data is generated, achieved results and the conclusions.
- The project which plans to produce is at least 4 technical reports.

4.3.5. Financial Report
- Annual financial report submits the ITTO within three months after the end of the current financial year.
- Completed report must be submitted within four months after the planned completion of the activities.
- Financial Report of the project will be audited by an independent audit agency, due to implementing agency designates and the ITTO testifies first.

4.3.6. Project Completion Report
- Project completion will be submitted within three months following the termination of the project.

APPENDIX
APPENDIX 1: INFORMATION ON IMPLEMENTING AGENCY

1. Vietnam Timber and Forest Products Association (VIFORES)

Headquarter location: 189 Thanh Nhan Street, Hanoi, Vietnam

Email: info@vietfores.org.vn ; Telephone/fax: 84.4.36320746

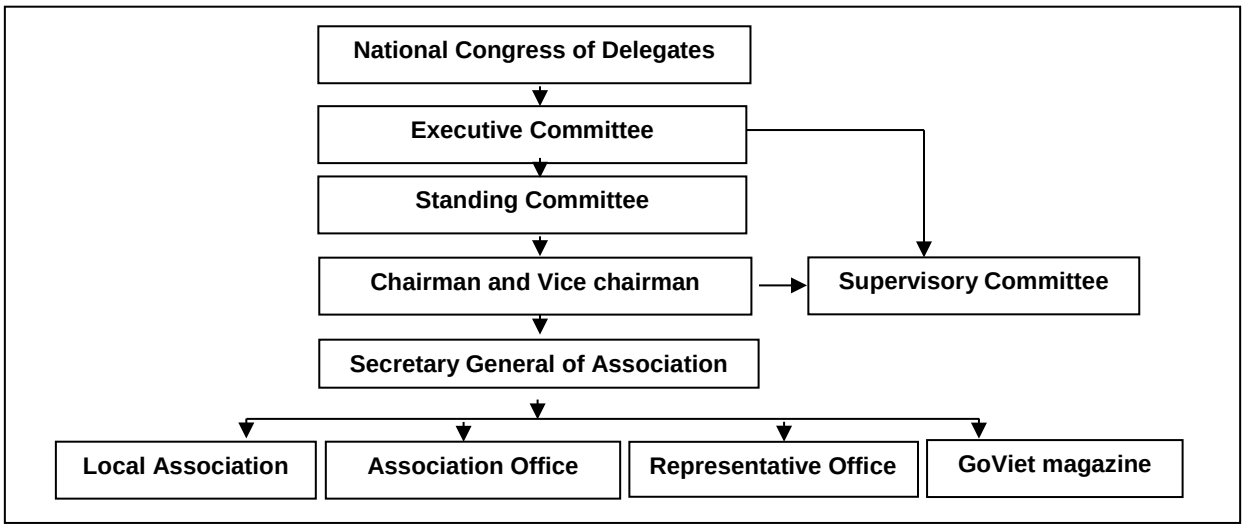
Website of VIFORES: http://www.vietfores.org

Logo of VIFORES

Date of establishment: 15 August, 2000, pursuant to Decision No. 34/QD-BTCCBCP of the Head of Government Commission on Organization and Personnel.

1.1 Functions and duties: According to VIFORES Charter approved by Ministry of Home Affairs, Decision No.34/2000/QD-BTCCBCP dated 8/05/2000, VIFORES has four main functions as follows:

- ✓ VIFORES is a volunteer, non-governmental and non-profit organization. This is an association of Vietnamese forest-based and wood industry related enterprises, scientists and technicians specialized on afforestation, logging, and wood and forest product processing and trading. It serves as a bridge between policy makers and entrepreneurs.
- ✓ VIFORES goal is to unite 3,900 Vietnamese forest-based and wood processing and trading, most are SMEs, and collaboratively assist each other in production, trading, provision of service, application of advanced technologies and equipment, improvement of Vietnamese brands in global markets. VIFORES strives to protect legally recognized benefits of its members. As a corporate association, VIFORES facilitates member enterprises to dignify the image of Vietnamese enterprises through the switch to sustainable forest management and responsible wood processing and trading.
- ✓ As a bridge between enterprises and relevant government agencies, VIFORES gather the needs, concerns and requirements of enterprise members and provide feedbacks to policy makers regarding the forest and wood industry development. As a local NGO, it provides counter-arguments and socio-auditing on policies, policy tools and measures impacting forest and wood industry sectors development.
- ✓ As a service provider, VIFORES has been collaborating with local and overseas governmental and non-governmental organizations to provide training, arrange workshops, seminars and conferences to transfer knowledge and exchange innovative ideas on various topics of forestry and wood industries.



1.2 Infrastructure: The VIFORES has head office in Hanoi and representative office in Ho Chi Minh City and local sub-associations in Ho Chi Minh City, Binh Duong, Dong Nai, Binh Dinh, Bac Ninh. Total of number of its members is 1,300.

1.3 Budget:

(UNIT: 1USD = 21,500 VND)

Main activities	2012 (USD)	2013 (USD)	2014 (USD)
Operating costs	19,800	21,500	22,900
Publications	34,000	36,500	38,000
Training	5,600	6,000	6,500
Research and advice	4,540	5,130	5,450
Total	**63,940**	**69,130**	**72,850**

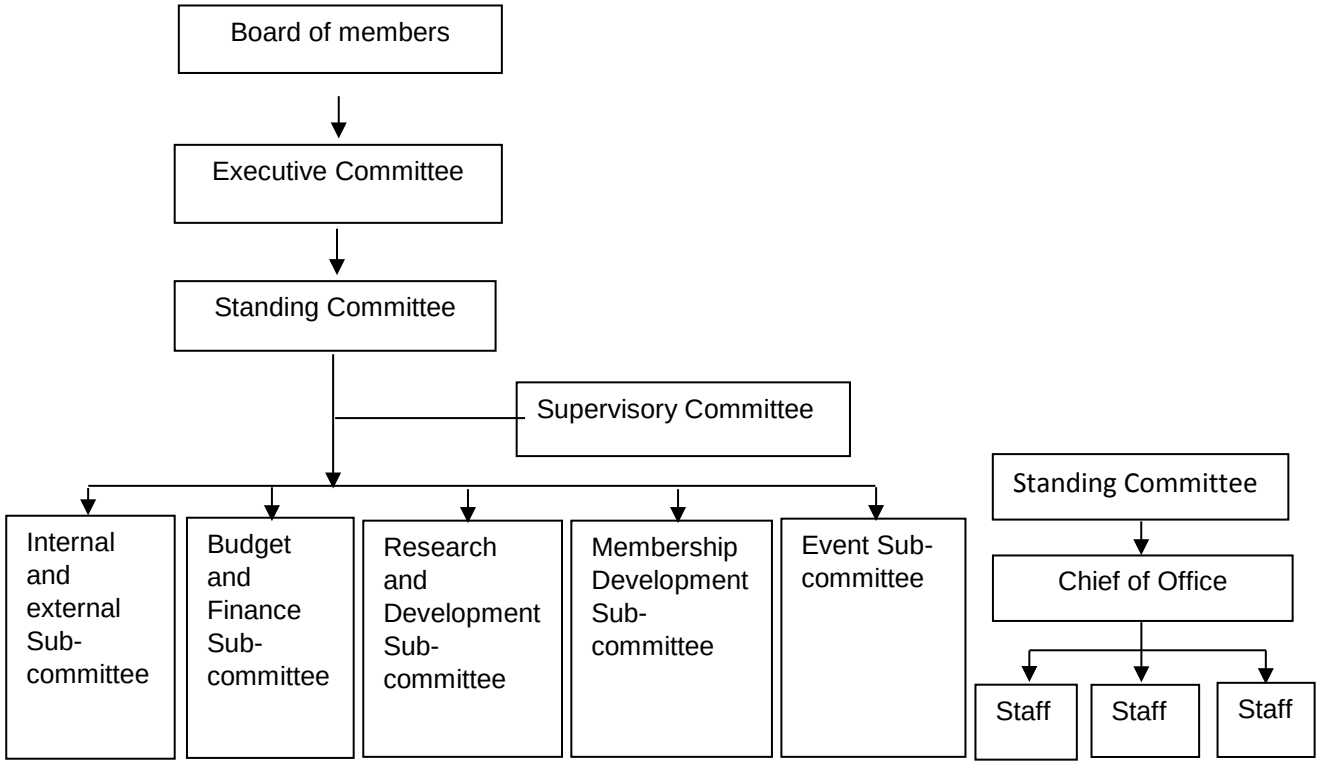
1.4 Human resources

Degree	2014
Postgraduate degrees	3
Bachelor	21
Technician	3
Administrative staff	7

2. Proposed project will be conducted in collaboration with local associations and enterprises selected from three target provinces:

2.1 . Binh Duong Furniture Association (BIFA)

- *Functions and duties:* Founded in 2009, BIFA is a voluntary organization of enterprises. BIFA represents and protects legitimate interests of its members; sharing experience of business management. It facilitates members enterprises to improve their competitiveness and corporate brand; BIFA maintains link between the Government and its members in making relevant policies and decisions; facilitating for members to access the capital; providing information on wood legality, market, customers, technology, suppliers etc.



- *Facilities and staffing:* BIFA has association office with the total of 140 cooperating members in Binh Dinh Province.

- Budget:

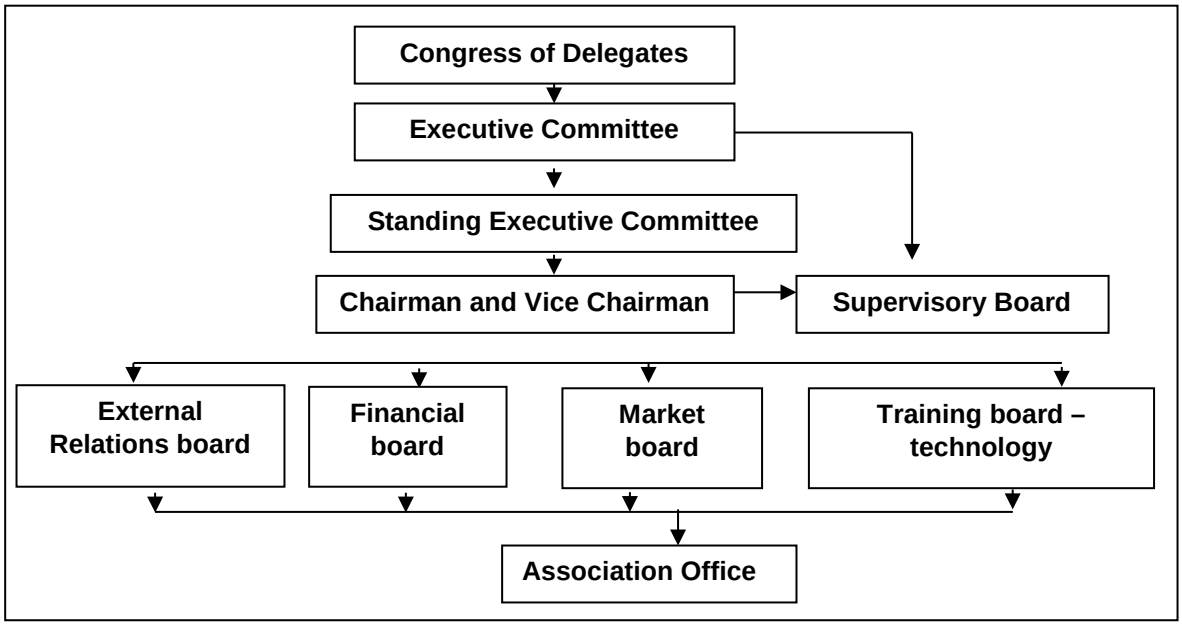
Main items	2012 (USD)	2013 (USD)	2014 (USD)
Operating costs	18,300	20,200	22,300
Publications			2000
Training	3,500	4,100	5,300
Research and consultancy			8,000

- Human resources:

Degrees	2014
Bachelor	16
Administrative staff	3

2.2 Forest Products Association of Binh Dinh (FPA Binh Dinh)

- *Functions and duties:* FPA Binh Dinh was established under Decision No. 3413/QD-UBND dated 24/9/1999 of Binh Dinh People's Committee. FPA Binh Dinh represents and protects the interests of members in the domestic and international trade relations in the fields of production, trade, import and export of wood, wood products and forest products; FPA Binh Dinh has collected the economic sectors in the fields of manufacturing, importing and exporting wood and forest products, which generates stably economic relationship to promote economic and trading cooperation of members together and for businesses at home and abroad; To support its members relating to information about the State's policies of production and business sectors, the training issues of resources, production organization which is suitable with international standards.



- *Infrastructure:* FPA Binh Dinh has one association office with the total of 85 corporate memberships in Binh Dinh province and some other provinces.

- Budget:

Main activities	2012 (USD)	2013 (USD)	2014 (USD)
Operating costs	18,000	20,000	22,000
Publications		1,000	
Training	3,000	4,000	5,000
Research and consultation	10,000		

- Human resources:

Degree	2014
Bachelor	15
Administrative staff	2

APPENDIX 2 DUTIES AND RESPONSIBILITIES OF KEY EXPERTS/SPECIALISTS DUE TO THE SUPPLIED IMPLEMENTING AGENCIES

No.	Name	Level	Position	Proposed Position
1	Nguyen Ton Quyen	Senior Expert of forest industry	Vice Chairman - VIFORES General Secretary	Project coordinator
2	Cao Thi Cam	Master of Economics	VIFORES specialist	Secretary
3	Cao Xuan Thanh	Bachelor of forestry	Chief of VIFORES office	Project Accountant
4	Le Khac Coi	Doctor of Forestry	CH8 Director	Technical Consultant
5	Tran Le Huy	Bachelor of Economics	General Secretary of FPA Binh Dinh	Technical staff
6	Tran Thi Thao Trang	Bachelor of Economics	BIFA Chief of Office	Technical staff

CURRICULUM VITAE OF KEY EXPERTS

1. PROJECT COORDINATOR

- **General information:**

Name	**Nguyen Ton Quyen**
Place and date of birth	Nam Dinh, 10/7/1937
Address	189 Thanh Nhan, Hanoi
Telephone	+84 4-62782122/ 84-4-37833016
Email	info@vietfores.org; info@vietfores.org.vn
Nationality	Vietnam

- **Education:**

Place of training	City - Country	Year of graduation	Degrees	Majority
Hanoi University of Science and Technology	Hanoi - Vietnam	1963	Bachelor	Economics management
Peiking University	Beijing - China	1967	Doctor	Economics management
Timiryazev Agricultural Academy	Moscow - Russia	1984	Scientific Trainee	Economics management

- **Job:**

Year	Place of working	Job title
1968 – 1973	Vietnam Administration of Forestry	Department manager of investment management
1974 – 1983	*Department of Construction - National Institute of Agricultural Planning and Projection (NIAPP)*	Deputy Director
1984 - 1995	Ministry of Forestry	Director
1995 - 2000	Ministry of Agriculture and Rural Development	Deputy Director of Forest Department
2000 - now	Vietnam Timber and Forest Products Association	Vice Chairman - General Secretary

- **Experience:**

Year	Working experience	Field
2002	Project of “Improving forest products processing in Bac Kan", the Finnish funding	*Consultation and writing project report*
2004	Work on: "Woodworking industry in the 20 years of innovation”	*In charge of drafting*
2005	Project of “To build timber materials for export processing” Book: Chapter of woodworking and commercial marketing in a handbook of forestry	*Consultation and writing project report*
2006 - now	- To build up the scheme of forestry sector restructuring - To consult the national Forest Strategy - To consult the policy and orientation of forestry sector development	*Consultation*

2. PROJECT SECRETARY

- **General information:**

Full name	**Cao Thi Cam**	
Place and Date of birth	Hai Phong, 19/3/1982	
Address	189 Thanh Nhan, Hanoi	
Telephone	+84 4-62782122/ 84-4-37833016	
Email	caocam@vietfores.org	
Nationality	Vietnam	

- **Education:**

Place of training	City - Country	Year of graduation	Degree	Majority
Hai Phong University	Hai Phong - Vietnam	2006	Engineer	Environment
Vietnam National Economic University, Hanoi	Hanoi - Vietnam	2015	Master	Economics management

- **Job:**

Year	Working records	Job title
2006 - 2009	Vietnam Forest Agricultural Development And Investment Co.Ltd.	Staff
2010 - 2015	Vietnam Timber and Forest Products Association	Specialist

- **Experience:**

Year	Working experience	Field
2010 - 2013	- To organize the first Festival of Vietnam forest products; - To cooperate with wood associations in order to perform studies and improve competitiveness of Vietnam wood processing enterprises	Event, advertising Studying, reporting

2012 - 2014	- To cooperate with Forest Trends in order to carry out the studies of wooden villages; sawmill, the legality of rubber	Studying, reporting
2012 - 2015	To cooperate with Forest Trends, FPA Binh Dinh and HAWA in order to research and report the activities of Vietnam wood processing	Analysing, reporting

3. PROJECT ACCOUNTANT:

- **General information:**

Full name	**Cao Xuan Thanh**
Place and Date of birth	Hanoi, 18/10/1978
Address	Thuong Tin, Hanoi
Telephone	+84 4-62782122/ 84-4-37833016
Email	info@vietfores.org.vn; viforeshn@gmail.com
Nationality	Vietnam

- **Education:**

Place of training	City - Country	Year of graduation	Degree	Majority
Forestry University	Hanoi - Vietnam	2003	Bachelor	Sivilculture
National Economic University of Vietnam	Hanoi - Vietnam	2012	Accounting	Accounting

- **Job:**

Year	Working records	Job title
2003 - 2007	BuonJaWam Forest Enterprise	Staff
2008 - 2009	Gojo City, Nara Province, Japan	Trainee
2010 - 2012	Switch Asia – VIFORES Project	Accountant
2013 - now	Vietnam Timber and Forest Product Association	Chief of Accounting

- **Experience:**

Year	Working experience	Field
2003 - 2009	- Sustainable forest management and development; - Conducting agro-forestry projects to make livelihood for local and indigenous people	
2010 - 2012	- Preparing finance reports of project, finance arrangement; - Supporting leader to prepare workshops, training course.	
2013–now	- Forestry policy consultation; support enterprises in accessing information relating market; - Supporting in research of timber industry; expert in market analysis of wood furniture; - Preparing article on Viet Wood Magazine; - Preparing finance reports.	

4. TECHNICAL CONSULTANT:

- **General information:**

Full name	**Le Khac Coi**
Place and Date of birth	Hanoi, 28/3/1953
Address	No. 1, No. 144 lane, Bach Dang street, Chuong Duong ward, Hoan Kiem district, Hanoi
Telephone	
Email	lekhaccoi@ch8co.com
Nationality	Vietnam

- **Education:**

Place of training	City - Country	Year of graduation	Degree	Majority
University of Languages and International studies (VNU)	Hanoi - Vietnam	1994	Bachelor	Bachelor of English language
Zvolen forest and woodworking university, Czech	Czech	1973	Engineer	Woodworking Technology
Zvolen forest and woodworking university, Czech	Czech	1977	Doctor	Forest Economics

- **Job:**

Year	Place of working	Job title
1978 - 1987	Vietnam Forestry University	Vice Dean, Faculty of Economics
1987 - 1990	Centre of service, production, forest products processing	Deputy Director
1987 - 1992	Union of Forest Products Processing and Supply 1	Head of the national work on energy wood
1992 - 1994	Vietnam Forest Products Import Export and Production Joint Stock Company - NAFORIMEX	Investment specialist
1994 - 1995	Forestry cooperation program between Vietnam and Sweden	Marketing consultant
From April to November 1995	OXFAM Belgium	Project Officer
From November 1995 to December 2005	UNILEVER Vietnam	Director of planning and distribution
From March to October 2006	DHL Vietnam company	Executive and business development director
From October 2006 to 2010	World Wide Fund For Nature – WWF	Director of WWF Vietnam
From 2010 to now	CH8 company	Director

- **Experience:**

Year	Working experience	Field
1996	Supply chain and supply chain management	Consulting, Training
1998 - 2003	ISO 9001, ISO 14000, OHSAS 18000, 5S, TPM.	Consulting, Training
2006	Responsible purchasing of Forest Products	Consulting, Training
2008	- FSC certification - To Review ISO 9001 version 2000	Consulting, Training
2008 - now	Review	Consulting, Training

5. TECHNICAL STAFF

- **General information:**

Full name	**Tran Le Huy**
Place and Date of Birth	Binh Dinh, 29/11/1978
Address	278 Nguyen Thi Dinh, Quy Nhon city
Telephone	+84 56 3946740
Email	tranlehuy50@gmail.com
Nationality	Vietnam

- **Education:**

Place of training	City - Country	Year of graduation	Degree	Majority
- Ho Chi Minh City University of Law	HCMC – Vietnam	2001	Bachelor	International Law
- National Economics University, Hanoi	Hanoi – Vietnam	2004	Bachelor	Investment Economics

- **Job:**

Year	Place of working	Job title
2001 - 2008	Binh Dinh Import Export Joint Stock Company	Assistant Director
2008 - 2010	Office of FPA Binh Dinh	Chief of office
2010 - now	Office of FPA Binh Dinh	Secretary

- **Experience:**

Year	Working experience	Field
2012 - 2013	To cooperate with GIZ in order to organize training courses	- To design and manufacture furniture - Labor safety and hygiene
2013 - 2014	To cooperate with VCCI Da Nang, IPP in order to organize the courses of training and export promotion	- To design furniture - Marketing & Sales of furniture
2012 - 2015	To cooperate with Forest Trends, VIFORES and HAWA IPP in order to study and report the activities of forestry sector	- Study on Vietnam export woodchips - Report of export wood and wood products

2015	To cooperate with VCCI HCMC and SCORE in order to organize training	- Management of production and quality. - Cleaner manufacture, labor safety

6. TECHNICAL STAFF

- **General information:**

Full name	**Tran Thi Thao Trang**
Place and Date of birth	Binh Duong, 14/02/1984
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- **Education:**

Name of university	City - Country	Year of graduation	Degree	Majority
University of Economics HCMC	TPHCM – Vietnam	2013	Bachelor	Finance
University of Science under Vietnam National University HCMC	TPHCM – Vietnam	2006	Bachelor	Mathematics - Informatics

- **Place of work and job title:**

Year	Place of working	Job title
2013 - 2015	Binh Duong Furniture Association	Chief of Office
2011 - 2013	International Online Trading Service Limited Company	Director
2009 - 2011	Head Office of Asia Commercial Bank (ACB)	Specialist of deposit management
2008 - 2009	Phu Gia Securities Joint Stock Company	Analyst
2006 - 2008	Jesco Se Vietnam Limited Company	Software specialist

- **Experience:**

Year	Working experience	Field
2013 - 2015	Office management, to support members, external and internal affairs, events and projects	Office, wood processing
2011 - 2013	Business management: revenues, costs, sales, human resources and administration	Tourism, hospitality
2009 - 2011	Analysis of interest rates, deposit management, to support branches	Finance - banking
2008 - 2009	Analysis, Securities Investment	Stock
2006 - 2008	Collecting information, coding, testing	Software, software outsourcing

APPENDIX 3 REFERENCES OF HUMAN RESOURCES, CONSULTING SPONSORED BY THE ITTO

Job title	Main jobs
I. Main human resources of project	
Project coordinator	- To manage the daily operation of the project - To prepare action plan/supervision and evaluation of project progress - To monitor the implementation progress of activities - To select and decide specialized partners, to carry out activities - To report and coordinate with focal agencies, ITTO and the stakeholders in the implementation of the project. - To preside over the meetings between secretary and technical staff of the project
Project Secretary	- To implement the tasks as required by project coordinator - To support project coordinator in order to make the management of project activities - Management of project office (if any) and keep records - To organize meetings and study visits, directly contact with technical staff at the scene - To make report periodically / irregularly for focal agency and the ITTO
Technical staff	- To make plan and organize implementation in the assigned areas and make regular/irregular reports as requested by project coordinator. - To support, cooperate with project secretary in daily activities - To make contacts work with stakeholders in responsible areas
Project Accountant	- Work with banks for managing accounts of project; Communicate and report finance situation of project for sponsor; - Manage income and expenditure of project, finance arrangement of project; - Prepare finance reports of project; work with audit; - Allocate finance under working plan of project. - Support works relating finance (taxation, tax report, personal income tax, etc)
II. Consulting experts funded by the ITTO	
Consulting experts for Activity 1.1	Consulting, assessing, studying the potential of big trees
Consulting experts for Activity 2.2	Consulting the correct technology of acacia plantation processing
Consulting experts/units for Activity 2.3	- Consulting, compiling the design technical guidelines, skills of marketing and developing processing products made from acacia plantations; - Testing and certifying the mechanical - physical - chemical characteristics for acacia plantations in the country

APPENDIX 4: RECOMMENDATIONS BY THE ITTO EXPERT PANEL AND REVISIONS MADE

Assessment by the Fifty-second Panel

A) Overall Assessment

The Panel recognized the efforts by the Government of Vietnam as the new member of ITTO to submit the proposal to ITTO. The Panel acknowledged the importance of the project idea for contributing to the strengthening efficiency in Acacia processing. However, the Panel opined that the project targets are too ambitious in contrary with its small proposed budget.

The Panel noted that the project proposal is not in full conformity with the ITTO manual for project formulation. Some sections of the proposal are missing. Therefore, the Panel considered that careful revision of the project proposal, in accordance with the ITTO manual, is deemed necessary.

The Panel was of the view that, in order to increase the chance of a successful project, the proponent needs to liaise with the WWF Vietnam who had made an attempt to develop and implement a similar project's objectives (the project had been suspended) in collaboration with the Thunen Institute of International Forestry and Forest Economics and with the support of the Germany Government.

B) Specific Recommendations

	Section	Comments of Expert Panel	Revision
1	PROJECT BRIEF	Improve the Project Brief in accordance with the ITTO Manual, present it in concise way, and ensure its consistency with information provided in the body text. For instance, the listed activities in the Project Brief are different with those in Section 3.2	1. Background Vietnamese wood processing industry has been experiencing fast growth over the last 2 decades. In 2016, the total value generated by wood processing industry and wood product export was about 7 billion USD with wooden products being exported to almost 120 countries. **This has made industry the Vietnam's seventh largest export commodities which has made considerable contribute to economy of country in 2016**. **However, Vietnam wood industry is facing some challenges. First of all,** the limited supply of larger size and certified timber from domestic sources, wood processing and exporting industries of Vietnam are severely dependent on imported raw material**. Meanwhile, all most plantation of Vietnam is acacia, which is accounting for 60-70% of total forest plantation, has been planted for short production rotation to take small-diameter log for wood-chips, wood-based panel production, and charcoal making. Secondly, the shortage of working technique and capacity in wood furniture making is leading to inefficiency and in-performance in processing acacia plantations in the industry. This is because of the majority of enterprises are small-medium enterprises with lack of capital to invest in technology and design to work. Thirdly, Vietnam wood industry has to meet more rigorous requirements from international markets especially when Vietnam and EU have completed negotiation of VPA/FLECT. This requires all of wood products consumed by both domestic and foreign markets will be legal.** **There are some solutions to deal with these issues. Firstly, suitable policies consultation for encouraging people into establishing large-diameter plantation forest and forest certification. Secondly, capacities building of technique and technology of wood furniture making. Finally, awareness rise of for enterprises to meet well globe market requirements. Those measures are also objectives that the project will focus on** **4. Project Activities** **Activity 1:** ✓ **Support** forest owners to get access to **preferential loans** and other incentives/**subsidies** for extending plantation rotations (8-10 years instead of currently applied 4-5 years). ✓ **Provide** silvicultural techniques on high yield **plantation establishment and intensive** plantation management. ✓ **Facilitate partnership between timber growers and enterprises to promote forest certification and verify** supply chain of acacia timbers. **Activity 2:** ✓ **Provide** information and **connect potential wood-working machine manufactures with wood processing enterprises to deliver** advanced lumber sawing devices and automatically

	Section	Comments of Expert Panel	Revision
			lumber drying technologies. ✓ **Arrange training courses on timber classifying, sawing, drying and preserving for material procurement staffs and technical workers.** ✓ **To build a system of information data of acacia serving for design, marketing and developing products.** **Activity 3:** ✓ **Provide guidance on TLAS for stakeholders engaged in acacia timber processing industry.** ✓ **Evaluate and simplify procedures to reduce the costs of TLAS implementation applicable for acacia plantations.** ✓ **Arrange short-term training courses on TLAS.** **5.** Outputs Output 1: Increased local supply of lager-size, certified and higher quality acacia timber for wood processing enterprises: ✓ **Increasing by 20% in quality and quantity of the large acacia timbers providing for wood processing enterprises involved in the project as completing the project**. ✓ **Through applying best practices acacia plantation forests will be improved better. It is expected that harvesting yield will increase by 20% per ha of forest owners participating in the project until the end of the project.** ✓ **Through good cooperation between wood processing enterprises and forest owners, acacia plantations would be improved strongly by investment and purchase contracts. It is expected that 20% areas of acacia plantations will be granted through activities of linking forest owners and wood processing enterprises participating in the project.** Output 2: **Enhanced capacity to increase efficiency of acacia timber processing industry** ✓ **A report** on technological properties and the guidance product development and marketing will be prepared. Output 3: To increase the awareness of the TLAS enforcement for acacia plantations ✓ At the end of the project, at least 50 participants from selected stakeholder groups will be trained for **ToT on TLAS.**

	Section	Comments of Expert Panel	Revision
2	Section 1.2.1	Maintain consistency of Outputs' text with the text provided in Section 3.1	(c) Contributing to sustainable development and poverty alleviation: i) sustainable development of tropical rain forests through local acacia plantations and sustainable forest management; ii) **forest certification and a stable supply source of acacia timber with** better prices to make economic benefits for rural communities. (d) Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources: **i) Strengthening institutional capacity, information and management skills of forestry activities, contributing to effective enforcement system to ensure legal timber (TLAS) according to the Voluntary Partnership Agreement VPA/FLEGT; ii) Improving capability for implementation of EUTR, Lacey Act, AILPA, other regulations;** (n) Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber: i) Raising awareness of TLAS compliance; ii) Increasing capacity of wood processing enterprises and stakeholders **to meet the requirements of the VPA/FLEGT, EUTR, Lacey Act, AILPA.** **Strategic Priority 1.** Output 3 of the proposed project is "Increase awareness on **Timber Legality Assurance System (TLAS) applicable for** acacia plantations ", which is suitable for Strategic Priority 1. **Strategic Priority 2.** Output 1 of the proposed project is "**Increasing** the supply of **acacia plantations in the country with** large diameter, quality and **certification**" including activities to meet strategic priorities 2.
3	Section 1.3	Improve the presentation of the map	In the section 1.3: Map of Project sites has absolutely changed in presentation so that it could be shown clearly selected sites and the subjects that projects focusing on.
4	Section 1.3.2	Improve the explanation on the environmental aspect	1.3.2.1 Nam Dinh Province **Nam Dinh has two biosphere reserves has been recognized by UNESCO namely National Reserve of Xuan Thuy and Coastal Protection Forest of Nghia Hung. However, Nam Dinh is now facing problems that are needed to be resolved. Firstly, air and water pollution are visible in handicraft villages and industry zone due to lack of proper attentions paying on environment protection. Secondly, climate change which raise sea level of 2.15 mm yearly is a challenge that Nam Dinh is facing. Every year, 38 thousands hectares of cultivation lands and 70% of mangrove forest area have been degraded by salt.** 1.3.2.2. Binh Dinh Province **In recent years, economic, social activities including local aquaculture production have released untreated wastes into environment in Binh Dinh. This will damage coastal protection**

	Section	Comments of Expert Panel	Revision
			mangrove forest which is considered as "green border" that is making essential contributions to regulate climate and mitigate risks of natural disasters. Furthermore, lack of running water and drought and salty contamination coming from climate change are now problems for Binh Dinh to deal with. 1.3.2.3. Binh Duong Province **As an industrial province, Binh Duong is now meeting with difficulties in environment protection. All most of enterprises, about 25,000, acting in a wide range of sectors from textile product to mechanic making are contaminating rivers and damaging local underwater resource. Furthermore, recently extremely weather condition, which known as flood and typhoon and forest fire, causes damage to both economy and environment in Binh Duong.**
5	Section 1.4	Re-phrase the paragraphs to elaborate less ambitious Expected Outcomes	1.4. Outcomes at project completion d. At the end of the project, forest farmers in targeted areas can get knowledge of advanced silvicultural techniques and sustainable forest management and **awareness of benefits bring from large-scale tree planting. Forest owners will invest more money in forest plantation and keeping their forest longer through preferential loans**. **Furthermore**, the partnership between **forest owners and wood processing enterprises would promote all quality and quantity of forest plantation through strengthening forest certification**. These activities all together will facilitate increased supply of larger timber for target processing factories. The detailed outcomes to be produced by the project are as follows: **e. All of manufacturers got information and consultation to access to advanced** equipment and technologies to acacia timber processing. **Through training courses, trained technical staffs will become the leading users of advanced technologies in those companies. At the end of project, through technology utilization in acacia timber processing would increase efficiency and productivity of acacia based wood products production.** f. **ToT** Training courses and guidance on TLAS will **provide required knowledge of this system for** relevant stakeholders. In particular, the following verifiable indicators will be monitored and evaluated:

	Section	Comments of Expert Panel	Revision
6	Section 2.3.1	Rephrase the sentences in the Objective Tree into negative sentences	2.3.1 Development objective and impact indicators "Increasing economic, social and environmental benefits in the forestry and wood processing industry in Vietnam" is the overall objective of the forestry sector in general and wood processing industry in particular. In the recent 10 years, acacia plantations have emerged as a native plant species which are popular across the country and absolutely dominates in plant structure, both plantation area and harvested yield (including scattered acacias). **However, by using low-quality of breeds and low-rate of invest in planting and caring of trees and early harvest of acacia plantation, the interests gaining from acacia plantation is quite low. Therefore, the overall study of acacia plantation and evaluation of its benefits are needed to increase efficiency of acacia plantation and timber processing industry in Vietnam.**
7	Section 3.5	Add Master Budget and present the budget arrangements in full conformity with the ITTO Manual	VIFORES has added a Master Budget. This included human source and detained expenditure for specific activity.
8	Part IV	In Part 4, revise the presentation in accordance with the contents of an ITTO small project provided in the ITTO Manual (Part 4 consists of 4.1 Executing agency and organizational structure, 4.2 Project management, 4.3 Monitoring and reporting). For a small project, a Project Technical Committee (PTC) is needed, not a Project Steering Committee (PSC);	VIFORES has moved Organizational Structure to section 4.1 and changed Project Steering Committee (PSC) into Project Technical Committee (PTC) in accordance with ITTO guidance for a small project