

INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

PROJECT DOCUMENT

TITLE:	Analysis of timber legality assurance systems and good practices in China, Myanmar and Viet Nam for sustainable timber trade
SERIAL NUMBER:	PP-A/56-342B
SUBMITTED BY:	Institute for Global Environmental Strategies (IGES)
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SUMMARY:

In recent years, the domestic and international socio-political and business environments surrounding the forestry industry and trade have been changing significantly and rapidly, calling to address both legality and sustainability throughout timber supply chains and seeking contributions to the achievements of the Sustainable Development Goals (SDGs). Given growing concerns about impacts of illegal logging and associated trade on climate change, biodiversity and revenue generating opportunity, there is an increasing number of countries with timber trading regulations requiring importers to demonstrate the origin and legality of timber and timber product. In 2017, the Government of Japan enacted the Clean Wood Act to promote the distribution and utilisation of legally harvested wood products in the country. Under the Act, importers are required to take measures to ensure that wood products they import into Japan have been legally sourced in compliance with the laws and regulations of the countries of origin.

In general, supply chains have become more complex, with more processed and/or mixing of timber sources. This makes it more difficult to determine a product's original source. Also, high-value wood species inherently involve the risk of illegal logging due to high economic interests, often drawing international attention.

These complexities create difficulties to enhance the legal and sustainable timber trade. Timber importers dealing with processed timber products and high-value wood species are seeking more information on sourcing countries and evidence of legal and sustainable timber supply chains. The lack of information and knowledge could result in barriers to promote the trade of legal and sustainable timber and timber products.

Given this challenge, the development objective of the project is to contribute to enhancing importers' commitment to the legality and sustainability of timber and timber products. Specifically, this project is to systematically analyse existing legality assurance systems/equivalent schemes and good practices in China, Myanmar and Viet Nam to support both Japanese and international stakeholders for the legal and sustainable timber trade.

China, Myanmar and Viet Nam have been selected as the target countries to be studied, given their important roles in supplying high-valued timber and finished and processed timber products on a global scale. Both China and Viet Nam import raw wood materials from a number of tropical countries, process them and then export globally the processed and finished wood products. Myanmar plays a significant role on the global market in supplying teak wood, which is considered as one of the high-value hardwood species and vulnerable to excessive harvest. Accordingly the project could provide useful information to promote the trade of legal and sustainable timber products globally.

The expected outputs of the project are: 1) Challenges for importers in assuring the legality and sustainability of timber and timber products from the target countries are identified; 2) Existing timber legality assurance systems/equivalent schemes in the target countries are analysed, with identification made of their strengths and weaknesses; 3) Good practices of upstream and downstream operators in the target countries in ensuring and verifying the legality and the sustainability of timber and timber products are collected and reviewed; and 4) Regional collaboration, information sharing and knowledge management are strengthened for both Japanese and international stakeholders.

EXECUTING AGENCY: Institute for Global Environmental Strategies (IGES)

DURATION: 20 MONTHS

BUDGET AND PROPOSED SOURCES OF FINANCE:	Source	Contribution in USD
	ITTO (Government of Japan)	USD 344,100
	IGES	USD 11,362
	TOTAL	USD 355,462

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PROJECT BRIEF

In recent years, the domestic and international socio-political and business environments surrounding the forestry industry and trade have been changing significantly and rapidly, calling to address both legality and sustainability throughout timber supply chains and seeking contributions to the achievements of the Sustainable Development Goals (SDGs). Given growing concerns about impacts of illegal logging and associated trade on climate change, biodiversity and revenue generating opportunity, there is an increasing number of countries with timber trading regulations requiring importers to demonstrate the origin and legality of timber and timber product. In 2017, the Government of Japan enacted the Act on Promotion of Use and Distribution of Legally-harvested Wood and Wood Products (the Clean Wood Act) to promote the distribution and utilisation of legally harvested wood products in the country. Under the Act, importers are required to take measures to ensure that wood products they import into Japan have been legally sourced in compliance with the laws and regulations of the countries of origin.

In general, supply chains have become more complex, with more processed and/or mixing of timber sources. This makes it more difficult to determine a product's original source. Also, high-value wood species inherently involve the risk of illegal logging due to high economic interests, often drawing international attention. These complexities create difficulties to enhance the legal and sustainable timber trade. For instance, even in the very early stages of the implementation of the Clean Wood Act, in FY2018, some Japanese importers registered under the Clean Wood Act reported that they could not confirm the legality of Laminated Veneer Lumber (LVL) and furniture sourced from China, and of furniture sourced from Viet Nam.¹ Importers dealing with processed timber products and/or high-value wood species, are seeking more information and evidence to ensure a supply of legally harvested timber from sustainably managed sources. Without appropriate information and data of sourcing countries including design and application of legal frameworks, supply chains, and practice by upstream and downstream operators, timber importers are not able to ensure trade in legal and sustainable timber and timber products. This lack of information and knowledge could result in barriers to promote the trade of legal and sustainable timber and timber products. Also there is a risk that the lack of information could result in Japan becoming a market for illegal timber, thereby weakening compliance with the Clean Wood Act. In such a case, Japanese timber-related industries would not have access to ESG investments and their contribution to achieving the SDGs would be low. It is critical to promote responsible timber trade ensuring the legality and sustainability for the achievement of SDG 12 (responsible production and consumption). Also, legal and sustainable timber trade can contribute to efforts for achieving many of the SDGs, including: SDG 8, which focuses on inclusive and sustainable growth, employment, and decent work; SDG 13 aiming to combat climate change; and SDG 15 to sustainably manage forests, and halt biodiversity.

The development objective of the project is to contribute to enhancing importers' commitment to the legality and sustainability of timber and timber products. Specifically, this project is to systematically analyse existing legality assurance systems/equivalent schemes and good practices in China, Myanmar and Viet Nam to support both Japanese and international stakeholders for the legal and sustainable timber trade.

China, Myanmar and Viet Nam have been selected as the target countries to be studied, given their important roles in supplying timber and timber products on a global scale. China and Viet Nam are major suppliers of finished and processed wood products: Japan imports wooden furniture and boards such as blockboard, veneer laminated wood and plywood from China, and imports wooden furniture and wood chips from Viet Nam. It should be noted that both China and Viet Nam import raw wood materials from a number of tropical countries, process them and then export the processed and finished wood products. While both countries are important suppliers for Japan, as mentioned above, there are some Japanese importers which could not confirm the legality of timber products imported from China and Viet Nam. While there is only limited timber trade between Myanmar and Japan, Myanmar plays a significant role on the global market in supplying teak wood, which is considered as one of the high-value hardwood species.

While the main beneficiaries of the project are timber importers, a range of other interested parties could benefit from the project. These include Japanese trade associations, Registering Organisations of the Clean Wood Act, and the Forestry Agency of the Japanese government, as well as upstream and downstream operators, forest industry and trade associations and government agencies in China, Myanmar and Viet Nam. The project results could also be useful for international stakeholders dealing with timber and timber products

¹ Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, and Ministry of Land, Infrastructure and Transport (2020) Results of the annual report of registered wood-related businesses in fiscal year 2018 <<https://www.rinya.maff.go.jp/j/riyou/goho/case/pdf/H30-nendohoukoku-torimatome.pdf>>

from China, Myanmar and Viet Nam. Given the important roles of these target countries in supplying timber and timber products to the international markets, the project could provide useful information to promote the trade of legal and sustainable timber products globally.

The expected outputs of the project are: 1) Challenges for importers in assuring the legality and sustainability of timber and timber products from the target countries are identified ; 2) Existing timber legality assurance systems/equivalent schemes in the target countries are analysed; 3) Good practices of upstream and downstream operators in the target countries in ensuring and verifying the legality and the sustainability of timber and timber products are collected and reviewed, with identification made of their achievements, challenges and opportunities; and 4) Regional collaboration, information sharing and knowledge management are strengthened for both Japanese and international stakeholders .

In order to ensure that the project results will be practical and useful for timber importers, the project will first identify and analyse the interests, needs and challenges of importers, by conducting a questionnaire/interview survey in Japan. The results will be used to develop an assessment framework to examine timber legality assurance systems/equivalent schemes, as well as to collect and review good practices in the target countries. In addition, to better understand the perspectives of importers and gain further expert knowledge, the project will establish an advisory group involving Japanese importers, relevant industry associations, Registering Organisations of the Clean Wood Act, Forest Certification organisation, and experts on timber legality and sustainability themes. The advisory group meetings will be held regularly to discuss and share project activities and progress. Hence the group will be a main mechanism to ensure the participation and engagement of key stakeholders.

In order to increase the effectiveness of implementation and scale up the impacts, the project will collaborate with existing ITTO programmes/projects such as the “Legal and Sustainable Supply Chain programme” and “Enhancing Conservation and Sustainable Management of Teak Forests and Legal Sustainable Wood Supply Chains in the Greater Mekong Sub-region”, as well as the projects supporting the implementation of the Clean Wood Act, which are funded by the Japanese Forestry Agency.

After completion of the project, results and experiences will be shared with both domestic and international stakeholders to enhance the capacity of business entities for the legal and sustainable timber trade. At the same time, the project team will make efforts to create opportunities to disseminate the project results. Over the course of implementation, the project team will establish and strengthen relationships with relevant government agencies, industry groups/associations and other key stakeholders in both Japan and the target countries, and will maintain and update information exchange with them, as appropriate. In addition, the project results on good practices and the recommendations can help to formulate government’s policies and corporate policies to address challenges in the target countries, filling knowledge gaps and encouraging innovations.

With regards to the sustainability of the project, timber legality and trade make up one of the key research fields in IGES’s Natural Resources and Ecosystem Services (NRE) area. The Forestry Agency of Japan has responsibility to implement the Clean Wood Act, and to provide the Japanese private sector with information on timber production and trade, and on the relevant laws and regulations of timber producing countries. In addition, ITTO continually works to collect, analyse and disseminate data on the production and trade of tropical timber. The organisation also funds projects and other actions to promote trade of tropical timber and timber products recognised as originating from legally and sustainably managed forests. The project will liaise with those initiatives and efforts to provide on-going support for interested parties. In addition, the advisory group of the project will facilitate dialogues among key stakeholders to discuss further research and action needed to promote trade of legal and sustainable timber and timber products.

One key assumption is that the current situation surrounding the COVID-19 pandemic is under control in the target countries and will allow for interviews and field surveys. In order to mitigate the risk of being unable to collect the necessary information and data due to restrictions or bans on international travel, the project will hire qualified consultants with extensive and in-depth knowledge in the target countries, as well as apply a questionnaire and interview survey using online meeting platforms. Also, the project team will develop and apply innovative methods such as virtual-field observation using online tools when appropriate. IGES has experience in using such online methods to collect data and information on timber production, trade, and relevant legislations of timber producing and importing countries

LIST OF ABBREVIATIONS AND ACRONYMS

ESG	: Environmental, Social, and Corporate Governance
EU	: European Union
FSC	: Forest Stewardship Council
IGES	: Institute for Global Environmental Strategies
ITTO	: International Tropical Timber Organization
ITTA	: The International Tropical Timber Agreement
JAS	: Japanese Agricultural Standards
JFWIA	: the Japan Federation of Wood Industry Associations
JPY	: Japanese Yen
LVL	: Laminated Veneer Lumber
MFCS	: Myanmar Forest Certification Scheme
NRE	: Natural Resources and Ecosystem Services
PEFC	: Programme for the Endorsement of Forest Certification
SDGs	: Sustainable Development Goals
TLAS	: Timber Legality Assurance System
VPA	: Voluntary Partnership Agreement
UK	: United Kingdom
US	: United States of America
USD	: US Dollar

PART I. PROJECT CONTEXT

1.1 Origin

This project originated from an idea to promote the trade of legal and sustainable timber and timber products in the region, and contribute to achieving the objectives of the Act on Promotion of Use and Distribution of Legally-harvested Wood and Wood Products (the Clean Wood Act) and the Sustainable Development Goals (SDGs).

In recent years, the domestic and international socio-political and business environments surrounding the forestry industry and trade have been changing significantly and rapidly, calling to address both legality and sustainability throughout timber supply chains and seeking contributions to the achievements of the SDGs. In 2017, the Government of Japan enacted the Clean Wood Act to promote the distribution and utilisation of legally harvested wood products in the country. Under the Act, all business entities are required to endeavour to use legally-harvested timber and timber products, not only in government procurement but also for private-sector purchases. Japanese importers have to take measures to ensure that timber and timber products they import into Japan have been legally sourced in compliance with the laws and regulations of the countries of origin.

Under this context, the original idea for this project emerged from dialogues and discussions with the Forestry Agency of Japan, ITTO, Japanese importers of timber and timber products, related industry associations and Registering Organisations of the Clean Wood Act. The idea was also shaped on findings from previous studies by IGES on timber producing and importing countries, funded by the Forestry Agency and by ITTO, and studies on the implementation status of the Clean Wood Act funded by the Japan Federation of Wood Industry Associations (JFWIA) (see ANNEX 1: Profiles of the Executing Agency). The dialogues and findings suggest the following situations that may prove to be challenges for timber importers.

- Diversity of legal requirements at the point of harvest across timber producing countries, types of forests and management, permit types and etc.
- Diversity and/or different stages of development and timber legality assurance systems/equivalent schemes in several timber producing countries
- Limited capacity and resources of small-medium upstream and downstream operators in timber producing countries hindering the application of new systems/schemes
- Differing levels of complexity/transparency in timber supply chain because of third-party processing trade or, across timber producing countries types of products, permit types and etc., when trying to identify the legal origin

In general, supply chains have become more complex, with more processed and mixing of timber sources. This makes it more difficult to determine the product's original sources. Also, high-value wood species inherently involve the risk of illegal logging due to high economic interests, and often draw international attention. These complexities create difficulties to enhance the legal and sustainable timber trade.

Timber importers dealing with processed timber products and high-value wood species are seeking more information on sourcing countries and evidence of legal and sustainable timber supply chains. There is a risk that this lack of information and knowledge could be barriers for importers' commitments to engage with the trade of legal and sustainable timber and timber products

1.2 Relevance

1.2.1 Conformity with ITTO's objectives and priorities

(1) Compliance with ITTA 2006

The project fully supports the objectives of the International Tropical Timber Agreement (ITTA) 2006, which promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber producing. Especially the project conforms with the objective set out in the following paragraph:

- (k) Improving marketing and distribution of tropical timber and timber produce exports from sustainably managed and legally harvested sources and which are legally traded, including promoting consumer awareness

In addition, the outcomes of the project contribute to the objectives set out in the following paragraphs:

- (d) Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources
- (n) Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber

(2) Compliance with ITTO Strategic Action Plan 2013-2018

The proposed project complies with various Strategic Priorities and Actions for 2013-2018 of ITTO as follows:

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

The proposed project fully conforms with the Strategic Priority 2, since it aims to promote the legal and sustainable timber trade by analysing existing legality assurance systems/equivalent schemes and good practices undertaken by upstream and downstream operators in China, Myanmar and Viet Nam, and to support Japanese importers. Especially the project conforms with the following specific actions under the Strategic Priority 2:

:

- Promote understanding of new initiatives related to trade in legal and sustainable timber
- Promote complementary policies and actions of the part of consumer members

Strategic Priority 5: Improve the quality and availability of information on tropical forests, forest product markets and trade

The proposed project fully conforms with the Strategic Priority 5, since it will generate and disseminate information on timber legality systems/equivalent schemes and good practices to promote the legal and sustainable timber trade. Especially the project conforms with the following specific actions under the Strategic Priority 5:

- Conduct studies, disseminate information and provide regular reports on conditions in tropical forests and markets for tropical forest products
- Build capacity of member countries for data analysis and policy formulation

1.2.2 Relevance to the submitting country's policies

The proposed project fully supports Japanese policy and plans to promote the use and distribution of legally-harvested wood and wood products, and sustainable forest management.

In 2017, the Government of Japan enacted the Act on Promotion of Use and Distribution of Legally-Harvested Wood and Wood Products (Clean Wood Act)², which is the main policy instrument to address illegal logging and trade in Japan.

Purpose of the Clean Wood Act (Art. 1 of the Act):

Given that illegal logging of forests in Japan or foreign countries (hereinafter referred to as "Illegal Logging") and distribution of wood derived from Illegal Logging may have adverse effects on various functions of forests including prevention of global warming, conservation of natural environments and supply of forest products, and may harm fair transactions in wood markets, the purpose of this Act is to achieve sustainable and sound development of the wood products industry by stipulating basic matters for promoting the use and distribution of Legally-harvested Wood and Wood Products and encouraging the Wood-related Business Entities to take measures to ensure the use of Legally-harvested Wood and Wood Products, and thereby to contribute to the conservation of the regional and global environment.

The Act defines the responsibility of the business entities as the follows (Art. 5 of the Act)

Business entities must endeavor to use the Legally-harvested Wood and Wood Products when they use the Wood and Wood Products.

Under the Act, importers are required to carry out checks and take measures to ensure that wood products they import have been legally sourced in compliance with the laws and regulations of the countries of origin. The procedures to be followed by importers are described in the Ministerial Ordinance No. 2 (on 23 May 2017)³.

The Act also defines the responsibility of the government as the follows (Art.4 (2) of the Act):

The State shall, in order to contribute to promoting the use and distribution of Legally-harvested Wood and Wood Products, collect and provide for information on production and distribution of the Wood and Wood Products in and outside of Japan as well as information on the laws and regulations of Japan and foreign countries concerning sustainable use of forests, trade and others for ensuring appropriate distribution of the Wood and Wood Products, and take other necessary measures.

By systematically analysing timber legality assurance systems/equivalent schemes, and good practices in China, Myanmar and Viet Nam, the project will support both Japanese and international stakeholders to confirm the legality of timber and timber products sourced from these countries, and to address the sustainability in timber supply chains. Therefore, the project can support enhancing the implementation of the Clean Wood Act and contribute to the international efforts to prevent illegal logging and trade.

Also, the project will support the Forest and Forestry Basic Plan (2016)⁴, which establishes the basic policies for Japanese forest and forestry sector. As the means for the international cooperation and contribution, the Plan lists the following actions as priorities for the government: 1) actively participate in international dialogues and promote international cooperation to prevent illegal logging and trade; 2) promote the use and distribution of legally-harvested wood and wood products; and 3) carry out and improve information collection on illegal logging in producing countries.

In addition, it should be highlighted that the project will conduct studies not only from a legal compliance perspective, but also from a sustainability perspective to support both Japanese and international stakeholders in addressing the sustainability aspects in their timber supply chains. This scope fully conforms with the view of the Forestry Agency, which recognises and promotes the roles of timber trade in the achievement of the Sustainable Development Objectives (SDGs)⁵

² <<https://www.rinya.maff.go.jp/j/riyou/goho/english/english-index.html#:~:text=The%20Act%20on%20Promotion%20of,the%20laws%20and%20regulations%20of>>

³ Ministerial Ordinance No. 2 (on 23 May 2017) Specifying the Standards of Judgment for the Wood-related Business Entities to Ensure the Use of Legally-harvested Wood and Wood Products, , which describes procedures for due diligence < <https://www.rinya.maff.go.jp/j/riyou/goho/english/english-index.html>>

⁴ <<https://www.rinya.maff.go.jp/j/kikaku/plan/attach/pdf/index-2.pdf>> (available only in Japanese)

⁵ Forestry Agency of MAFF(2019) Annual Report on Forest and Forestry in Japan Fiscal Year 2019 <<https://www.rinya.maff.go.jp/j/kikaku/hakusyo/r1hakusyo/index.html>>

1.3 Target Area

1.3.1 Geographic location

The project will study existing legality assurance systems/equivalent schemes and good practices in China, Myanmar and Viet Nam, paying particular attention to interests and challenges that the private sector has, regarding imports of timber and timber products from these countries.

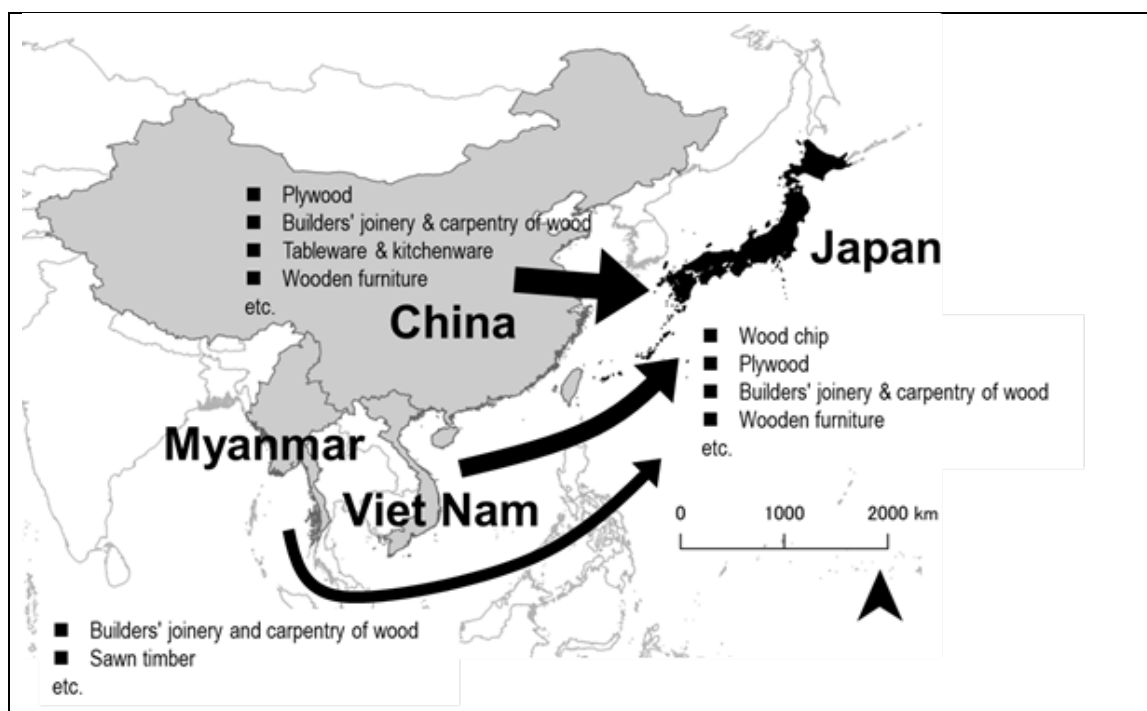


Figure 1: Major timber products exported from China, Myanmar and Viet Nam to Japan

1.3.2 Social, cultural, economic and environmental aspects

Globally, forest product imports were valued at about USD 432 billion in 2018. Following China, United States of America (US) and European Union (EU), Japan is the one of the largest forest product importers in the world.⁶ In 2018, Japan accounts for 3.2% of world imports value in 2018⁷.

In recent years, the domestic and international socio-political and business environments surrounding the forestry industry and trade have been changing significantly and rapidly, calling to address both legality and sustainability throughout timber supply chains and seeking contributions to the achievements of the SDGs. In 2017, the Government of Japan enacted the Clean Wood Act to promote the distribution and utilisation of legally harvested wood products in the country. Under the Act, importers are required to take measures to ensure that wood products they import into Japan have been legally sourced in compliance with the laws and regulations of the countries of origin. Ministerial Ordinance No. 2⁸ for the Clean Wood Act outlines three steps that importers are required to take when importing timber and timber products:

1. Gather information on product types, tree species, countries or regions of harvest and suppliers, as well as documents proving that logs or trees used were harvested in compliance with the laws and regulations of Japan and/or the countries of origin;
2. Check the legality of wood and wood products by reviewing these above information based on the information provided by the government (as posted on the Clean Wood Navi website) and considering performance of suppliers and other relevant information; and
3. Take additional measures (e.g. seek further information from suppliers and supply chain mapping) as necessary to confirm the legality of wood and wood products.

⁶ In 2018, Japan was the 4th largest importer of sawn timber, 3rd (wood-based panels), 4th (veneer sheets) and 6th (wood pellets) < <http://www.fao.org/forestry/statistics/80938@180724/en/>>

⁷ FAOSTAT < <http://www.fao.org/faostat/en/#data/FO>>

⁸ < <https://www.rinya.maff.go.jp/j/riyou/goho/english/english-index.html>>

The Clean Wood Act adopts a voluntary registering system for timber-related business entities. The Act places businesses in two categories: Type 1 businesses, which first receive or buy timber and timber products in Japan (e.g. timber importers), and Type 2 businesses, which process, sell or export timber and timber products obtained from Type 1 or from other Type 2 businesses, construct buildings using timber, or supply electricity derived from woody biomass. Type 1 businesses including timber importers are legally required to provide Type 2 businesses with documents mentioning and / or demonstrating that they have checked the relevant information to confirm the legality, and that the legality has been confirmed in case of confirmed products.

Registration of businesses is conducted by third party-organisations known as Registering Organisations, which are designated by the competent authorities on application. These organisations are also entrusted with monitoring the registered businesses. To register, businesses must submit information to the Registering Organisations on their business type, product types, expected annual amount (volume, area, weight or quantity), measures to be taken to ensure the use of legally-harvested timber and timber products, and the segregated management system. Type 1 businesses including timber importers must also submit information on tree species used and countries or regions of harvest⁹.

As of 31, October 2020, 513 businesses were registered under the Clean Wood Act, of which 204 are Type 1 and 81 have import business.¹⁰ In 2018, the Government of Japan published a first summary of annual reports of fiscal year 2018, which were submitted by registered businesses to Registering Organisations.

In general, supply chains have become more complex, with more processed and mixing of timber sources. This makes it more difficult to determine the product's original sources. Also, high-value wood species inherently involve the risk of illegal logging due to economic interests, and often draw international attention. These complexities create difficulties to enhance both legal and sustainable timber trade. Importers dealing with processed timber products and/or high-value wood species, are seeking more information and evidence to ensure a supply of legally-harvested timber from sustainably managed sources. Without appropriate information about sourcing countries, importers are not able to ensure the trade of legal and sustainable timber and timber products. There is a risk that this lack of information and knowledge could result in Japan becoming a market for illegal timber, thereby weakening compliance with the Clean Wood Act. In such a case, Japanese timber-related industries would not have access to ESG investments and their contribution to achieving the SDGs would be low.

China, Myanmar and Viet Nam have been selected as the target countries to be studied, given their important roles in supplying timber and timber products on a global scaled. China and Viet Nam are the major suppliers of finished and processed wood products: Japan imports wooden furniture and boards such as blockboard, veneer laminated wood and plywood from China, and imports wooden furniture and wood chips from Viet Nam. It should be noted that both China and Viet Nam are the world's largest traders and producers of forest products, importing raw wood materials from a number of tropical countries, processing them and then exporting the processed and finished wood products. In addition, it is generally recognised that timber supply chains in both countries are complex involving a number of upstream and downstream operations and the traceability to confirm the legal origin might be challenged. Even in the very early stages of the implementation of the Clean Wood Act, in FY2018, some Japanese importers registered under the Clean Wood Act reported that they could not confirm the legality of harvest of Laminated Veneer Lumber (LVL) and furniture sourced from China, and of furniture sourced from Viet Nam. While there is only limited timber trade between Myanmar and Japan, Myanmar plays a significant role in supplying teak wood to the global market, which is considered one of the high-value hardwood species.

Also, it should be noted that these countries have been developing policies, tools, standards and initiatives for legal logging, timber transportation, operations and timber management systems, and to combat illegal logging and trade in illegal timber. For instance, the recent amendment to the Forest Law in China includes a ban on illegal timber¹¹. Myanmar has been developing Myanmar Forest Certification Scheme (MFCS) and Myanmar Timber Legality Assurance System (MTLAS). Viet Nam has been developing Timber Legality Assurance System of Viet Nam (VNTLAS) and signed the Voluntary Partnership Agreement (VPA) with the European Union (EU) in October 2018.

⁹ <<https://www.rinya.maff.go.jp/j/riyou/goho/jissikikan/jigyousha.html>>

¹⁰ <<https://www.rinya.maff.go.jp/j/riyou/goho/jissikikan/jigyousha.html>>

¹¹ Art. 65 of the Forest Law of the People's Republic of China states: that is no unit or individual may purchase, process or transport timber that he/she clearly knows was piratically felled or indiscriminately felled in forest regions (Forest Law of the People's Republic of China: Chinese-English translation contracted by GIZ Forest Policy Facility to the Chinese Academy of Forestry <<https://www.atibt.org/wp-content/uploads/2020/01/China-Forest-Law-Amendment-2020-20191228.pdf>>

Export from China to Japan

In 2018, China exported USD 14.89 billion of timber and timber products (HS code 44) to the world and Japan was the second largest importer (USD 1.24 billion) after US (USD 3.89 billion)¹². The major items imported to Japan were processed goods, plywood (HS code: 4412), builders' joinery and carpentry of wood (HS code: 4418), tableware and kitchenware (HS code: 4419), and others (HS code: 4421) (Figure 2). The total imported value decreased slightly over the past 10 years. While the value of plywood, builders' joinery and carpentry of wood and sawn timber (HS code: 4407) decreased, the value of tableware and kitchenware increased. Japan also imported USD 10.94 billion of wooden furniture from China in 2018¹³.

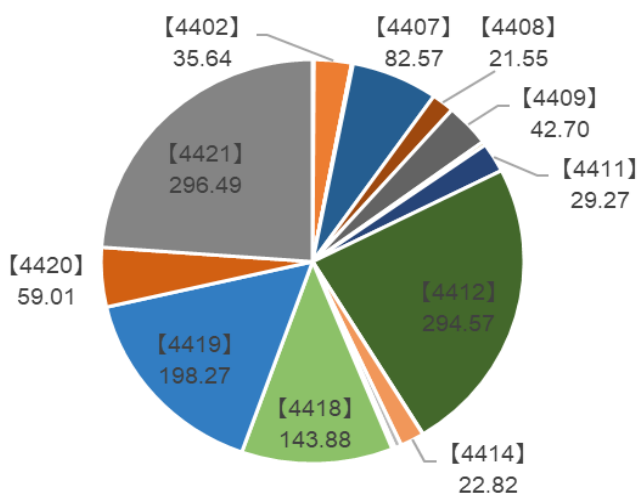


Figure 2: Value of timber and timber products exported from China to Japan in 2018 (USD million).

The ID number indicates the HS code.

Export from Myanmar to Japan

In 2019, Myanmar exported USD 166.23 million of timber and timber products to the world. The major importers were India (USD 74.03 million) and China (USD 24.64 million). Japan imported USD 1.53 million and the majority of the items were builders' joinery and carpentry of wood (HS code: 4418) and sawn timber (HS code 4407) (Figure 3).

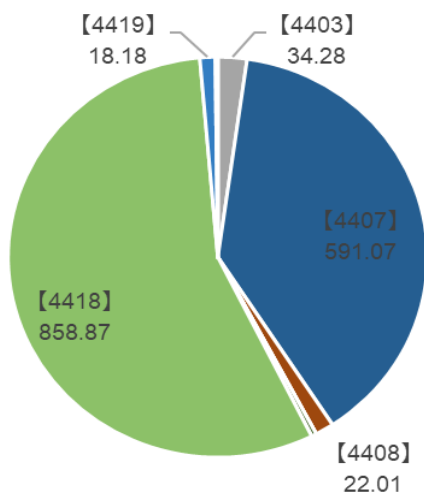


Figure 3: Value of timber and timber products exported from Myanmar to Japan in 2019 (USD thousand)

The ID number indicates the HS code

¹² UN Comtrade < <https://comtrade.un.org/> >

¹³ Japan Furniture Industry Development Association < http://www.ifa-kagu.jp/custom_contents/cms/linkfile/2019_import_japanese.pdf >

1USD=110JPY

Export from Viet Nam to Japan

In 2019, Viet Nam exported USD 3.46 billion of timber and timber products to the world and Japan was the second largest importer (USD 0.82 billion) after China (USD 1.05 billion). Wood chip accounted for 76% (USD 0.63 billion, HS code: 4401), followed by plywood (HS code: 4412), builders' joinery and carpentry of wood (HS code: 4418) and others (HS code: 4421) (Figure 4). The imported values of those products have increased in the past 10 years. Japan also imported USD 5.44 billion of wooden furniture from Viet Nam in 2019¹⁴.

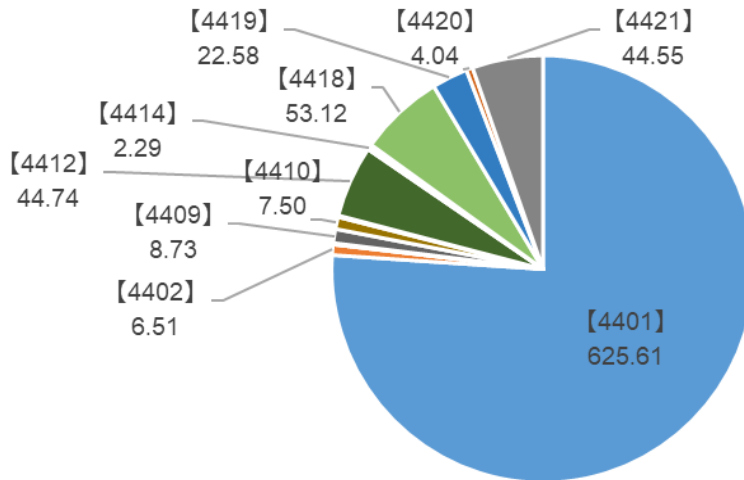


Figure 4: Value of timber and timber products exported from Viet Nam to Japan in 2019 (USD million)

The ID number indicate the HS code

1.4 Expected outcomes at project completion

By paying particular attention to interests and challenges that the private sector has, the project ensures that the results will be practical and beneficial for timber importers to confirm the legality of imported timber and timber products sourced from these countries and to address the sustainability in the supply chains. Therefore, at the completion of the project, it is expected that the quality and availability of information is increased, contributing to resolving the challenges for timber importers to ensure the legality and sustainability of timber and timber products sourced from China, Myanmar and Viet Nam.

At the same time, by strengthening regional collaboration, information sharing and knowledge management for Japanese and international stakeholders through publishing the results and holding a public seminar as well as enhancing dialogues with them, the project will increase the number of Japanese importers with a better understanding on how to ensure and verify the legality and sustainability of timber and timber products from China, Myanmar and Vietnam.

¹⁴ 1USD=110JPY

PART II. PROJECT RATIONALE AND OBJECTIVES

2.1 Rational

2.1.1 Institutional set-up and organizational Issues

The proposed project will be implemented by the Institute for Global Environmental Strategies (IGES) with support of ITTO and in close collaboration with key stakeholders, such as the Forestry Agency of Japan, trade associations, Registering Organisations of the Clean Wood Act, Forest Certification organisation, and etc.

Institute for Global Environmental Strategies (IGES)

IGES was established in March 1998 under an initiative of the Japanese government and with the support of Kanagawa Prefecture. The mission of IGES is to conduct strategic research and related activities to promote sustainable development in the Asia-Pacific region and globally.

The IGES Forest Conservation team belongs to the Natural Resources and Ecosystem Services (NRE) area and consists of researchers with multidisciplinary social and natural science skill sets, which the team applies to solution-oriented research for sustainable forest management and conservation, with a view to building vibrant, equitable and resilient societies.

A core area of IGES research on forests is sustainable forest management and conservation. This research includes projects on timber legality and supply chains, REDD+ (Reducing Emissions from Deforestation and forest Degradation in developing countries), and community-based natural resource management.

IGES has a strong experience in conducting analytical studies on the timber legality and trade. With funding from the Forestry Agency of Japan, IGES has reported on the laws and regulations for timber harvesting, transport, processing and trade, and associated legality risks in in the Asia-Pacific and Latin America regions to assist Japanese importers in procuring legal wood products and to support the implementation of the Clean Wood Act. IGES has also studied due diligence legislation for timber products and its application in the EU countries such as the United Kingdom (UK), Germany and Netherland.

Throughout this period of time, IGES has developed networks with relevant domestic and international organisations. In July 2020, IGES co-hosted Timber Regulation Enforcement Exchange with Forest Trends, inviting responsible government agencies, related industry associations, research institutions, forestry certification organisations, and etc. from Asia-Pacific and African regions. Also, IGES has maintained and developed close cooperation with ITTO. In 2018, IGES collaborated ITTO to implement a research project on legal systems regarding timber production and trade in five tropical countries. IGES also engages with the ITTO's project of "Enhancing Conservation and Sustainable Management of Teak Forests and Legal Sustainable Wood Supply Chains in the Greater Mekong Sub-region", conducting studies on timber legality in Myanmar and Viet Nam.

Collaboration with key stakeholder groups

For the effective implementation of the project, IGES will collaborate with stakeholder groups both in Japan and the target countries.

Key stakeholders such as Japanese importers, trade associations, Registering Organisations of the Clean Wood Act and Forest Certification organisation will be invited to the advisory group of the project (see the section 4.1.4 Stakeholder involvement mechanisms). This advisory group will be the main mechanism to ensure the participation and engagement of key stakeholders.

In order to conduct studies effectively in the target countries, IGES will collaborate with research institutions, industry associations and/or experts and forestry consultants engaged in timber legality and sustainability in China, Myanmar and Viet Nam, and contract with them as experts for the project (see ANNEX 3: Terms of reference for the national experts)

2.1.2 Stakeholder analysis

While the main beneficiaries of the project are Japanese importers, a range of other interested parties could also benefit from the project, such as trade associations, Registering Organisations of the Clean Wood Act, and the Forestry Agency of Japanese government. Also, upstream and downstream operators, forest industry and trade associations and government agencies in China, Myanmar and Viet Nam are viewed as stakeholders of the project. The project results would also be useful for other countries importing timber and timber products from China, Myanmar and Viet Nam. The stakeholder analysis is set out below:

Table 1: Stakeholder analysis

Stakeholder Group	Characteristics	Problems, needs, interests	Potentials	Involvement in the project
Primary Stakeholders				
Japanese importers	<ul style="list-style-type: none"> • Import timber and timber products from China, Myanmar and Viet Nam • Needs to comply with the Clean Wood Act 	<ul style="list-style-type: none"> • Lack of knowledge on how to ensure the legality of timber and timber products and to address sustainability issues • Interested in ESG finance and contribution to the achievement of the SDGs 	<ul style="list-style-type: none"> • Share experience and challenges to be analysed 	<ul style="list-style-type: none"> • Primary project beneficiaries • Sources of information • Disseminate results of the project
Secondary Stakeholders				
Japanese trade associations	<ul style="list-style-type: none"> • Provide service and advice to their members 	<ul style="list-style-type: none"> • Needs information to support their members in ensuring the legality of timber and timber products and in addressing the sustainability in their supply chains 	<ul style="list-style-type: none"> • Knowledge and networks of Japanese imports and trading countries 	<ul style="list-style-type: none"> • Source of information • Facilitate dialogues with Japanese importers • Disseminate results of the project
Registering Organisations of the Clean Wood Act	<ul style="list-style-type: none"> • Assess, register and monitor the registered importers 	<ul style="list-style-type: none"> • Needs information to assess the compliance of Japanese importers with the Clean Wood Act 	<ul style="list-style-type: none"> • Experience in assessing Japanese importers' performance to comply with the Clean Wood Act 	<ul style="list-style-type: none"> • Source of information • Facilitate dialogues with Japanese importers • Disseminate results of the project
Forest Certification organisation	<ul style="list-style-type: none"> • Provide standards and guide for sustainable forest management and CoC 	<ul style="list-style-type: none"> • Promotion of the forest certification system 	<ul style="list-style-type: none"> • Knowledge on standards for sustainable forest management and CoC • Networks of Japanese imports and trading countries 	<ul style="list-style-type: none"> • Source of information • Facilitate dialogues with Japanese importers • Disseminate results of the project

Forestry Agency of Japan	<ul style="list-style-type: none"> • Enforcement of the Clean Wood Act 	<ul style="list-style-type: none"> • Needs to understand challenges of Japanese importers • Needs to provide information in order to support Japanese importers 	<ul style="list-style-type: none"> • Networks with government agencies in the target countries 	<ul style="list-style-type: none"> • Provide finance to the project • Provide information • Disseminate results of the project
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Tertiary stakeholders				
Upstream and downstream operators in the target countries	<ul style="list-style-type: none"> ● Produce, process and trade timber and timber products 	<ul style="list-style-type: none"> • Needs information on market requirements in order to secure and maintain access to markets • Needs to meet legal requirements of their products 	<ul style="list-style-type: none"> • Knowledge and experience in timber production, processing and trade 	<ul style="list-style-type: none"> • Provide information
Forest industry and trade associations in the target countries	<ul style="list-style-type: none"> • Provide service and advice to their members 	<ul style="list-style-type: none"> • Needs information on market requirements in order to secure and maintain access to markets 	<ul style="list-style-type: none"> • Knowledge and networks in timber production and trade sector 	<ul style="list-style-type: none"> • Provide information
Government agencies in the target countries	<ul style="list-style-type: none"> • Law enforcement 	<ul style="list-style-type: none"> • Needs to understand requirements on their trading countries 	<ul style="list-style-type: none"> • Information on legal frameworks 	<ul style="list-style-type: none"> • Provide information
International stakeholders such as importers and industry groups dealing with timber and timber products from China, Myanmar and Viet Nam	<ul style="list-style-type: none"> • Import timber and timber products from China, Myanmar and Viet Nam 	<ul style="list-style-type: none"> • Lack of knowledge on how to ensure the legality of timber and timber products and to address sustainability issues • Interested in ESG finance and contribution to the achievement of the SDGs 	-	<ul style="list-style-type: none"> • Disseminate results of the project

2.1.3 Problem analysis

The key problem that this project will address is a lack of systematic analysis and information on timber legality assurance systems/equivalent schemes, and good practices for timber importers to confirm the legality of timber and timber products sourced from China, Viet Nam and Myanmar, and to address the sustainability in timber supply chains.

China, Myanmar and Viet Nam play important roles in supplying timber and timber products on a global scale. In recent years, these countries have been evolving timber legality assurance systems or equivalent schemes, along with developing policies, tools, standards and initiatives for legal logging, timber transportation, operations and timber management systems, and to combat illegal logging and trade in illegal timber.

There have been increasing studies on legal frameworks and timber legality requirements of producing countries. However, much focus is given on forest management and harvest, and less coverage of timber supply chains including processing and export stages. Also, there is a lack of information on third-country processing trade such as China and Viet Nam (i.e. the importation of raw wood materials from other countries, processing them and then export the processed and finished wood products). Above all, there is a lack of analysis on recent policy developments and implementation on the timber supply chains in China, Myanmar and Viet Nam, and little information exists on relative performance and good practice of upstream and downstream operators, which are critical for timber importers to ensure the legal and sustainable timber trade.

In order to ensure that the project's results will be beneficial for timber importers, the analysis should be needs-oriented based on the clear understanding on interests, challenges and needs of importers to confirm the legality and sustainability of imported timber and timber products sourced from China, Myanmar and Viet Nam. Moreover, regional collaboration, information sharing and knowledge management need to be strengthened to ensure that the results will be delivered to all relevant stakeholders and increase the efficiency and effectiveness of the project.

In 2019, the Government of Japan conducted a study to understand to which extent businesses understand the Clean Wood Act, and how they check the legality of wood and wood products. Based on the questionnaire survey with 59 importers, the Forest Agency (2020) reports overall challenges and difficulties for importers to confirm and verify the legality as follows¹⁵:

- Lack of understanding on what legal timber look like in some sourcing countries
- Lack of understanding on what evidence documents are available to confirm and verify that the trees were legally harvested
- Complex supply chains, especially when importing products from third-party processing trade and products made of multiple sources
- Reliability of the documents and information obtained from suppliers

Without understanding and access to appropriate information and evidence of legal and sustainable supply chains of sourcing countries, importers are not able to ensure trade in legal and sustainable timber and timber products. Indeed, even in the very early stages of the implementation of the Clean Wood Act, in 2018, some Japanese importers registered under the Clean Wood Act reported that they could not confirm the legality of Laminated Veneer Lumber (LVL) and furniture sourced from China, and of furniture sourced from Viet Nam.

Accordingly, there is a risk that this lack of information and knowledge could be barriers for importers' commitments and result in Japan becoming a market for illegal timber, thereby weakening compliance with the Clean Wood Act. In such a case, Japanese timber-related industries would not have access to ESG investments and their contribution to achieving the SDGs would be low.

¹⁵ The report is available only in Japanese <<https://www.rinya.maff.go.jp/j/riyou/goho/jouhou/sankou.html#achievement>>

Problem tree

The following problem tree illustrates what is the key problem and its causes and effects:

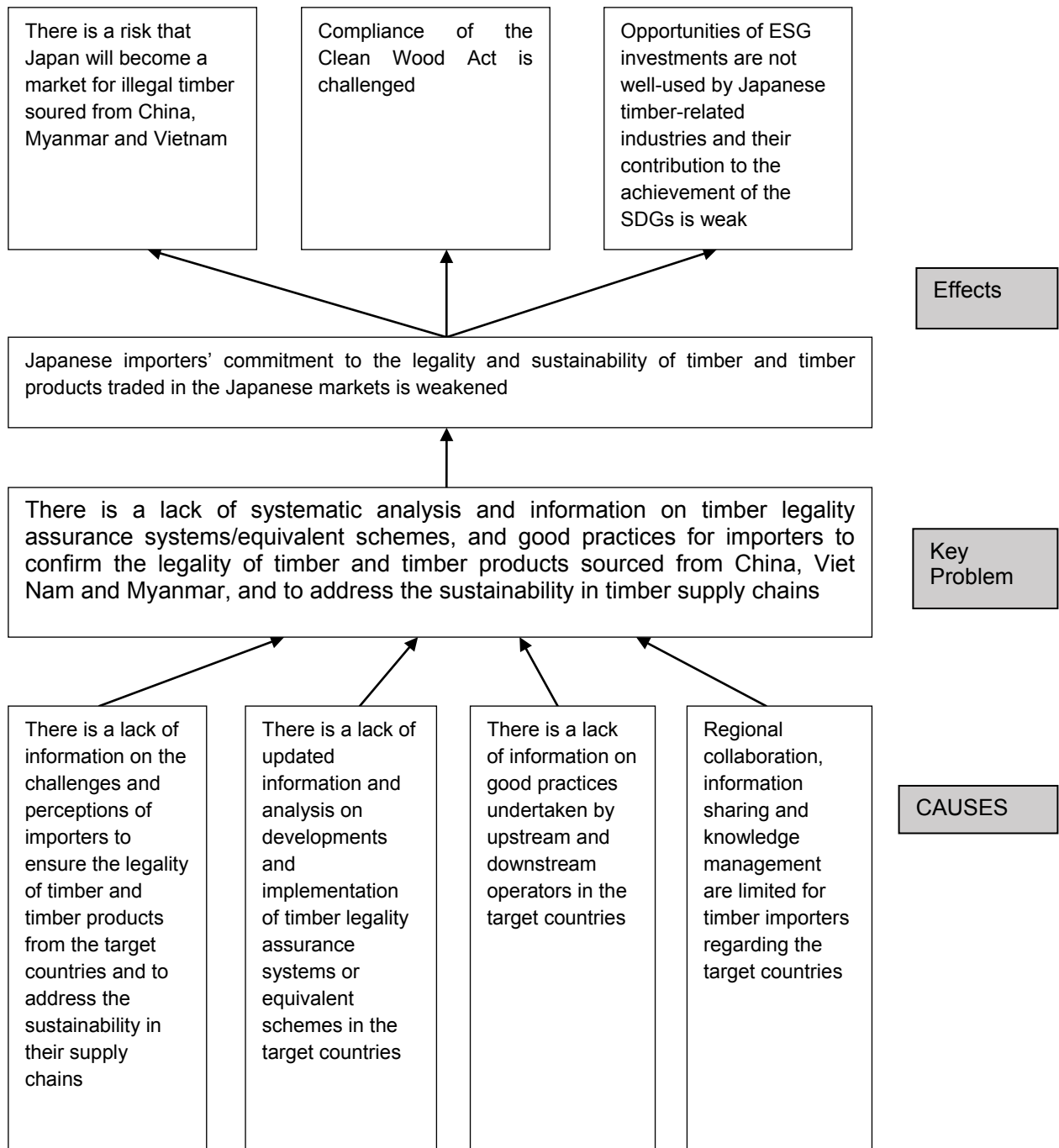


Figure 5: The problem tree

Objective tree

The following objective tree identifies the specific objective that will overcome each element of the problem tree and desired results by the project.

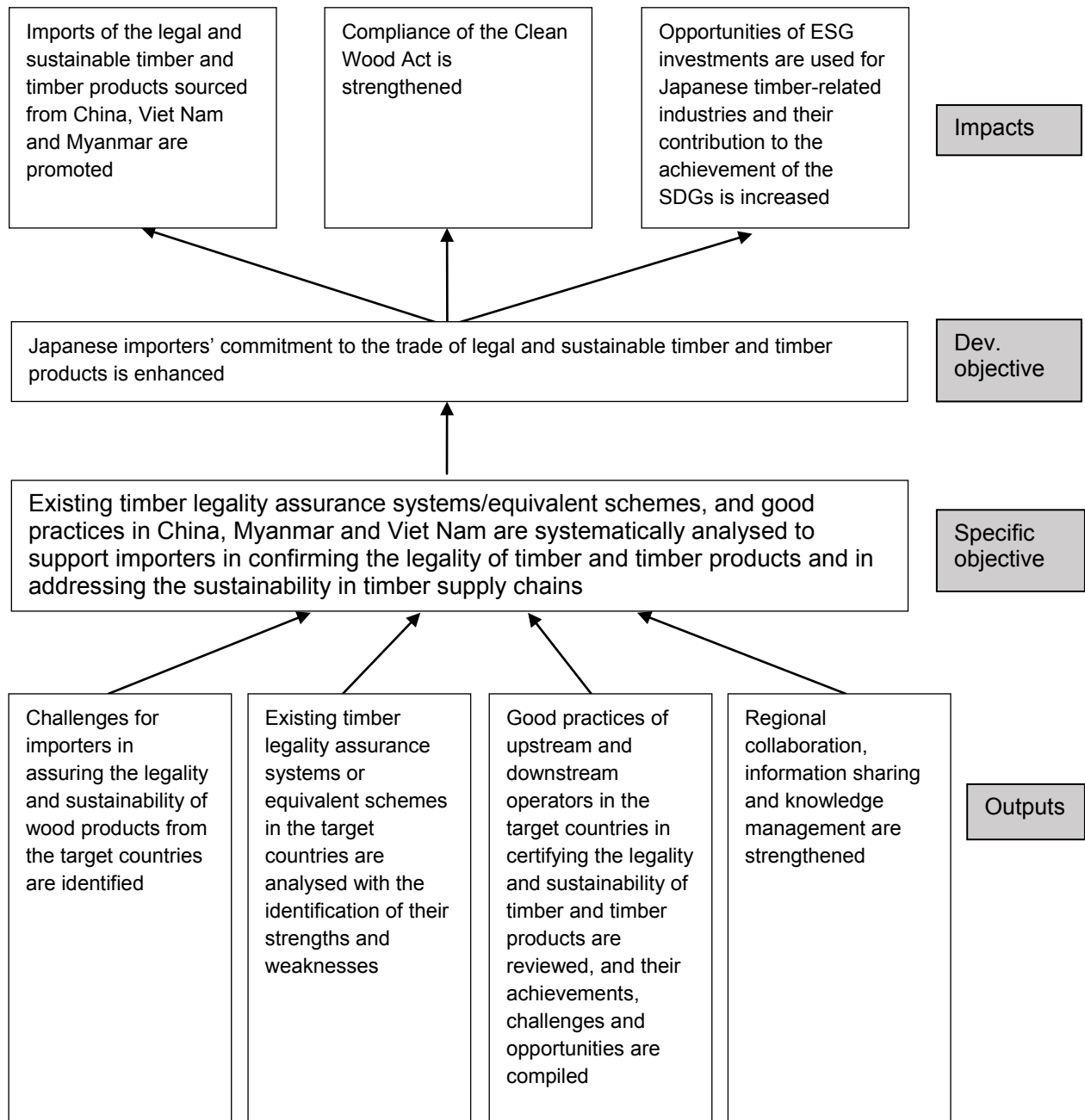


Figure 6: The objective tree

2.1.4 Logical framework matrix

The following Table 2 presents the logical framework for the project.

Table 2: The logical framework matrix

Strategy of Intervention	Measurable Indicators	Means of verification	Key Assumptions
<p><u>Development Objective</u></p> <p>To contribute to enhancing importers' commitment to the trade of legal and sustainable timber and timber products</p>	<p><u>Impact indicators</u></p> <ul style="list-style-type: none"> ● Import volume of timber and timber products recognized as originating from legally and sustainably managed forests increased ● Compliance of the Clean Wood Act is strengthened ● ESG investments in Japanese timber-related industries grown and their contribution to the achievement of the SDGs increased 	<ul style="list-style-type: none"> ● Related reports/documents issued by the Japanese government ● Annual reports by Registering Organisations of the Clean Wood Act ● Interview with stakeholders 	<p><u>Sustainability assumptions</u></p> <ul style="list-style-type: none"> ● Strengthened enforcement of Japanese legal framework to control importing timber ● Increased awareness of timber legality and sustainability in Japanese society and market ● Stable demands in Japan for timber and timber products from the target countries ● Corporation among stakeholders
<p><u>Specific Objective</u></p> <p>To systematically analyse existing legality assurance systems/equivalent schemes and good practices in China, Myanmar and Viet Nam to support importers for the legal and sustainable timber trade</p>	<p><u>Outcomes indicators</u></p> <ul style="list-style-type: none"> ● Quality and availability of information is increased, contributing to resolving the challenges for timber importers to ensure the legality and sustainability of timber and timber products sourced from China, Myanmar and Viet Nam ● Number of Japanese importers with a better understanding on how to ensure and verify the legality and sustainability of timber and timber products from China, Myanmar and Vietnam is increased 	<ul style="list-style-type: none"> ● Coverage of information in the reports ● Access to the reports on the websites ● Interview with Japanese importers and other stakeholders ● Questionnaire at the seminar 	<p><u>Development hypothesis, linking specific objective to development objective</u></p> <ul style="list-style-type: none"> ● Strengthened enforcement of Japanese legal framework to control importing timber ● Increased awareness of timber legality and sustainability in Japanese society and market ● Stable demands in Japan for timber and timber products from the target countries ● Corporation among stakeholders
<p><u>Outputs</u></p> <p>1. Challenges for importers in assuring the legality and sustainability of wood products from the target countries are identified</p>	<p><u>Outputs indicators</u></p> <ul style="list-style-type: none"> ● Advisory group is established with the engagement of the private sector ● Advisory group meetings are held at least 5 times ● Survey of Japanese importers is prepared and conducted (a questionnaire and focused interview) ● Needs and challenges for importers to confirm the 	<ul style="list-style-type: none"> ● List of participants in the Advisory group meetings ● Minutes of the Advisory group meetings ● Related interview records ● Technical report submitted to ITTO 	<p><u>Implementation assumptions linking outputs to the specific objective</u></p> <ul style="list-style-type: none"> ● Relevant stakeholders are committed and actively participate in dialogues

Strategy of Intervention	Measurable Indicators	Means of verification	Key Assumptions
	<p>legality and sustainability of timber and timber products imported from the target countries are identified</p>		
<p>2. Existing timber legality assurance systems/equivalent schemes in the target countries are analysed with the identification of their strengths and weaknesses</p>	<ul style="list-style-type: none"> ● Structure of forestry and forest products industries, and major timber supply chains in the target countries are reviewed ● Assessment framework is developed based on Output 1 ● Data and information on existing timber legality assurance systems or equivalents schemes in the target countries are collected and analysed ● Technical report is prepared in Japanese and English 	<ul style="list-style-type: none"> ● Related interview records ● Technical report submitted to ITTO ● Evaluation by ITTO 	<ul style="list-style-type: none"> ● The situation of COVID-19 is controlled and allows surveys in the target countries ● Stakeholders (government agencies, associations and private sectors) in the target countries support the survey and provide necessary information ● Stable political and economic situation in the target countries
<p>3. Good practices of upstream and downstream operators in the target countries in ensuring and verifying the legality and the sustainability of timber and timber products are collected and reviewed</p>	<ul style="list-style-type: none"> ● Criteria to collect and review good practices are established ● List of potential upstream and downstream operators to be interviewed is created ● Data and information on good practices of upstream and downstream operators are collected and reviewed ● Technical report is prepared in Japanese and English 	<ul style="list-style-type: none"> ● Related interview records ● Technical report submitted to ITTO ● Evaluation by ITTO 	<ul style="list-style-type: none"> ● The situation of COVID-19 is controlled and allows surveys in the target countries ● Stakeholders (government agencies, associations and private sectors) in the target countries support the survey and provide necessary information and data ● Stable political and economic situation in the target countries
<p>4. Regional collaboration, information sharing and knowledge management are strengthened</p>	<ul style="list-style-type: none"> ● By the end of the project, the technical reports of Output 2 and 3 are posted on websites ● By the end of the project, 3 country summary reports for the private sector (based the technical reports) are finalised in Japanese and English, and posted on websites. ● By the end of the project, a public seminar targeting Japanese importers and other key stakeholders is held ● By the end of the project, 2 policy briefs or occasional papers are produced 	<ul style="list-style-type: none"> ● Websites ● 3 summary reports for the private sector ● Seminar materials and list of participants ● Policy brief 	<ul style="list-style-type: none"> ● Outputs 1.2.3 are achieved given their assumptions

2.2 Objectives

2.2.1 Development objective and impact indicators

The development objective of the project is to contribute to enhancing importers' commitment to the trade of legal and sustainable timber and timber products.

The Long-term Impact indicators are:

- Import volume of timber and timber products recognised as originating from legally harvested and sustainably managed forests is increased
- Compliance of the Clean Wood Act is strengthened
- ESG investments in Japanese timber-related industries are grown
- Contribution of Japanese timber-related industries to the achievement of the SDGs is increased

2.2.2 Specific objective and outcome indicators

The specific objective of the project is to systematically analyse existing legality assurance systems/equivalent schemes and good practices in China, Myanmar and Viet Nam to support importers for the legal and sustainable timber trade

Outcome indicators:

- Quality and availability of information is increased, contributing to resolving the challenges for timber importers to ensure the legality and sustainability of timber and timber products sourced from China, Myanmar and Viet Nam
- Number of Japanese importers with a better understanding on how to ensure and verify the legality and sustainability of timber and timber products from China, Myanmar and Vietnam is increased

PART III. DESCRIPTION OF PROJECT INTERVENTIONS

3.1. Outputs and Activities

3.1.1. Outputs

Output 1: Challenges for importers in assuring the legality and sustainability of wood products from the target countries are identified

Indicators:

- Advisory group is established with the engagement of the private sector
- Advisory group meetings are held at least 5 times
- Survey of Japanese importers is prepared and conducted (a questionnaire and focused interview)
- Needs and challenges for importers to confirm the legality and sustainability of timber and timber products imported from the target countries are identified

Output 2: Existing timber legality assurance systems/equivalent schemes in the target countries are analysed with the identification of their strengths and weaknesses

Indicators:

- Structure of forestry and forest products industries, and major timber supply chains in the target countries are reviewed
- Assessment framework is developed based on Output 1
- Data and information on existing timber legality assurance systems or equivalent schemes in the target countries are collected and analysed
- Technical report is prepared in Japanese and English

Output 3: Good practices of upstream and downstream operators in the target countries in ensuring and verifying the legality and the sustainability of timber and timber products are collected and reviewed

Indicators

- Criteria to collect and review good practices are established
- List of potential upstream and downstream operators to be interviewed is created
- Data and information on good practices of upstream and downstream operators are collected and reviewed
- Technical report is prepared in Japanese and English

Output 4: Regional collaboration, information sharing and knowledge management are strengthened

Indicators

- By the end of the project, the technical reports of Output 2 and 3 are posted on websites
- By the end of the project, 3 country summary reports for the private sector (based the technical reports) are finalised in Japanese and English, and posted on websites.
- By the end of the project, a public seminar targeting Japanese importers and other key stakeholders is held
- By the end of the project, a public seminar targeting Japanese importers and other key stakeholders is held
- By the end of the project, 2 policy briefs or occasional papers are produced

3.1.2. Activities and inputs

Output 1: Challenges for importers in assuring the legality and sustainability of wood products from the target countries are identified

Activity 1.1: Establish the Advisory group with the engagement of the private sector

Activity 1.2: Hold the Advisory group meetings at least 5 times

Activity 1.3: Prepare and conduct a survey of Japanese importers through a questionnaire and focused interview

Activity 1.4: Identify interests, needs and challenges for Japanese importers to confirm the legality and sustainability of timber and timber products imported from the target countries

Activities for Output 2: Existing timber legality assurance systems/equivalent schemes in the target countries are analysed with the identification of their strengths and weaknesses

Activity 2.1: Review the structure of forestry and forest products industries and major timber supply chains in the target countries

Activity 2.2: Develop an assessment framework for the target country studies based on Output 1

Activity 2.3: Identify and contract with national consultants in the target countries (for Output 2 and 3)

Activity 2.4: Collect data and information and analyse existing timber legality assurance systems or equivalent schemes, and identify their strengths and weaknesses by conducting a questionnaire/ interview survey with government agencies, timber industries and other stakeholders, as well as field observation

Activity 2.5: Prepare a technical report on existing timber legality assurance systems or equivalent schemes in Japanese and English

Activities for Output 3: Good practices of upstream and downstream operators in the target countries in ensuring and verifying the legality and the sustainability of timber and timber products are collected and reviewed

Activity 3.1: Establish criteria to collect and review good practices

Activity 3.2: Create the list of potential upstream and downstream operators to be interviewed

Activity 3.3: Collect and review good practices of upstream and downstream operators in the target countries and identify their achievements, challenges and opportunities by conducting questionnaire and interview surveys with industry associations and operators as well as field observation

Activity 3.4 Prepare a technical report on good practices in Japanese and English

Activities for Output 4: Regional collaboration, information sharing and knowledge management are strengthened

Activity 4.1: Post the technical reports on the websites of IGES and ITTO

Activity 4.2: Produce three country summary reports for the private sector (based on technical reports of Output 2 and 3) in Japanese and English and post them on the website of IGES and ITTO

Activity 4.3: Hold a public seminar targeting Japanese importers and other key stakeholders

Activity 4.4: Produce two policy briefs or occasional papers

Activity 4.4: Disseminate the project's results and key findings at international, regional, and/or national forum where appropriate

:

3.2. Implementation approaches and methods

The project will analyse existing legal timber systems/equivalent schemes and good practices in the target countries, with particular attention to interests and challenges that the Japanese private sector has regarding imports of timber and timber products. The approach, therefore, is needs-oriented, ensuring that the project results will be beneficial for timber importers to overcome their challenges in order to confirm the legality of imported timber and timber products from the target countries and to address sustainability in the supply chains. With this objective, the following steps will be taken:

Output 1: The project will identify interests, needs and challenges of importers, by conducting a questionnaire/interview survey with them. The results will serve as a basis of the assessment framework to examine timber legality assurance systems/equivalent schemes (Output2), as well as to collect and review good practices (Output 3) in the target countries. In addition, to better understand the perspectives of importers and gain further expert knowledge, the project will establish an advisory group, which involves Japanese importers, relevant industry associations, Registering Organisations of the Clean Wood Act, Forest Certification organisation and academicians/experts on timber legality, ESG investments and the SDGs. The advisory group meetings will be held regularly to share and discuss project activities, progress and results as well as to provide advice for project activities.

Output 2: The project will analyse how existing timber legality assurance systems or equivalent schemes in target countries actually work to help verify the legality of timber products, and whether and how such systems/schemes can help identify aspects of sustainability. The analysis will consider different types of timber products, sizes of operators and supply chains. The project will apply a desk review of available information, a questionnaire/interview survey with key stakeholders in the target countries such as relevant government agencies, industry associations, donors, researchers/experts and upstream and downstream operators, and conduct a field survey.

Output 3: Based on Output 1 and Output 2, the project will identify and review good practices undertaken by upstream and downstream operators in the target countries. The analysis will consider different types of timber products, sizes of operators, supply chains and export destinations such as the EU and the US. It will first create a list of potential upstream and downstream operators to be interviewed in the target countries based on available information such as FSC certificate database, PEFC database and the list of certified plants of timber products under the Japan's Agricultural Standards (JAS). Then, the project will apply a questionnaire/interview survey with operators, industry associations and other stakeholders in the target countries and conduct a field survey.

Output 4: The results and key findings will be disseminated to a range of stakeholders both in Japan and other countries, while targeting mainly the Japanese private sector through publications and an online seminar. The project will design practical and user-friendly summaries for the private sector in both Japanese and English.

In order to effectively conduct the survey in China, Myanmar and Viet Nam, qualified consultants with extensive experience and in-depth knowledge on the subject will be hired (or sub-contracted). The consultants will support the project team in communication with relevant stakeholders, collection and analysis of data, information and materials, coordination of a questionnaire/interview and field visits (see Annex 3: The terms of reference for the national experts).

The project will collaborate with existing ITTO programmes/projects such as the “Legal and Sustainable Supply Chain programme” and “Enhancing Conservation and Sustainable Management of Teak Forests and Legal Sustainable Wood Supply Chains in the Greater Mekong Sub-region”, as well as the projects supporting the implementation of the Clean Wood Act, which are funded by the Japanese Forestry Agency. Collaboration with those programmes/projects will increase the effectiveness of the project implementation and scale up the impacts even after completion.

3.3 Work plan

The duration of the project is 20 months.

Table 3: The project work plan

Outputs/activities	Responsible party	Year 1												Year 2							
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8
Output 1:	IGES																				
Activity 1.1. Establish the Advisory group with the engagement of the private sector	IGES	■	■																		
Activity 1.2. Hold the Advisory group meetings	IGES			■				■				■					■				■
Activity 1.3. Prepare and conduct a survey of importers through a questionnaire and focused interview	IGES		■	■	■	■															
Activity 1.4. Identify interests, needs and challenges for importers to confirm the legality and sustainability of timber and timber products imported from the target countries	IGES				■	■	■														
Output 2:	IGES																				
Activity 2.1. Review the structure of forestry and forest products industries and major timber supply chains in the target countries	IGES	■	■	■	■																
Activity 2.2. Develop an assessment framework for the target country studies based on Output 1						■	■														
Activity 2.3. Identify and contract with national consultants in the target countries (for Output 2 and 3)	IGES				■	■	■														
Activity 2.4. Collect data and information and analyse existing timber legality assurance systems or equivalents schemes, and identify their strengths and weaknesses by conducting a questionnaire/ interview survey with government agencies, timber industries and other stakeholders, as well as field observation	IGES						■	■	■	■	■										
Activity 2.5. Prepare a technical report on existing timber legality assurance systems or equivalents schemes in Japanese and English										■	■	■	■	■	■	■					
Output 3:																					

Outputs/activities	Responsible party	Year 1												Year 2								
		1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	
Activity 3.1. Establish review criteria to collect and review good practices	IGES																					
Activity 3.2. Create the list of potential upstream and downstream operators to be interviewed																						
Activity 3.3. Collect and review good practices of upstream and downstream operators in the target countries and identify their achievements, challenges and opportunities by conducting questionnaire and interview surveys with industry associations and operators as well as field observation	IGES																					
Activity 3.4. Prepare a technical report on good practices in Japanese and English	IGES																					
Output 4:																						
Activity 4.1. Post technical reports on the websites of IGES and ITTO by the end of the project	IGES																					
Activity 4.2. Produce three country summary reports for the private sector (based on technical reports of Output 2 and 3) in Japanese and English and post them on the website of IGES and ITTO	IGES																					
Activity 4.3. Hold a public seminar	IGES																					
Activity 4.3. Produce two policy briefs or occasional papers	IGES																					
Activity 4.4. Disseminate the project's results and key findings at international, regional and/or national forum where appropriate	IGES																					

3.4 Budget

The Master Budget, Consolidated budget by component, ITTO budget component by component as follows:

Table 4: Master budget table

Outputs/activities	Description	Budget component	Quantity		Units	Unit cost US\$	Total cost US\$	ITTO		Executing agency
			Year 1	Year 2				Year 1	Year 2	
Output 1	Challenges for Japanese importers in assuring the legality and sustainability of wood products from the target countries are identified									
A1.1	Establish the Advisory group with the engagement of the private sector									
	Project coordinator (IGES)	11	3	0	Person-day	370	1,110	1,110	0	0
	Project assistant (IGES)	12	1	0	Person-day	240	240	240	0	0
A1.2	Hold the Advisory group meetings at least 5 times									
	5 × half-day online meetings; 8 participants per meeting	61	24	16	Participant/half-day	85	3,400	2,040	1,360	0
	Interpreter for the Advisory group meeting	12	3	2	half-day	400	2,000	1,200	800	0
	Project coordinator (IGES)	11	6	4	Person-day	370	3,700	2,220	1,480	0
	Professional research staff 1 (IGES)	11	3	2	Person-day	450	2,250	1,350	900	0
	Professional research staff 2 (IGES)	11	3	2	Person-day	450	2,250	1,350	900	0
	Project assistant (IGES)	12	3	2	Person-day	240	1,200	720	480	0
A1.3	Prepare and conduct a survey of importers through a questionnaire and focused interview									
	Project coordinator (IGES)	11	5	0	Person-day	370	1,850	1,850	0	0
	Professional research staff 1 (IGES)	11	5	0	Person-day	450	2,250	2,250	0	0
	Professional research staff 2 (IGES)	11	5	0	Person-day	450	2,250	2,250	0	0

A1.4	Identify interests, needs and challenges for importers to confirm the legality and sustainability of timber and timber products imported from the target countries									
	Project coordinator (IGES)	11	5	0	Person-day	370	1,850	1,850	0	0
	Professional research staff 1 (IGES)	13	5	0	Person-day	450	2,250	2,250	0	0
	Professional research staff 2 (IGES)	13	5	0	Person-day	450	2,250	2,250	0	0
Subtotal							28,850	22,930	5,920	0
Output 2	Existing timber legality assurance systems/equivalent schemes in the target countries are analysed with the identification of their strengths and weaknesses									
A2.1	Review the structure of forestry and forest products industries and major timber supply chains in the target countries									
	Project coordinator (IGES)	11	4	0	Person-day	370	1,480	740	0	740
	Professional research staff 1 (IGES)	11	4	0	Person-day	450	1,800	1,800	0	0
	Professional research staff 2 (IGES)	11	4	0	Person-day	450	1,800	1,800	0	0
A2.2	Develop an assessment framework for the target country studies based on Output 1									
	Project coordinator (IGES)	11	3	0	Person-day	370	1,110	1,110	0	0
	Professional research staff 1 (IGES)	11	3	0	Person-day	450	1,350	1,350	0	0
	Professional research staff 2 (IGES)	11	3	0	Person-day	450	1,350	1,350	0	0
A2.3	Identify and contract with national consultants in the target countries (for Output 2 and 3)									
	Project coordinator (IGES)	11	3	0	Person-day	370	1,110	1,110	0	0
	Professional research staff 1 (IGES)	11	1	0	Person-day	450	450	450	0	0
	Professional research staff 2 (IGES)	11	1	0	Person-day	450	450	450	0	0
A2.4	Collect data and information and analyse existing timber legality assurance systems or equivalents schemes, and identify their strengths and weaknesses by conducting a questionnaire/ interview survey with government agencies, timber industries and other stakeholders, as well as field observation									
	Project coordinator (IGES)	11	23	0	Person-day	370	8,510	4,070	0	4,440

	Professional research staff 1 (IGES)	11	23	0	Person-day	450	10,350	10,350	0	0
	Professional research staff 2 (IGES)	11	23	0	Person-day	450	10,350	10,350	0	0
	National consultant (China)	13	1		Contract	18,000	18,000	18,000	0	0
	National consultant (Myanmar)	13	1		Contract	3,500	3,500	3,500	0	0
	National consultant (Viet Nam)	13	1		Contract	13,000	13,000	13,000	0	0
	Air tickets (China)	32	1	0	Travel	2,230	2,230	2,230	0	0
	Air tickets (Myanmar)	32	1	0	Travel	2,730	2,730	2,730	0	0
	Air tickets (Viet Nam)	32	2	0	Travel	2,730	5,460	5,460	0	0
	Daily subsistence allowance (China)	31	3	0	Day	237	711	711	0	0
	Daily subsistence allowance (Myanmar)	31	10	0	Day	122	1,220	1,220	0	0
	Daily subsistence allowance (Viet Nam)	31	20	0	Day	173	3,460	3,460	0	0
	Portable Wi-Fi Router (China)	54	3	0	Day	26	78	78	0	0
	Portable Wi-Fi Router (Myanmar)	54	10	0	Day	24	240	240	0	0
	Portable Wi-Fi Router (Viet Nam)	54	20	0	Day	26	520	520	0	0
	Car-rental (China)	33	2	0	Day	175	350	350	0	0
	Car-rental (Myanmar)	33	8	0	Day	130	1,040	1,040	0	0
	Car-rental (Viet Nam)	33	8	0	Day	180	1,440	1,440	0	0
	Purchase of Books and Materials	61	10	0	Item	50	500	500	0	0
	Translation of documents and materials (Chinese)	21	90	0	Page	50	4,500	4,500	0	0
	Translation of documents and materials (Burmese)	21	90	0	Page	50	4,500	4,500	0	0
	Translation of documents and materials (Vietnamese)	21	90	0	Page	50	4,500	4,500	0	0
	Dropbox	61	3	3	Units	190	1,140	570	570	0

A2.5	Prepare a technical report on existing timber legality assurance systems or equivalents schemes in Japanese and English									
	Project coordinator (IGES)	11	13	0	Person-day	370	4,810	4,810	0	0
	Professional research staff 1 (IGES)	11	10	0	Person-day	450	4,500	4,500	0	0
	Professional research staff 2 (IGES)	11	10	0	Person-day	450	4,500	4,500	0	0
	Translation of the technical report into English	21	0	120	Page	85	10,200	0	10,200	0
Subtotal							133,239	117,289	10,770	5,180
Output 3	Good practices of upstream and downstream operators in the target countries in ensuring and verifying the legality and the sustainability of timber and timber products are collected and reviewed									
A3.1	Establish criteria to collect and review good practices									
	Project coordinator (IGES)	11	0	2	Person-day	370	740	0	740	0
	Professional research staff 1 (IGES)	11	0	3	Person-day	450	1,350	0	1,350	0
	Professional research staff 2 (IGES)	11	0	3	Person-day	450	1,350	0	1,350	0
A3.2	Create the list of potential upstream and downstream operators to be interviewed									
	Project coordinator	11	0	2	Person-day	370	740	0	740	0
	Professional research staff 1 (IGES)	11	0	2	Person-day	450	900	0	900	0
	Professional research staff 2 (IGES)	11	0	2	Person-day	450	900	0	900	0
A3.3	Collect and review good practices of upstream and downstream operators in the target countries and identify their achievements, challenges and opportunities by conducting questionnaire and interview surveys with industry associations and operators as well as field observation									
	Project coordinator (IGES)	11	0	20	Person-day	370	7,400	0	7,400	0
	Professional research staff 1 (IGES)	11	0	20	Person-day	450	9,000	0	9,000	0
	Professional research staff 2 (IGES)	11	0	20	Person-day	450	9,000	0	9,000	0

	Air tickets (China)	32	0	1	Travel	2,230	2,230	0	2,230	0
	Air tickets (Myanmar)	32	0	1	Travel	2,730	2,730	0	2,730	0
	Air tickets (Viet Nam)	32	0	1	Travel	2,730	2,730	0	2,730	0
	Daily subsistence allowance (China)	31	0	3	Day	237	711	0	711	0
	Daily subsistence allowance (Myanmar)	31	0	10	Day	122	1,220	0	1,220	0
	Daily subsistence allowance (Viet Nam)	31	0	10	Day	173	1,730	0	1,730	0
	Portable Wi-Fi Router (China)	54	0	3	Day	26	78	0	78	0
	Portable Wi-Fi Router (Myanmar)	54	0	10	Day	24	240	0	240	0
	Portable Wi-Fi Router (Viet Nam)	54	0	10	Day	26	260	0	260	0
	Car-rental (China)	33	0	2	Day	175	350	0	350	0
	Car-rental (Myanmar)	33	0	8	Day	130	1,040	0	1,040	0
	Car-rental (Viet Nam)	33	0	8	Day	180	1,440	0	1,440	0
	Translation of documents and materials (Chinese)	21	0	30	Page	50	1,500	0	1,500	0
	Translation of documents and materials (Burmese)	21	0	30	Page	50	1,500	0	1,500	0
	Translation of documents and materials (Vietnamese)	21	0	30	Page	50	1,500	0	1,500	0
A.3.4	Prepare a technical report on good practices in Japanese and English									
	Project coordinator (IGES)	11	0	10	Person-day	370	3,700	0	3,700	0
	Professional research staff 1 (IGES)	11	0	8	Person-day	450	3,600	0	3,600	0
	Professional research staff 2 (IGES)	11	0	8	Person-day	450	3,600	0	3,600	0
	Translation of the technical report into English	21	0	30	Page	85	2,550	0	2,550	0
Subtotal							64,089	0	64,089	0

Output 4	Regional collaboration, information sharing and knowledge management are strengthened									
A4.1	Post technical reports on the websites of IGES and ITTO by the end of the project									
A4.2	Produce three country summary reports for the private sector (based on technical reports of Output 2 and 3) in Japanese and English and post them on the website of IGES and ITTO									
	Project coordinator (IGES)	11	0	5	Person-day	370	1,850	0	1,850	0
	Professional research staff 1 (IGES)	11	0	5	Person-day	450	2,250	0	2,250	0
	Professional research staff 2 (IGES)	11	0	5	Person-day	450	2,250	0	2,250	0
	Design/editing of three summary reports (IGES)	12	0	2	Person-day	240	480	0	480	0
A4.3	Hold a public seminar targeting Japanese importers and other key stakeholders									
	Project coordinator (IGES)	11	0	1	Person-day	370	370	0	370	0
	Professional research staff 1 (IGES)	11	0	1	Person-day	450	450	0	450	0
	Professional research staff 2 (IGES)	11	0	1	Person-day	450	450	0	450	0
	Project assistant (IGES)	12	0	2	Person-day	240	480	0	480	0
	Communication staff (IGES)	12	0	1	Person-day	330	330	0	330	0
	Simultaneous interpretation for the seminar	21	0	1	Event	1,800	1,800	0	1,800	0
A4.4	Produce two policy briefs or occasional papers									
	Project coordinator	11	0	6	Person-day	370	2,220	0	2,220	0
	Professional research staff 1 (IGES)	11	0	6	Person-day	450	2,700	0	2,700	0
	Professional research staff 2 (IGES)	11	0	6	Person-day	450	2,700	0	2,700	0
	Professional research staff 3 (IGES)	11	0	2	Person-day	530	1,060	0	1,060	0
	Communication staff (IGES)	12	0	1	Person-day	330	330	0	330	0
A4.5	Disseminate the project's results and key findings at international, regional and/or national forum where appropriate									

	Project coordinator (IGES)	11	0	1	Person-day	370	370	0	370	0
	Professional research staff 1 (IGES)	11	0	1	Person-day	450	450	0	450	0
	Professional research staff 2 (IGES)	11	0	1	Person-day	450	450	0	450	0
Subtotal							20,990	0	20,990	0
Non-output based expenses										
	Utilities	53	1	1	Unit	1250	2,500	0	0	2,500
	Office supplies	54	12	10	Month	100	2,200	0	0	2,200
	Sundry	61	1	0	Time	5000	5,000	5,000	0	0
	Independent financial audit	62	0	1	Time	8000	8,000	0	8,000	0
Subtotal							17,700	5,000	8,000	4,700
Total							264,868	145,219	109,769	9,880

CONSOLIDATION BUDGET

Table 5: Consolidated budget by component

Category	Description	Total	Year 1	Year 2
10	<i>Personnel</i>			
11	Project coordinator (IGES)	42,920	24,050	18,870
11	Professional research staff 1 (IGES)	45,900	24,300	21,600
11	Professional research staff 2 (IGES)	45,900	24,300	21,600
11	Professional research staff 3 (IGES)	1,060	0	1,060
12	Project assistant (IGES)	1,920	960	960
12	Communication staff (IGES)	660	0	660
12	Design/editing of three summary reports (IGES)	480	0	480
12	Interpreter for the Advisory group meetings	2,000	1,200	800
13	National consultants (China)	18,000	18,000	0
13	National consultant (Myanmar)	3,500	3,500	0
13	National consultant (Viet Nam)	13,000	13,000	0
19	Subtotal	175,340	109,310	66,030
20	<i>Sub-contract</i>			
21	Translation of documents and materials	18,000	13,500	4,500
21	Translation of technical reports (Output 2 and 3) into English	12,750	0	12,750
21	Simultaneous interpretation for the seminar	1,800	0	1,800
29	Subtotal	32,550	13,500	19,050
30	<i>Duty travel</i>			
32	Air tickets	18,110	10,420	7,690
31	Daily subsistence allowance (DSA)	9,052	5,391	3,661
33	Car-rental	5,660	2,830	2,830
39	Subtotal	32,822	18,641	14,181
40	<i>Capital items</i>			
49	Sub-total	0	0	0
50	<i>Consumable items</i>			
53	Utilities	2,500	1,250	1,250
54	Portable Wi-Fi Routers	1,416	838	578
54	Office supplies	2,200	1,200	1,000
59	Sub-total	6,116	3,288	2,828
60	<i>Miscellaneous</i>			
61	Sundry	5,000	5,000	0
61	5 × half-day online meetings; 8 participants per meeting	3,400	2,040	1,360

61	Purchase of Books and Materials	500	500	0
61	Dropbox	1,140	570	570
62	Independent financial audit	8,000	0	8,000
69	Sub-total	18,040	8,110	9,930
70	<i>IGES management cost</i>	39,728		
80	<i>Project monitoring and administration</i>			
81	ITTO monitoring & review	13,998	6,999	6,999
85	ITTO programme support (12% of 1-82 of the ITTO budget)	36,868		
89	Subtotal	50,866		
100	GRAND TOTAL	355,462		

ITTO YEARLY BUDGET TABLE

Table 6: ITTO yearly budget

Category	Description	Total	Year 1	Year 2
10	<i>Personnel</i>			
11	Project coordinator (IGES)	37,740	18,870	18,870
11	Professional research staff 1 (IGES)	45,900	24,300	21,600
11	Professional research staff 2 (IGES)	45,900	24,300	21,600
11	Professional research staff 3 (IGES)	1,060	0	1,060
12	Project assistant (IGES)	1,920	960	960
12	Communication staff (IGES)	660	0	660
12	Design/editing of three summary reports (IGES)	480	0	480
12	Interpreter for the Advisory group meetings	2,000	1,200	800
13	National consultants (China)	18,000	18,000	0
13	National consultant (Myanmar)	3,500	3,500	0
13	National consultant (Viet Nam)	13,000	13,000	0
19	Subtotal	170,160	104,130	66,030
20	<i>Sub-contract</i>			
21	Translation of documents and materials	18,000	13,500	4,500
21	Translation of technical reports (Output 2 and 3) into English	12,750	0	12,750
21	Simultaneous interpretation for the seminar	1,800	0	1,800
29	Subtotal	32,550	13,500	19,050
30	<i>Duty travel</i>			
32	Air tickets	18,110	10,420	7,690
31	Daily subsistence allowance (DSA)	9,052	5,391	3,661
33	Car-rental	5,660	2,830	2,830
39	Subtotal	32,822	18,641	14,181
40	<i>Capital items</i>			
49	Sub-total	0	0	0
50	<i>Consumable items</i>			
54	Portable Wi-Fi Routers	1,416	838	578
59	Sub-total	1,416	838	578
60	<i>Miscellaneous</i>			
61	Sundry	5,000	5,000	0
61	5 × half-day online meetings; 8 participants per meeting	3,400	2,040	1,360
61	Purchase of Books and Materials	500	500	0
61	Dropbox	1,140	570	570

62	Independent financial audit	8,000	0	8,000
69	Sub-total	18,040	8,110	9,930
70	<i>IGES management cost</i>	38,246		
80	<i>Project monitoring and administration</i>			
81	ITTO monitoring & review	13,998	6,999	6,999
85	ITTO programme support (12% of 1-82 of the ITTO budget)	36,868		
89	Subtotal	50,866		
100	GRAND TOTAL	344,100		

Executing Agency YEARLY BUDGET TABLE

Table 7 Executing agency yearly budget

Category	Description	Total	Year 1	Year 2
10	Personnel			
11	Project coordinator (IGES)	5,180	5,180	0
19	Subtotal	5,180	5,180	0
20	Sub-contract			
29	Subtotal	0	0	0
30	Duty travel			
39	Subtotal	0	0	0
40	Capital items			
49	Sub-total	0	0	0
50	Consumable items			
53	Utilities	2,500	1,250	1,250
54	Office supplies	2,200	1,200	1,000
59	Sub-total	4,700	2,450	2,250
60	Miscellaneous			
69	Sub-total	0	0	0
70	IGES management cost	1,482		
80	Project monitoring and administration			
89	Subtotal	0		
100	GRAND TOTAL	11,362		

3.5. Assumptions, risks, sustainability

3.5.1 Assumptions and risks

The key assumption is that the current situation surrounding the COVID-19 pandemic is under control in the target countries and will allow for interviews and field surveys. In order to mitigate the risk of being unable to collect the necessary information and data due to restrictions or bans on international travel, the project will hire (or sub-contract) qualified consultants with extensive and in-depth knowledge in the target countries, and closely collaborate with relevant government agencies and industry groups/associations. Also the project will conduct a questionnaire and interview survey using online meeting platforms, and also we will develop and apply innovative methods such as virtual-field observation using online tools when appropriate. IGES has experience in using such online methods to collect data and information on timber production, trade, and relevant legislations of timber producing and importing countries.

Other assumptions that will guarantee the success of the project implementation are that stakeholders (government agencies, donors, industry associations and upstream and downstream operators) in the target countries support the survey, and provide necessary information and data in timely manner, and that relevant stakeholders in Japan are committed and actively participate in dialogues. The risks of failure in this respect can be mitigated as IGES has established good cooperative relationships with relevant Japanese stakeholders and the key stakeholders in the target countries through previous projects in this field. Also the project will hire qualified consultants with extensive experience and in-depth knowledge in the target countries and closely collaborate with ITTO and the Forestry Agency of Japan, which have strong networks with key stakeholders in the target countries.

3.5.2. Sustainability

Timber legality and trade is one of the key research fields of IGES Natural Resources and Ecosystem Services (NRE) area. The Forestry Agency of Japan has responsibility to implement the Clean Wood Act, while providing the Japanese private sector with information on timber production and trade, and relevant laws and regulations of timber producing countries. Also, ITTO continually works to promote trade of tropical timber and timber products recognised as originating from legally and sustainably managed forests. The project will liaise with those initiatives and efforts to provide on-going support for business entities.

Experiences and knowledge from the project will be shared with both national and international stakeholders to promote the legal and sustainable timber trade. Through the implementation of the project, IGES will establish and strengthen relationships with relevant government agencies, industry groups/associations and research institutes in both Japan and the target countries and will keep information exchange with them, so as to distribute updated information where appropriate.

The advisory group of the project will facilitate dialogues to identify further research to promote trade of legal and sustainable timber and timber products. In addition, as co-benefits of the projects, findings drawn from the analysis can be used to identify further optimum capacity needs in the target countries with the aim of promoting the trade of legal and sustainable timber products. In addition, information on good practices can be helpful to formulate recommendations to address challenges in the target countries, filling knowledge gaps and encouraging innovations.

PART IV. IMPLEMENTATION ARRANGEMENTS

4.1 Organisation structure and stakeholder involvement mechanisms

4.1.1 Executing agency and partners

The Executing Agency of the project will be the Institute for Global Environmental Strategies (IGES), which will assume all the responsible for its coordination and implementing of the activities. IGES will implement the activities with support of ITTO as indicated in Table below.

Table 8 Roles of IGES and ITTO

Organisation	Roles
IGES	<ul style="list-style-type: none">● Act as the executing agency of the project● Form the project management team● Implement the project activities and deliver the outputs
ITTO	<ul style="list-style-type: none">● Provide inputs to the implementation of the project● Monitor and support the project implementation● Facilitate the communication with the key stakeholders in the target countries

4.1.2 Project management team

The project management team will be set up within IGES. Professional staff will be assigned as project coordinator who will be in charge of overall project management, coordination, and implementation. The project coordinator will report to the Executing Agency (i.e. IGES) as well as to ITTO in consultation with the Steering Committee. In addition, qualified IGES researchers will be assigned to the project team and will be responsible for conducting surveys and writing reports. For the successful management of the project, the project management team will include administrative/financial staff, as well as outreach/communication staff to disseminate the project results.

In order to effectively conduct the survey in China, Myanmar and Viet Nam, consultants will be hired (or sub-contracted) to support IGES responsible researchers in communication with relevant stakeholders, collection of data, information and materials, and coordination and/or implementation of an interview and field survey (see ANNEX 3: Terms of reference for the national experts).

4.1.3 Project steering committee

A Steering Committee will be established at the highest level of the project organisation structure. This Committee will be responsible to assess whether the project is proceeding according to the work schedule as well as to provide recommendations and approve any change in actions which would help support the success of the project. The Committee will be made up of a representative from the Forestry Agency of the Japanese government, ITTO and IGES. It is planned that the Steering Committee meeting will be held at the beginning, middle and at the end of the project.

4.1.4 Stakeholder involvement mechanisms

The main objective of involving stakeholders in this research project is to receive and reflect diverse views and ideas into research activities, especially those of the private sector in order to ensure that the project results will be beneficial for importers to overcome their challenges.

The advisory group will be the main mechanism to ensure the participation and engagement of key stakeholders. The group will be made up by representatives from different groups, such as Japanese importers, relevant industry associations, registering organisations of the Clean Wood Act, Forest Certification organisation, academicians and experts on timber legality, ESG investment and the SDGs. ITTO and the Forestry Agency of Japan will be a member of the Steering Committee and participate in the advisory group meetings. Where appropriate, other stakeholders such as industry associations of the target countries will be invited to the meetings with the consent of the members.

The roles of the advisory group are as follows:

- To bring about views and ideas from the perspectives of private sector and/or experts on the subjects
- To provide advice and comments on the implementation of the project activities

- To provide views and comments on ideas for further ITTO projects which will be funded by the Japanese government
- To support dissemination of the project's outputs to relevant stakeholders

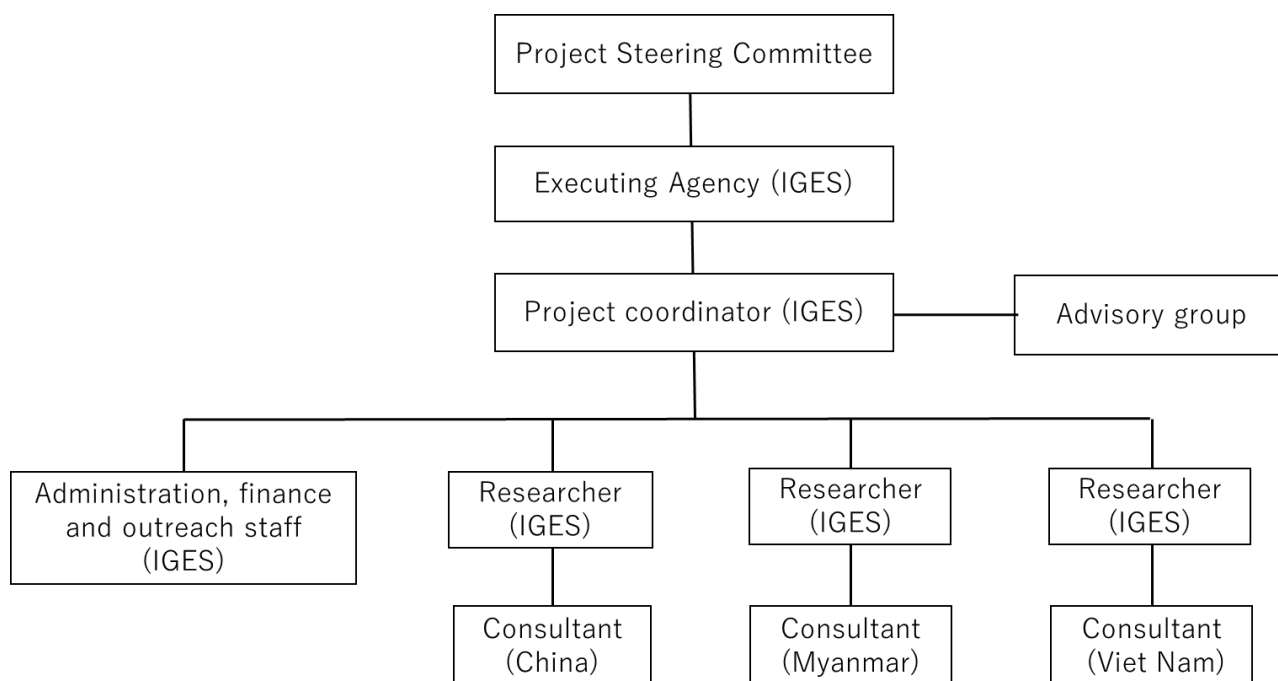


Figure 7: Organisational structure for the project

4.2 Reporting, review, monitoring and evaluation

Reporting

The following reports will be submitted to ITTO:

- Inception report (upon project approval)
- Yearly Plan of Operation (the first Yearly Plan will be attached to the Inception report).
- Progress reports (by 28 February and 31 August of each year during Project implementation, or at any other intervals stipulated in the Project Agreement)
- Technical reports: upon completion of Outputs.
- Financial reports at the end of first year and upon project completion
- Project completion report (within 3 months of project completion)

Monitoring

Internal monitoring system will be led by the project coordinator within the project management team to ensure timely and appropriate project implementation and reporting, as well as adaptive management. Internal monitoring is applied monthly basis or where appropriate, including the following aspects:

- Follow-up commitments resulting from the Agreement between ITTO and the Executing Agency;
- Progress and proper execution of work, using as indicators planned input items from input tables and budget tables and the Activities in the Work plan and the Yearly Plan of Operation;
- On-time delivery and quality of the Outputs, using indicators as presented in the Logical Framework Matrix in the Project document;
- Report on extent to which the Specific Objective has been achieved, using indicators as presented in the Logical Framework Matrix in the Project document:

External monitoring will be undertaken by ITTO, in cooperation with the Forestry Agency of Japan, where desirable, to supervise the project implementation. The timing for external monitoring will determined between ITTO and the Executing Agency. The scope of the external monitoring includes:

- To assess whether these Projects are proceeding according to the agreed work schedules, so that the necessary ITTO actions (e.g. payments to the Executing Agency) may be taken;
- To propose and participate in any necessary reviews of the Projects as a result of these assessments; and
- To report to the Committees and the Council on the situation and completion prospects for the Project.

4.3 Dissemination and mainstreaming of project learning

4.3.1 Dissemination of project results

The results of the project will be disseminated by various means such as a public online seminar and publications (i.e. 2 technical reports, 3 summary reports for the private sector, 2 policy briefs or occasional papers), as well as the ITTO newsletter. The published results will be posted on existing electronic platforms such as the IGES and ITTO websites, so as to ensure wider dissemination at the national and international levels. To effectively deliver the project results to target stakeholders (i.e. importers) and the wider general public, the project management team will include outreach staff.

In addition, the advisory group of the project and the Forestry Agency of Japan will support delivering the project results to Japanese importers and a wider range of stakeholders.

4.3.2 Mainstreaming project learning

This project can generate two types of knowledge that can benefit a wider range of interested parties:

The project will analyse and evaluate how the existing timber legality assurance systems or equivalent schemes in target countries actually work to help verify the legality of timber products, and whether and how such systems/schemes can help identify aspects of sustainability. In addition, the project will identify and collect good practices of upstream and downstream operators in target countries. Since China, Myanmar and Viet Nam are globally important producers and processors of timber and timber products, the project results will provide useful information to promote the trade of legal and sustainable timber products globally. In addition, the information on good practices can be used to formulate recommendations to address challenges in the target countries, filling knowledge gaps and encouraging innovations.

Also, the project can provide a lesson learn on implementing research projects for the post COVID-19 era. In order to mitigate the risk of being unable to collect necessary information and data due to restrictions or bans on international travel, the project will apply a questionnaire survey and an interview survey using online meeting tools, as well as develop and apply innovative methods such as virtual field visits/observation, using online tools where appropriate.

In the process of the project implementation, the Steering Committee and the advisory group will meet regularly to review and monitor the project activities, as well as share lessons learnt.

ANNEXES

ANNEX 1: Profiles of the Executing Agency

Institute for Global Environmental Strategies (IGES)

Background

The Institute for Global Environmental Strategies (IGES) was established in March 1998 under an initiative of the Japanese government and with the support of Kanagawa Prefecture based on the “Charter for the Establishment of the Institute for Global Environmental Strategies”. The aim of the Institute is to achieve a new paradigm for civilization and conduct innovative policy development and strategic research for environmental measures, reflecting the results of research into political decisions for realising sustainable development both in the Asia-Pacific region and globally. IGES made the transition to a Public Interest Incorporated Foundation in April 2012.

According to the Charter for the Establishment of the IGES, the Institute will tackle fundamental challenges to human society, which exists thanks to the bounty of the global environment, and to redefine the values and value systems of our present societies that have resulted in the global environmental crisis, in order to create new ways of conducting activities and a new paradigm for civilization. Based on the principles of this new paradigm, new social and economic systems will be built, so that a new era of the global environment can begin. IGES also recognises that the realisation of sustainable development in the Asia-Pacific region is a vital issue for the international community, as the region is home to more than half of the world's population and is experiencing rapid economic growth. Thus the region plays a critical role in the protection of the global environment. To help bring about this transformation, IGES research topics include: climate change, low-carbon instruct rue, ecosystems and natural resources, governance and policy making, green economy and sustainable cities and societies.

Infrastructure, Budget and Personnel:

IGES maintains its international headquarters in Hayama, Japan. With offices and country desks in Tokyo, Kansai, Kitakyushu, Beijing, Bangkok, and New Delhi, IGES supports a regional and global network for ground breaking sustainable development research and practice.

The total budget for IGES was JPY 3,072 million (equivalent to USD 29,329,769) in 2017, JPY 3,282 million (USD 31,334,336) in 2018 and JPY 3,377 million (USD 32,250,979) in 2019¹⁶. Out of these, the budget for the Natural Resources and Ecosystem Services (NRE) area was JPY 247 million (USD 2,358,220) in 2017, JPY 155 million (USD 1,479,855) in 2018 and JPY 217 million (USD 2,071,797) in 2019.

As of 30 June 2020, the total number of employees is 203, of which 157 are researchers (postgraduate degrees), 21 are administration staff and 25 are professionals in the other fields.

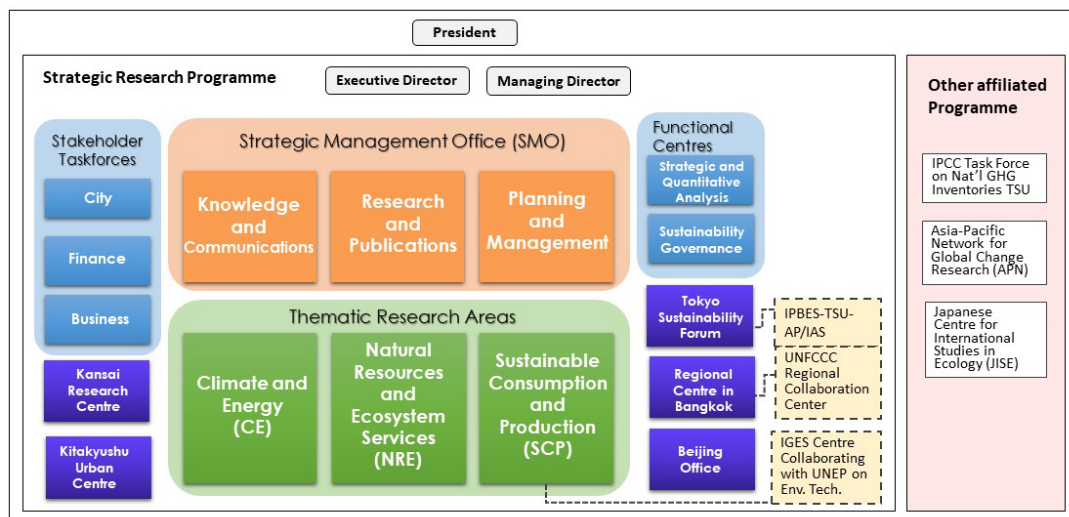


Figure 8: Organisational structure of IGES

¹⁶ Calculated using the rate of 104.74 JPY/USD

IGES research on forests

The IGES Forest Conservation team belongs to the Natural Resources and Ecosystem Services (NRE) area and consists of researchers with multidisciplinary social and natural science skill sets, which the team applies to solution-oriented research for sustainable forest management and conservation, with a view to building vibrant, equitable and resilient societies.

A core area of IGES research on forests is sustainable forest management and conservation in the Asia Pacific region, which has experienced alarming rates of deforestation. This research includes projects on timber legality and supply chains, REDD+ (Reducing Emissions from Deforestation and forest Degradation in developing countries), and community-based natural resource management.

With funding from the Forestry Agency of Japan and in collaboration with the International Tropical Timber Organization (ITTO), IGES is conducting analytical studies to support the implementation of Japan's Clean Wood Act, under which companies are encouraged to take measures to ensure the use of legally-harvested wood and wood products. IGES has reported on the laws and regulations for timber harvesting, transport, processing and trade, and associated legality risks in producer countries, to assist Japanese companies in procuring legal wood products. IGES is also a core implementing member of the Responsible Asia Forestry and Trade (RAFT) partnership, which aims to make responsible forestry and trade the norm across the Asia Pacific region. The below is the list of the relevant projects conducted in the previous three years.

- Clean Wood research project on timber producing and importing countries commissioned by the Forestry Agency of Japan (2020-2021): research on laws and regulations for timber harvesting, transport, processing and trade, and associated legality risks in Mozambique; and research on due diligence system and its application in Australia
- Clean Wood research project on the implementation status of the Act on Promotion of Use and Distribution of Legally-harvested Wood and Wood Products (the Clean Wood Act), commissioned by the Japan Federation of Wood Industry Associations (JFWIA) (2019-2020, 2020-2021): Collection and analysis of information of Japanese companies regarding the implementation of the Clean Wood Act
- Clean Wood research project on advanced examples of risk mitigation measures for the timber legality and trade, commissioned by the Forestry Agency of Japan (2019-2020): research on due diligence system and application in the United Kingdom, Germany and Netherland
- Clean Wood research project into timber producing countries commissioned by the Forestry Agency of Japan (2019-2020): research on laws and regulations for timber harvesting, transport, processing and trade, and associated legality risks in Papua New Guinea and Solomon Islands
- Clean Wood research project on tropical timber producing countries commissioned by ITTO (2018-2019): research on laws and regulations for timber harvesting, transport, processing and trade, and associated legality risks in Brazil, Ecuador, Lao PDR, Philippine and Thailand

ANNEX 2: Tasks and responsibilities of key experts provided by the Executive Agency (IGES) and Curricula vitae

Project coordinator

Qualification:

As Project coordinator, the incumbent should be an expert with in-depth knowledge and experience in the related fields. The coordinator should have postgraduate qualification in forestry policy, natural resource management or project related subjects, and at least 5years' research experience in timber legality and trade. Experience is required in project coordination with relevant stakeholders in forest industries.

Minimum Requirements:

- Experience in coordinating and leading the same kind of project
- Good knowledge on timber legality and trade
- Familiar with ITTO project management
- Fluency in English

Responsibilities:

- To organise the meetings for executing the project, including to develop work plan, and to coordinate the Steering Committee and the advisory group meetings
- To monitor and evaluate project execution, programme and budget implementation
- To report to ITTO and the Steering Committee
- To organise and conduct research
- To write reports on country study, good practices, guidance and a policy brief etc.

Duration: 20 months.

Location: Hayama/Tokyo, Japan

Professional research staff

Qualification:

As Professional research staff, the incumbent should be an expert with in-depth knowledge and experience in the related fields. Project experts should have postgraduate qualifications in forest management science, natural resource management, and at least 5 years' experience in timber legality and trade.

Minimum Requirements:

- Experience in conducting same kind of research
- Good knowledge on timber legality and trade
- Fluency in English

Responsibilities:

- To organise and conduct research
- To write reports on country study, good practices, guidance and a policy brief etc.
- To support the project coordinator

Duration: 20 months.

Location: Hayama/Tokyo, Japan

Curricula vitae

Project coordinator	
Name	Taiji Fujisaki
Date of birth	August 28, 1977
Gender	Male
Professional education	<ul style="list-style-type: none"> ● MS in Environment and International Development: School of International Development, University of East Anglia, United Kingdom (2010-2011) ● MS in Agricultural Science: Graduate School of Science and Technology, Kobe University, Japan (2001-2003)
Position in IGES	Researcher
Field of specialization	Political ecology, Timber legality and trade, REDD+, Community-based forest monitoring
Experience relevant to the project	From 2011 to present, Mr. Fujisaki is working as a researcher in the Institute for Global Environmental Strategies (IGES) in Japan. He coordinated and led the “Clean Wood Act research project in tropical countries (2018-2019)” to support the implementation of Japan’s Clean Wood Act in collaboration with ITTO. With funding from the Forestry Agency of Japan IITO, etc., Mr. Fujisaki has also conducted a number of studies on timber legality and trade both producer countries such as Brazil, Myanmar, Papua New Guinea and Peru, and consumer countries such as Japan and UK.

Professional research staff	
Name	Makino Yamanoshita
Date of birth	November 25, 1972
Gender	Female
Professional education	<ul style="list-style-type: none"> ● MS in Human Sciences: Waseda University in Japan (1996-1998) ● PhD in Human Sciences (Environmental planning and management): Waseda University in Japan (2007-2012)
Position in IGES	Senior Researcher
Field of specialization	Forest management and climate change, Community based forest management, Timber legality and supply chain
Experience relevant to the project	<ul style="list-style-type: none"> ● Conducted several surveys on the timber legality and supply chain in several producing countries under projects funded by the government of Japan. ● Conducted surveys on the counter measures to prohibit illegal timber in consumer countries such as EU Timber Regulation and Australia’s Illegal Logging prohibition Act by interviewing governments and private businesses. ● In Viet Nam, developed a Carbon-forest project with local communities in a JICA project. Also conducted research on community based forest management for PhD dissertation. ● In Myanmar, supported an NGO-lead community project for producing and marketing NTFP.

Professional research staff	
Name	Hikomitsu Samejima
Date of birth	April 19, 1977
Gender	Male
Professional education	<ul style="list-style-type: none"> ● MS in Graduate School of Science (Center for Ecological Research), Kyoto University, Japan (2000-2002) ● Ph.D. in Graduate School of Science (Center for Ecological Research), Kyoto University, Japan (2002-2005)

Position in IGES	Research Manager
Field of specialization	Ecology, Sustainable Forest Management, Timber Production and Trading and the Legality, and REDD+
Experience relevant to the project	Since 2007, Dr. Samejima has worked for sustainable forest management of logging concessions in Malaysia and Indonesia at Kyoto University. After he joined the Institute for Global Environmental Strategies (IGES) in 2015, he has also participated in several research projects on timber legality funded by the Japanese government (Forestry Agency). He has conducted studies on the laws and regulations for timber harvesting, transport, processing and trade and the enforcements and implantations in Japan, Netherlands, Thailand, Philippine and Solomon Islands..

In addition, the project management team will include administrative/financial staff, as well as outreach/communication staff to disseminate the project results.

Financial/administration staff

Qualification and Experience:

They should have a background in financial work for at least 5 years; ability to speak and write in English, and familiarity with ITTO auditing system.

Responsibilities:

- To assist Project Coordinator in project financial matters, evaluate and record the budget related the programme execution.
- To prepare a progress report.

Outreach/communication staff

Qualifications and Experience:

They should have a background in outreach/communication works for at least 3 years, and be able to speak and write in English, and be familiar with online seminar tools.

Responsibilities:

- To provide assistance to the Project Coordinator to organise and hold a public seminar and other outreach work.

ANNEX 3: Terms of reference for the national experts (Sub-contract)

1. Position: Expert on Timber Legality Verification System in China

The expert will be assigned to support IGES in achieving Output 2 and Output 3 in China. The expert must hold expertise and knowledge on forestry operation, timber legality and trade and forest certification in China, with at least 10 years working/research experience on the subject.

Qualification: ·

- Post-graduate degree (MSc or PhD) in forestry policy or relevant subjects
- Strong research experience of timber legality and associated trade including access to forest resources, forest management and timber supply chains in China
- Strong understanding of legislative requirements on timber production, processing, distribution and trade in China
- Good knowledge of the forestry, political and social context in China
- Fluency in spoken and written English

Responsibilities: the expert will assist the implementation of study in China under the guidance of IGES and will be responsible

- to collect and analyse latest information and data on the international timber trade, the structure of timber industries, the legal system on forest management, timber production, transport, process, import and export, mandatory and/or voluntary systems to assure legality of timber and timber products and the implementation status, and other countermeasures against illegal logging and trade in China
- to create the list of potential upstream and downstream operators to be interviewed
- to conduct an interview/questionnaire survey and field visit to upstream and downstream operators
- Provide service of interpretation for IGES researcher

Payment: the expert will carry out the activity within the time as allocated by the project. The total value of the contract is USD 18,000, which include costs for necessary local transport and accommodation.

2. Position: Expert on Timber Legality Verification System in Myanmar

The expert will be assigned to support IGES in achieving Output 2 and Output 3 in Myanmar. The expert must hold expertise and knowledge on forestry operation, timber legality and trade and forest certification in Myanmar, with at least 10 years working/research experience on the subject.

Qualification: ·

- Post-graduate degree (MSc or PhD) in forestry policy or relevant subjects
- Strong research/working experience of timber legality and associated trade including access to forest resources, forest management and timber supply chains in Myanmar
- Strong understanding of legislative requirements on timber production, processing, distribution and trade in Myanmar
- Good knowledge of the forestry, political and social context in Myanmar
- Fluency in spoken and written English

Responsibilities: the expert will assist the implementation of study in Myanmar under the guidance of IGES and will be responsible

- to assist IGES researchers in collecting latest information and data on the international timber trade, the structure of timber industries, the legal system on forest management, timber production, transport, process, import and export, mandatory and/or voluntary systems to assure legality of timber and timber products and the implementation status, and other countermeasures against illegal logging and trade in Myanmar
- to assist IGES researchers in creating the list of potential upstream and downstream operators to be interviewed
- to assist IGES researchers in conducting an interview/questionnaire survey and field visit including service of interpretation

Payment; the expert will carry out the activity within the time as allocated by the project. The total value of the contract is USD 3,500, which include costs for necessary local transport and accommodation.

3. Position: Expert on Timber Legality Verification System in Viet Nam

The expert will be assigned to support IGES in achieving Output 2 and Output 3 in Viet Nam. The expert must hold expertise and knowledge on forestry operation, timber legality and trade, and forest certification in Viet Nam, with at least 10 years working/research experience on the subject.

Qualification:

- Post-graduate degree (MSc or PhD) in forestry policy or relevant subjects
- Strong research/working experience of timber legality and associated trade including access to forest resources, forest management and timber supply chains in Viet Nam
- Strong understanding of legislative requirements on timber production, processing, distribution and trade in Viet Nam
- Good knowledge of the forestry, political and social context in Viet Nam
- Fluency in spoken and written English

Responsibilities: the expert will assist the implementation of study in Viet Nam under the guidance of IGES and will be responsible

- to assist IGES researchers in collecting latest information and data on the international timber trade, the structure of timber industries, the legal system on forest management, timber production, transport, process, import and export, mandatory and/or voluntary systems to assure legality of timber and timber products and the implementation status, and other countermeasures against illegal logging and trade in Viet Nam
- to assist IGES researchers in creating the list of potential upstream and downstream operators to be interviewed
- to assist IGES researchers in conducting an interview/questionnaire survey and field visit including service of interpretation

Payment; the expert will carry out the activity within the time as allocated by the project. The total value of the contract is USD 13,000, which include costs for necessary local transport and accommodation.