



Completion Report of ITTO Project

Title of Project	<i>"PROMOTION OF SUSTAINABLE DOMESTIC WOOD CONSUMPTION IN VIETNAM"</i>
Project number	PD 922/21 Rev.1 (I)
Host Government:	Government of Vietnam
Name of Executing Agency:	Vietnam Timber and Forest Product Association (VIFOREST)



Hanoi, August 2024

Project number	PD 922/21 Rev.1 (I)	
Starting Date of the Project:	1 November, 2021	
Duration of Project:	24 MONTHS	
Project Costs (US \$)	SOURCE	CONTRIBUTION IN US\$
	ITTO	339,500
	VIFORESTT	21,600
	TOTAL	361,100
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We take this opportunity to convey sincere thanks to Dr. Tetra Yanuariadi, ITTO Project Manager for his professional advice and patient guidance needed for the project to arrive with expected outcomes.

Our deep gratitude is to Prof. Dr. Pham Van Dien, Ex-Deputy Director General of VNFOREST and now President of Vietnam National University of Forestry (VNUF), Dr. Prof. Pham Quang Bao, Director General, Mr. Tran Hieu Minh, Director and Mr. Luu Tien Dat, Deputy Director of DOSTIC of Department of Forestry of Vietnam for their valuable and effective participation in the implementation of the Project 2021 - 2024.

The Project Executing Agency would like also to expresses high appreciation for the hard work and active collaboration extended by all national/international consultants and experts who were contracted to deal with various consultancies and assignments to achieve the Project outputs.

Executing Agency of ITTO PD 922/21 Rev.1 (I)

Letters and abbreviations

BIFA	Binh Duong Forest Processing Association
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
DoF	Department of Forestry
DOWA	Dong Nai Wood Association
DOC	Department of Commerce
EUDR	European Union Deforestation Regulation
FD	Forest Department
FPD	Forest Protection Department
HAU	Hanoi Architecture University
HAWA	Ho Chi Minh Wood and Handicraft Association
MARD	Ministry of Agriculture and Rural Development
Moit	Ministry of Industry and Trade
MTUD	University of Industrial Fine Art
NAFOREST	Nghe An Wood Association
TRAV	Trade Remedies Authority of VN
TH VIFORES	Thanh Hoa Wood Association
VIFOREST	Vietnam Timber and Forest Product Association
VNFOREST	Vietnam Administration of Forestry
VNTLAS	Vietnam Timber Legality Assurance System
VUFA	Vietnam University of Fine Art
VFCO	Vietnam Forest Certification Office
WID	College of Wood Industry and Interior Design

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Executive summary

Over the last 2 decades Vietnam's wood industry, with high export growth, has been focused on overseas/export markets. From 2018, Vietnam, amongst a few countries which have signed VPA/FLEGT with EU, has been pro-actively getting readiness for its implementation. To implement VPA/FLEGT and avoid illegally sourced wood from wood value chain, VNTLAS has become operational. The export-oriented development of the sector, however, has made Vietnam deeply depended on export and vulnerable to outside uncertainties/shocks, including Covid-19 pandemic.

The local consumption of wood and wood products, however, is lagging behind and left inadequately attended. As a developing country with the growing population of nearly 100 million people in 2023, Vietnam's domestic market may serve as a lifebuoy for not only wood industry, but also plantation forestry which is expected to provide job and income for a large segment of the Vietnamese farmers.

In 2016, the Government of Vietnam promulgated the ban on logging of natural forest and accelerated plantation forestry dominated with fast growing acacia to recover barren lands, provide income for farmers, improve environment and secure raw material for wood industries. Due to the pressing need of cash for subsistence and lack of investment, the household-based commercial plantations established so far by farmers are often cut in 4 – 5 years to produce mostly small and low-quality wood for woodchip and wood-based panel production.

In the short term, the short-cutting rotation plantation forestry and the export-focused development of the wood industry has demonstrated acceptable results. In the longer term, it is, however, imperative for both forestry and wood industry to proceed with every effort to overcome the problems associated with low efficiency and unsustainability of these sectors.

A survey conducted by the ITTO Market Information Service (MIS) in nine tropical countries shows that the measures taken to prevent the spread of COVID-19 are having substantial impacts on the tropical timber sector, with thousands of workers laid off and demand plummeting. Some governments are providing support for workers and companies, but others are yet to react. The survey also points out that exports of primary wood products are highly vulnerable to economic shocks, and domestic consumption has proven to be a stabilizer for tropical timber production in previous economic crises. Tropical timber producing countries need to transform their wood supply system from dependence on exports to promotion of domestic wood- use, as they proceed further with economic development. To this end, those countries need to promote substitution of energy-intensive materials such as steel and plastic with wood products and develop new market segments, while educating domestic consumers on the benefits of wood use. In response to this intention, Vietnam intends to enhance its domestic markets of wood and wood products to reduce the country's economic dependency on export markets. The proposed project will significantly contribute in achieving this national determination.

Given these overseas and locally-born challenges, with ITTO support, Vietnam, as a producer member of ITTO, submitted the Project for consideration of donors who are willing to support ITTO producing member countries to sustain their forest industry amid the unprecedented Covid-19 Pandemic. Since the global economic downturn caused by the pandemic is expected to lead to the contraction of global wood demand, the proposed project aims to enhance wood consumption in the domestic market.

In this context, the development objective of the submitted Project lies in providing contribution to improve efficiency and sustainability of wood industry development in Vietnam.

The specific objective of the project is taking possible interventions to enhance and diversify domestic consumption and promote local markets of wood and wood products in Vietnam.

To achieve the specific objective, the Project will support the formulation and development of (1) the policy framework for promoting domestic consumption and enlarging local markets for wood and wooden products and (2) build up capacity of relevant stakeholder groups for better and efficient engagement in domestic wood supply.

With limited lifespan and funding resource, the Project has pursued the strategy of catalyzing/integrating ongoing and planned initiatives/processes towards efficient and sustainable development of wood industry in Vietnam with special attention given to local market.

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

1. Contribution in improving policy framework to facilitate sustainable domestic wood use in Vietnam by (1) Reviewing the existing policy framework effecting the local W&WP consumption; (2) Investigating the policies and initiatives for sustainable wood use promotion in Japan and in selected countries close to Vietnam and provide lessons learnt and recommendations to relevant Vietnamese policy makers; (3) Supporting on-ground activities (biomass-fuel use for agroproduct drying, improve nursery practice, facilitation of plantation co-op and linking lead processors/traders and these coops to shift from short-term (4 – 5 years) to longer-term (7 - 8 year) cutting cycle to produce certified and bigger-sized wood bigger-sized wood etc.) and provide feedbacks to policy makers; (3) Facilitating stake-holder dialogues to collect .
2. Contribution in building up capacity of relevant stakeholder groups for better and efficient engagement in domestic wood supply by (1) Improving design and manufacturing capacity to meet local market demands and promote sustainable wood use in domestic market by supporting leading architecture/civil construction universities (MUCE, HAU, MTUD, Wood Product and Interior Desing College of VNUF...) to provide design trainings, conduct Young Designer Contest, host Architecture Student Festival etc; (2) Supporting wood-industry villagers/micro businesses to get access to national trade shows/trade fairs of wood technology/machinery and wood product exhibitions for export and local markets; (3) Training entrepreneurs to use various internet appliances (YouTube, Tiktok, Facebook etc.) to market their products; (4) Conduct trainings on due diligence practice (DDS) to improve timber legality assurance and improve business governance required for local market.

To make the Project outputs/outcome out-reached, the Project has conducted a large number of national workshops/conferences/symposiums and carried out a series of communication on national TVs and other mass media means.

The sustainability of this project relies heavily on the commitment of relevant government agencies to enhance the policy framework for promoting sustainable local consumption of wood and wood products, and the willingness of concerned groups to build capacity.

By integrating project activities with ongoing initiatives and ensuring continuous communication and capacity building, the Project aims to sustain and further develop the Vietnamese wood industry sector, promoting sustainable local consumption and contributing to Vietnam's goal of becoming a responsible global wood product manufacturing center. Follow-up actions to be carried out by VIFOREST are i) VIFOREST and its local associates continue using Project prepared training materials for conducting public communication and training on sustainable wood use; ii) Training materials will be distributed free to training and research institutions to enhance compliance and governance in wood villages. iii) Policy reviews and recommendations will serve as reference resources for formulating policies on domestic market promotion; iv) Strengthening links between plantation farmer groups and lead companies to increase investment in certified and bigger-sized wood production; v) Based on the experience derived from the very first Young Designer Contest and the Architecture Student Festival, wood-product design contests and festivals for young designers will be held annually with funding donated by wood processing companies; vi) Biomass fuel applications for industrial and daily use will go further with

recommendations, models, and public campaigns for local consumption; vii) The project's closing seminar has distributed Project outcomes and discuss potential follow-up actions.

The lessons learned and recommendations:

All lessons learnt and knowledge gained by the project have been widely communicated and shared locally and internationally to promote sustainable consumption of wood and wood products. In addition, with this Project, VIFOREST had opportunity to strengthen trade ties between Vietnamese and Japanese companies and contribute to the bilateral cooperation between Vietnam and Japan in wood product trade.

The policy review and the recommendations on policy-framework improvements as well as the reports prepared by ITTO experts to summarize experience on promoting sustainable wood consumption in Japan and selected countries will serve as a good reference resource for VIFOREST and relevant Government agencies to go further with local market promotion.

1 Project identification

1.1 Context

The Vietnamese wood industry sector is represented by 5,650 enterprises and about 340 wood industry villages which are specialized on wood processing and trading. In the last 2 decades, the sector has been predominantly export-oriented making Vietnam one of the top wood product exporters worldwide. In 2020, the value of wood products Vietnam exported to over 140 countries/territories amounted to USD 12,3 billion (in 2000, the similar figure was reported at USD 300 – 400 million). The local consumption of wood products met mostly by the wood villagers in 2020 was estimated at USD 3.0 billion. With the annual growth of 9%, the size of domestic market covered by nearly 100 million population is predicted to reach USD 4.5 billion in the coming 4 – 5 years. While formalized enterprises are heavily export-oriented and facing difficulties in the domestic market, around 80% of local consumption is met by wood villages with thousands of non-formalized/micro businesses distributed in various wood villages.

The domestic market of wooden products is characterized as follows:

- ✓ Limited awareness of both businesses and consumers on timber legality and sustainable forest management. Yet, most of local consumers are not concerned of wood origin, neither of emission control. The local wood villagers are highly depended on tropical timber imported from countries of non-active geographic areas defined by VNTLAS.
- ✓ Fragmented and non-organized system of production and distribution of wooden products to meet the demand of local market. The designing and styles of wooden furniture produced by woodworking villagers are not matched with the market needs. Therefore, in 2020 Vietnam spent about US\$ 200 to import wooden furniture accounting for 10% of total domestically consumed wooden furniture.
- ✓ Traditional and long-lasting preference of wooden products made of tropical solid hard wood over those of planted wood and of wood-based panels. Locally sourced timber is mostly of small size and lower quality targeting at woodchip/woodpellet or wood-based panel production for export. Wood used for housing and furniture making relies mainly on overseas sourcing.
- ✓ Instead of wood, a certain portion of the Vietnamese population rush to use substituted materials, including plastic, aluminum, concrete etc. ignoring higher power consumption and consequent emission. Many traditional eco-friendly residential areas with traditional and beautiful wooden houses have been converted into urban-looking and much higher power-consuming clusters.
- ✓ The wrong perception that wood is scarce and using wood products means contribution to deforestation, no difference if legally or illegally sourced, is still prevailing on media means.

This leads to extremist attitude toward wood use and fabricated pressure on wood manufacturing and exporting industry.

- ✓ Lack of designers and architects who are dedicated to work in wood industry. Students of civil construction and architectural universities are not motivated to study and get readiness to work with wood industry seeing other industries more attractive. The scarcity of wood product/structure designers/architects plus the lack of branding expertise lowers the efficiency of Vietnam's wood industry development.
- ✓ With the fast-growing population of nearly 100 million people, GDP growth of around 7% per year, middle class emergence in favor of value-added production, fixed estate/housing market booming, rapid urbanization and demographic changes in favor of higher value-added production, in the coming years, Vietnam's local market for wooden products is expected to enlarge in coming years.

In this context, the Project proposed by Vietnam Timber and Forest Products Association aims to promote sustainable and responsible domestic consumption of wood and wood products in Vietnam by means of policy/legal framework improvement, stakeholder capacity building and connecting and selected/limited demonstrations to diversify and improve the efficiency of wood utilization.

1.2 Origin and problems

As above explained.

1.2.1. The work implemented in the period of Project

VIFOREST has worked with VNFOREST and ITTO Project Manager to prepare plan to implement Project and co-hold the kick-off Meeting on 22 December 2021.



Dr Pham Van Dien, Vice Director General of VNFOREST and Mr, Tran Hieu Minh, ITTO Focal Point of Vietnam, delivering speech at the Kick off Meeting



Dr. Tetra Yanuariadi, ITTO Project Manager.

and participants of the Kick-off Meeting

Output 1: Improved policy framework to drive domestic consumption of wood and wood products Indicators

- Project has received two reports prepared by ITTO contracted consultants reviewing the policies and initiatives for sustainable wood use promotion in wood consuming countries including (1) Tajji Fujisaki, Institute for Global Environmental Strategies (IGES) “Review of the policies and initiatives for sustainable wood use promotion in Japan”; (2) Osamu Hashiramoto “Report on the policies and initiatives for the promotion of sustainable wood use in Japan”. These reports have been circulated to relevant stakeholder groups of Vietnam for reference and possible application in Vietnam. The lessons learnt in Japan has been carefully scrutinized by the Project team and FEREC to prepare recommendations for policy improvement to enhance domestic consumption of wood in Vietnam.
- Review of the policies and policy framework regulating domestic market of wood and wooden products: In June 2022, Project contracted Dr. Hoang Lien Son, FEREC Director, for reviewing the Vietnamese policy framework effecting domestic consumption of wood and wooden products. In July 2022, Project posted publication of Dr. Hoang Lien Son on Tropical Timber Market Report Volume 26 Number 13 1st – 15th July 2022. In Vietnam, this report has been submitted to Department of Forestry, Department of Forest Protection and Department of Agro-Forest Product Processing and Marketing under MARD.
- On 27 February 2024, Project supported MARD to hold the National conference “Solutions to implement Vietnam forestry development strategy in the new context”. The conference overviewed the achievements and the shortcomings/failures of three years implementation of forestry strategy and provided recommendations and solutions to implement strategy in the new context. Mr Ngo Sy Hoai, Project Coordinator, delivered presentation on Vietnam wood industry and recommendation on promoting domestic consumption of wood and wooden furniture. Dr Tetra Yanuariadi jointed this event and delivered speech to introduce ITTO’s activities to support Vietnam and other countries to improve forest governance and sustainable wood processing and consuming.



Mr Nguyen Quoc Tri, Deputy Minister of MARD deliver opening speech



Dr Tetra Yanuariadi joining this Conference

- Project provides contribution to formulate Vietnam's renewable energy development strategy toward 2030, vision to 2050: Prioritize the use of biomass energy for power production using wood pellets, increasing the portion of waste/residue from industrial and agricultural crops for energy generation from about 15% in 2015 to 25% in 2020, about 40% in 2030 and afterward. The national demand for biomass energy in 2030 and 2050 with the national commitment to be net-zero carbon emission.
- Project investigated policies and policy tools to facilitate the shift from short-term to longer-term plantation forestry to produce higher-quality/larger wood for housing & furniture manufacturing prepared and submitted to relevant agencies for consideration and possible endorsement. Following activities have been implemented by the Project:

- ✓ Working with TH VIFORES for potential planting development of Powlonia tree (Cây Hồng) plantations in Thanh Hoa Province. This fast-growing species is expected to provide an alternative for selecting planting species in certain parts of Vietnam. However, it would take longer time to come up with proper recommendation on Powlonia plantation business. The piloted Powlonia plantation piloted in Thanh Hoa Province is just 2 – 3 years old and it is too early to make any judgement. VIFOREST intends to collaborate with TH VIFORES to follow up powlonia business.
- ✓ Project supported Thanh Thuy Plantation Co-op to set up an improved irrigation scheme for high quality seedling nurseries. Nursery equipment and nursery management guidance have been provided. Amongst various types of services provided by Thanh Thuy Forest Co-op with Project support to 80 member households, of great significance is the supply of high yield seedlings. By supporting the Co-op to build up capacity to produce improved seedlings, the Project contributed to improve plantation performance for higher quality timber production. In 2023, Thanh Thuy Forest Co-op has 1,000 hectares of FSC certified plantation using improved seedlings produced in its nurseries.
- Facilitating dialogues between MARD/MOIT and selected wood industry operators on potential policies to promote sustainable development for wood villages.



Dr. Tetra Yanuariadi, ITTO, Projects Manager, on study tour of two-year eucalyptus plantation on 31 May 2023 in Bac Giang Province

- ✓ Supporting Forest Department to hold seminar/dialogues with wood companies on sustainable supply chain of locally sourced timber. This includes large-size timber production and sustainable forest management.
- ✓ 21 June 2022: Project cooperated with VAFS and FEREC to hold workshop on “The domestic market for wood and wood products: Current situation and development solutions”. An article on domestic timber market prepared by the Project has been posted on Tropical Timber Market Report Volume 26 Number 13 1st – 15th July 2022.
- ✓ 6 March 2024, Project supported LocoForest to hold the “regional meeting” for the Asian countries, sharing information on Vietnam experiences in linking wood companies with plantation households to improve performance of acacia plantations and quality of planted wood.
- Initial findings and recommendations from Policy Review:

- In the last 3 decades, with the land-tenure reform by allocating tree-less forestry lands to farmers (land ownership is still belonging to the State, while land use right is handed over to farmers – 50 years with possible extension for next terms), Vietnam has been impressively succeeding in natural forest management and re-forestation of severely depleted forestry lands. In particular, the following achievements have been gained:
 - ✓ The area of commercially planted forests (concentrated) added with 1.3 million hectares 2011 – 2020, and reached the planned target;
 - ✓ The annual supply of locally sourced raw wood amounts to over 40 million M3/year (much more than the estimate of administrative agencies – around 20 million M3!);
 - ✓ Annual imports of raw wood varying between 6 – 7 million M3 and remain quite stable due to the increase of locally sourced wood, though the size of wood industry is enlarging fast to meet both export and local consumption;
 - ✓ With the national ban on natural forest logging from 2016, almost no risk of wood illegality, if land tenure is verified and legality evidences (paper and digital evidences available);
 - ✓ The local wood consumption by almost 100 million population is well met mostly by around 340 wood industry villages with the gradual change from the use of tropical hardwood to a notable substitute of wood-based panels and planted wood;
 - ✓ With the dynamic development of wood industry sector, plantation biomass is effectively and efficiently utilized for 4 wood commodity groups, including indoor/outdoor furniture, wood-based panels, woodchip and woodpellet.

The policy review has come up with the following findings and recommendations:

- ✓ At present, policy priority is focused on export markets with the development of a large number of relatively well equipped with advanced technologies and machines, while the domestic market left with mostly small and micro businesses operated in various wood-industry villages;
- ✓ Plantation co-ops/associations need further support in seed propagation and land tenure clearance to ensure certified and larger-sized wood to meet not only export markets but also the domestic market;
- ✓ Diversifying multiple local wood consumptions for housing/building structures and biomass energy at industrial and micro/household business levels, rather than just wooden furniture and home interior, is a must;
- ✓ Support for agroproduct (tea, coffee, cashew etc...) dry using biomass/firewood through simple gasification to increase burning efficiency and reduce emission is recommended (local governments may consider to provide simple gasification equipment and train farmers). In longer term, the national government should apply a FIT mechanism similar to that applied in Japan to promote gradual shift to biomass energy instead of coal;
- ✓ Efforts to connect leading companies/processors and traders with wood villages and plantation co-ops/associations need to be strengthened for dual purpose of SFM and SWU. Public procurement of wooden products made of certified/planted wood need to be mandated/legally regulated;
- ✓ Architect and civil construction universities need support from Government budget and entrepreneurs to attract more gifted students to study wood technology and dedicate to work in wooden product designing and branding with attention given to SWU;
- ✓ The growth of Vietnam's wood industry has been so far relied on OEM (Original Equipment Manufacturing) rather than ODM (Original Designing Manufacturing) and

OBM (Original Branding Manufacturing). A radical shift in this direction should be facilitated by research/training institutions, wood processors/traders and policy makers;

- ✓ Project support in conducting Young Designer Festival and Young Designer Contest should be followed by VIFOREST and its member enterprises to strengthen designing and branding capacity of Vietnamese wood product manufacturers;
- ✓ Training on DDS and business governance with focus on timber traceability and legality assurance as it has been supported by the Project should be continued not only for export-oriented operators but also for small and micro businesses/wood industry villagers. VIFOREST and its local associates may play a leading role in this exercise.

Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption

- Demonstration/s of wooden houses using Japanese hinoki/sugi and Vietnamese acacia (thermo-modified wood, if possible) established at the campus of Mien Trung Construction University

- ✓ From 19 to 22/04/2022: Project supported MUCE (Mien Trung University of Civil Engineering) to hold the National Festival for Architecture Students at Tuy Hoa City. Event attracted 700 lectures and students from 24 architecture universities nationwide.
- ✓ On 22/04/2022: Project and MUCE co-held the seminar on Job Opportunities and Career Development in Wood Industry Sector for students from architecture and civil construction universities.
- ✓ In May-June 2022: Project contracted TAVICO to build wooden house at the campus of MUCE.



Dr Tetra Yanuariadi, ITTO Projects Manager, on study tour of wooden house May 2023 at MUCE campus, Phu Yen Province.



Architecture students and lecturers of MUCE at the wooden house

- ✓ 30 May 2022: Project worked with Japan Wood Products Export Association (JWPEA) to promote mobile wooden houses in Vietnam by using acacia and hinoki timber. Project connected Interior Furniture Company 288 and other selected companies with JWPEA for potential trade of hinoki/sugi and development of Japanese style wooden house in Vietnam.

- **Conduct Contest on the Best Wood Product Design using Japanese hinoki/sugi and Vietnamese acacia wood.**
- ✓ Project supported the College of Wood Industry and Interior Design (WID) under VNUF to conduct the Contest for young designers/architects. The title of the Contest is “Tropical hardwood in architecture and interior”. The Contest is expected to attract the proactive participation of around 40-50 students/young designers from architecture/civil engineering universities.



Training courses for students and wood companies

- ✓ On 9 January 2024, the Project collaborated with WID to hold GALA on Vietwood Design Contest 2023. The GALA was attended by students and lecturers from HAU, MTUD and VNFU. The showroom of the awarded designing was also arranged during the GALA. Twenty best designing have been identified for awarding. High-end products using 5 top designing were produced by and displayed at the GALA. Ms. Hồ Phương Bảo from HAU with “HANOI Chair” designing won the first prize, followed by Hoang Duc Tam from VNFU with design name “Ban” won second prize. Ho Dam Thoai from HAU with designing “Tu Thanh” won third prize. Two students of Tran Nho Dat from VNFU with designing “Tu Xep Tang” and Pham Minh Hieu from HAU with designing “FAN chair” won consolation prize.



Workshop/ meeting and exposure visits for students from VNFU and HAU



Mr. Ngo Sy Hoai, Project Coordinator and Dr. Cao Quoc An, Chairman of the Council of Forestry University, presenting the first prize to winner Hồ Phương Bảo from HAU with designing project “HANOI Chair”.

- Upgrade capacity to comply legality requirements and forest law enforcement

- ✓ Project worked with local forest departments to exchange information on timber legality regulations and assess training needs.
- ✓ 3 March 2022: Project cooperated with FPD to hold an internal meeting to review Circular 27 on regulation for management and traceability of forest product. Project worked with FPD in drafting new Circular and consulting private sectors to get feedbacks. The revised Circular is to strengthen accountability of various operator groups in assuring timber legality and responsible wood product trade.
- ✓ From 2 to 6 May 2022, the Project Coordinator and representative of VNFOREST joined an online meeting with Cameroon and Laos delegations for promoting sustainable trade of tropical timber. VNTLAS and VPA/FLEGT and other processes toward SFM and SWU in Vietnam has been exchanged with delegates from these two tropical hardwood sourcing countries.
- ✓ July 2022: Project worked with selected wood villages and importers to verify training need. Afterward, a set of training materials was prepared and trainings conducted. Company classification for FLEGT licensing was tested and trained.
- ✓ 3 March 2022, in cooperation with FPD, the Project held a workshop to provide contribution to the revised Circular 27 on management and traceability of forest products. The Project then facilitated a series of consultations with the private sector to finalize the revised Circular.
- ✓ July 2022: Project worked with selected wood villages and importers to evaluate training need of timber supply chain management. In line with VPA/FLEGT implementation,

Project conducted training for wood processing companies to test company classification and FLEGT licensing.

- ✓ 14 Oct 2022, Project joined GIZ workshop “Due diligence and legal provisions for imported timber under VNTLAS” and facilitated discussions on draft circular for management and traceability of forest products”.
- ✓ 27-28 Oct 2022, Project cooperated with BIFA, DOWA, FPA BD and HAWA and CORE GROUP to hold workshop “5-years anniversary of Multi-stakeholder CORE GROUP of VPA/FLEGT” in Binh Duong Province. Participants are leaders of VIFOREST and VNFOREST, leader of DARD of Binh Duong Province and COREGROUP members. A showroom was arranged to introduce activities and update information on promoting sustainable wood consumption and capacity building for implementation of legality requirements and due diligence practice. Relevant knowledge and expertise to deal with US investigation on circumvention inquiries relating to Imports of Wooden Cabinets and Vanities and Components from Vietnam to the US were exchanged.
- ✓ 5 on-site training courses were help for wood households and wood companies to comply with VNTLAS regulations and improve capacities for marketing and designing.
- ✓ Supporting FPD, GIZ and VIFOREST to evaluate the readiness of households and companies to comply with VNTLAS and GLEGT licensing.
- ✓ Project provided on-site training for members of the plywood association for VNTLAS and due diligence practice under EUDR and for trade protection expertise.
- ✓ Project cooperated with BIFA, DOWA, HAWA to hold training course on due diligence for wood companies in Binh Duong Province, Ho Chi Minh City and Dong Nai Province and Da Nang City.
- ✓ 15 Oct and 22 Nov 2022, with financial support from GIZ, the Project joined VIFOREST and DOWA/PFA Binh Dinh to hold a series of workshops on “Due diligence and legal provisions for imported timber under regulations of VNTLAS” and facilitated discussions on the draft circular for management and traceability of forest products” in Dong Nai Province, Da Nang City and Binh Dinh Province. There were over 70 participants coming from wood companies in Provinces of Dong Nai, Da Nang, Binh Duong, Binh Dinh and Ho Chi Minh City attended these events.
- ✓ March 2024, Project conducted surveys to evaluate VNTLAS progress associated with wood operators. Gaps of knowledge and capacity to implement VNTLAS and implementation of regulation and training need has been identified.
- ✓ 16 December 2022: Project supported VIFOREST and selected wood companies to review the final version of the new Circular on management and traceability of forest products. The circular aims to guide forest law implementation and its has been submitted to the Government for endorsement.
- ✓ Guiding Ghana Delegation (Government officers, representatives of associations and private sector) to meet with VIFOREST, HAWA, BIFA and visit a large range of Vietnamese wood processing and trading companies. During these visits, Ghana delegates had opportunities to exchange experience on due diligence practice, update information on VPA/FLEGT implementation in both VPA engaging countries. Vietnam concluded VPA/FLEGT with EU in 2018 and started applying VPA regulations on wood imports from 31 October 2020, while Ghana started up licensing with the first VPA/FLEGT license issued in October, 2023.



Ghana Delegation meeting with leaders of Forestry Department in Hanoi. Mr Minh, Chief of International Cooperation Division and Mr. Hung, Chief of Forest Product Processing and Market Division received Ghana delegation.



Ghana delegation taking exposure visits to local timber associations and wood companies in the North and Southern Vietnam

- ✓ Facilitated wide communications on legality requirement/ FLEGT licensing – setting up online Q&A at VIFOREST Website. Communication on legality requirement/ FLEGT licensing on national TVs.
- ✓ Coordinated with Trade Protection Department and GIZ to hold training course on due diligence practice and trade protection remedies. Over 40 trainers from over 22 wood companies around Hanoi participated in this workshop.
- ✓ Promote sustainable trade of wood products with major consumer market by working with DOF to discuss and provided recommendations on strengthening sustainable production and trade between Vietnam and Japan and South Korea. MOC (Memorandum of

Cooperation) between Vietnam and Japan was signed to promote mutual recognition of legal timber regulations/forest law and VNTLAS for due diligence.



Project supported BSc. Taiji Fujisaki and Dr. Hiromitsu Samejima, from Institute for Global Environmental Strategies (IGES) to work with DoF, FPD to update implementing progress for Memorandum of Co-operation (MoC) on bilateral co-operation in the field of forestry and study wood pellet supply chain in Vietnam.



Meeting at wood pellet association



Meeting at FPD



Meeting with Dr Tran Lam Dong, Vice Director of VAFS



Meeting with Dr Vu Tan Phuong, Director of VFCS-Vietnam Forest Certification Office

- ✓ Capacity building for log/lumber importers on due diligence applicable to high-risk species and imports from countries attributing to non-active areas.
 - From November 2022, the Project has been regularly updating importers with information on CITES announcement of new CITES-listed species. The Project has circulated 6 notices and guidance for wood importers to strengthen DDS for mitigating potential risks associated with newly listed species.
 - 3 January 2023, Project supported VIFOREST and Vietnam CITES Authority to co-hold a workshop on guiding wood importers to submit application forms for importing CITES Pre-Convention listed species.

- 14 April 2023, Project supported VIFOREST and VNFOREST/CITES Authority to hold training on trade of CITES pre-convention listed species.

- **Introduce new technique for bio-energy use**

- ✓ Project contracted local experts to investigate biomass use in domestic market and conducted communications on national TV. The potential of industrial use of wood pellet for co-firing at power plants and for cooking/drying agro-products with improved cookstoves is investigated and promoted. The Project Coordinator has delivered a presentation at the national conference on co-firing (fossil and biomass/wood pellet) at Ninh Binh Thermal Power Plant.



Encouraging high-density charcoal producers to become members of VIFOREST and set up sub-association under VIFOREST.

- ✓ 28 Oct 2022, the Project staffs supported VIFOREST to establish Vietnam Wood Pellet Association (VNWPA). At the beginning stage, 43 wood pellet producers and traders joined VNWPA as the pioneer members of the Association.
- ✓ 23 Nov 2022, Project visited Biomass Energy Idemitsu Vietnam, Binh Dinh Province, to investigate the potential development of black pellet. Black pellet is a new type of wood pellet that has higher water resistance and higher heating than ordinary pellet. At present, 5% of tax is imposed on this type of wood pellet. The Project is supporting VIFOREST and VNWPA to prepare a proposal on tax exemption for this type of pellet.
- ✓ 22 Nov 2022, the Project Coordinator joined a talk show on Vietnam National TV to communicate the potential use wood pellet for different purpose and promote wood pellet trade in domestic market.
- ✓ Communication on the application of bio-energy gasification by introducing innovative technology for tea dry using wood waste: bio-energy through gasification has advantages over direct burning of firewood. Higher efficiency of heating/dry: fewer labor cost, saving 1/3 biomass/firewood and non-smoke and less ash.
- ✓ Project worked with wood charcoal companies to introduce technology on high-density charcoal production utilizing saw dust and wood residues. This type of high-density charcoal is for local consumption and export to EU, US and South Korea for cooking and heating.

- ✓ Project guided a group of participants from wood industry villages to visit Woodworking Machinery Exhibition in Binh Duong Province. This Exhibition shows advanced woodworking technologies and machines. At the show, Project exhibits publications and standees to introduce the outputs of the Project “Promotion of sustainable domestic wood consumption in Vietnam”.
- ✓ Project staffs visited pellet producers to introduce new technique for bio-energy and potential substitution of briquette by wood pellet with improved cookstoves. Production and dissemination of wood pellet cookstoves for piloted use and communication and extension to promote the use wood-pellet for cooking.
- **Promoting partnerships between plantation co-ops/associations and lead companies (processors and traders) to consolidate supply chains and incentivize larger-size wood production.**
 - ✓ 15 June 2022: Project received Timber Exporters' Association of Malaysia (MTC) and facilitated leaders of VIFOREST, BIFA, DOWA, HAWA to meet with MTC delegation and the two sites signed MoU of cooperation between associations to promote timber trade.
 - ✓ 20 April 2023, Project held training workshop in Bac Ninh Province to update members of wood cooperative with new legal requirements and link them with buyers to promote trade. This workshop attracted over 40 participants who came from wood villages of Bac Ninh and Bac Giang provinces.
 - ✓ Between 17 – 21 August 2023, the Project conducted exposure visits to Nghe An and Thanh Hoa Provinces. During these field visits, the Project held a series of meetings between local cooperatives and wood operators to facilitate partnerships/links between cooperatives and local companies.
 - ✓ From 20 to 24 September 2023, the Project and Japan Wood Export Association organized B2B meetings for Japanese and Vietnamese companies at Vietbuid Fair 2023. Meetings aim to promote wood products made of domestic acacia timber and hinoki/ sugi timber.



Mr Yamada, President of Japan Wood Products Export Association, and Japanese companies visiting Chang Son wood village and traditional wooden house



B2B meeting between Vietnam and Japan businesses to promote trade wood products using of hinoki and sugi in Vietnam

- ✓ Project collaborated with Japan Wood Products Export Association to hold workshop on Vietnam – Japan wood trade held on 11 November at Vietbuild HCM 2023. HAWA, wood experts from VAFS, and wood companies participated in the workshop.

- ✓ From 19 to 20 December 2023, Project supported VN forest certification office to hold workshop and exposure visits to Nghe An Province. The purpose of this workshop cum study tour was to link biomass supply with certified plantation owners.
- ✓ Project organized exposure visits for Japanese companies to meet with Vietnamese partners to learn and share experiences on wood processing and marketing. Project organized exposure visits for Japan Wood Export Association to communicate with wood-product producers and suppliers in provinces of Thanh Hoa and Nghe An. Visit aimed to link/promote trade and use of locally sourced acacia/eucalyptus timbers.
- ✓ Project has contributed to develop a new database on website. This database provides updated data and information on wood-product producers/traders, market fluctuation and trends. The website planned to collaborate with Information Center of MoIT, BIFA, DOWA, FPA BÐ, HAWA, THVIFORES, NAFORREST, plywood producers, wood pellets and woodchips to update and share information and data and maintain the database. Database is also focused on domestic trade promotion programs, wood marketing events, B2B of wood producers/providers and consumers. Special pages have been set up to link producers and buyers (acacia timber famers and glue-lam wood, woodpellet and woodchip, plywood producers and wooden furniture) in domestic market. Project has collected data from information Centre of MoIT, trade and promotion department to prepare publications, reports.



Mr. Tiep, Vice Director of Forest Discussions on supply chain of acacia Certification Office, introducing the non-plantation with special attention to biomass burning plantation demonstration in Nghe production An Province

- ✓ Project supported wood households in selected wood villages to formalize their business. Households are applying for business license to become wood processing/trading companies. There are benefits households could have if they succeed to register their business. In particular, they can be eligible/qualified to sign bigger size contracts with value-added tax (VAT) and get non-limited access to loans from banking institutions and better system of business governance



Ms. Tabata Akiko, Deputy Director of Wood Products Trade Office, Dr. SUGAYA Kyouhei from Japan's Forestry Agency, and Dr. Tetra Yanuariadi, ITTO Projects Manager, on a field visit to wood households who have got business license for two years.

- ✓ From 19-21 November 2023, Project supported Vietnam Commercial Representative Office in Mexico to hold exposure visits and B2B meeting for Mexico companies and wood furniture and plywood companies. Visits aimed to promote cooperation to produce wood products and trade of plywood between Vietnam and Mexico companies.



Representative of Vietnam Commercial Office in Mexico and Mexican companies work with plywood association

- ✓ Standee to introduce Project activities is displayed at Japan wood showroom in TAVICO Home in Bien Hoa City of Dong Nai Province. With widespread internet and non-internet communication, Project will deliver information of project achievements.



- **Support micro businesses/wood villagers to get better access to and proactively participate in trade fairs/shows**



- ✓ The Project provided contribution for DOWA and TAVICO to hold two Wood and Interior Trade-Fairs/Shows in 2022 in Dong Nai Province. These Trade Fairs/Shows aimed to promote sustainable wood use in domestic market. Wood-industry villagers were supported to exhibit their products and meet with many exhibitors/visitors at these shows.
- ✓ Support the revert/re-direct of export-target furniture to local market and to Vietnamese consumers through trade shows. At a site event, Project manager and representatives of Japan Wood Association introduced the potential use of Japan wood in Vietnam. This trade fair was focused on promotion of wooden furniture in domestic market.
- ✓ Project worked with wood-industry villages to prepare guidance to get access to trade fairs (offline and online). Project developed guidance on wood product marketing on Youtube and Facebook to support wood household to sell their products on internet.
- ✓ Project supported Lien Ha Wood-industry Village to communicate and to introduce wooden furniture made by households at TAVICO show in Long Binh, Dong Nai Province.
- ✓ Project supported VIFOREST to hold dialogue with MARD and representatives of Ministry of Industry and Trade (MoIT), Ministry of Finance (MoF) to promote domestic market for wood products.

1.2.2. Problems

The main problems addressed by the Project as it was originally conceptualized

Achievements and lessons learned of the project have contributed to solve originally conceptualized problems

Problem

1 Weak policy framework to drive domestic consumption of wood and wood products

Problem 1:

- *Lack of information and analysis required for the development of policy/strategy for promoting domestic consumption of wood and wood products;*
- *Unclear strategy/policy to promote domestic consumption and enhance local markets of wood and wood products.*

Results/achievements:

Contribution to improve policy framework for promoting sustainable consumption of wood and wooden products in domestic market by:

- Reviewing currently applied policies and policy tools to promote SWU in domestic market and providing the report to DOF and other relevant agencies for consideration and reaction.
- The recommendations and outcomes of the National Conference supported by the Project “Solutions to implement Vietnam forestry development strategy in the new context” held on 27 February 2024 in MARD were submitted to DOF and MARD. This Conference overviewed the three-year implementation of forestry strategy and and proposed countermeasures for further development of forestry and wood industry with special attention to green growth.

Problem 2:

- *No access to experiences on wood-use promotion applicable in overseas countries for reference and possible application in Vietnam*

Results/achievements:

- Consultancy has been contracted by the project to review the policies and initiatives for sustainable wood use promotion in Japan and the report on the policies and initiatives for the promotion of sustainable wood use in Japan was provided to relevant Vietnamese policy making agencies.
- Experiences and lessons learnt on SWU in Malaysia, Indonesia, Thailand were investigated and transferred to DOF and MARD for reference.
- *Inadequate strategy/policy to shift from short-term to longer-term plantation forestry to produce higher quality/larger wood for housing & furniture manufacturing*

Results/achievements:

- Lessons learnt from Project supported Thanh Thuy Plantation Co-op in high quality seedlings production to improve plantation performance were submitted to DOF and MARD for policy consideration;
- In 2023, with certain reference to the above-mentioned lessons learnt and experience gained, the National Project on development of 1 million ha of commercial plantation for bigger-sized wood production was promulgated by the Government of Vietnam.

2 Insufficient capacity to produce wood and wood products to meet local market demands & promote/diversify local consumption

Problem 1: Insufficient skills to design and develop wood products to meet & facilitate domestic market demands

Results/achievements:

- Wood product Design Contest for Young Designers/Students from Architect/Civil Construction Universities has become an annual national event attracting the participation of many students/young designers.
- TAVICO and certain wood companies has got orders on wooden houses and selected companies/members of VIFOREST have shifted from OEM (Original Equipment Manufacturing) to ODM (Original Design Manufacturing) and OBM

(Original Branding Manufacturing) with the expectation that the portion of net benefit earned by Vietnamese manufacturers will be higher than before.

- More and more students of forestry/wood technology and interior design faculties/colleges are coming to the workshop of 282 Company (located in Hanoi) to learn wood product designing and recycle use of wood.
- Following the guidance provided by the Project, online/virtual wood product marketing by applying YouTube, TikTok and other platforms have become popular for many wood-industry villagers/micro businesses.

Problem 2: Insufficient techniques/technologies for diversified wood utilization, including biomass energy

Results/achievements:

- Woodpellet Sub-Association under VIFOREST has been established to converge woodpellet producers/traders and promote sustainable development of woodpellet industry in Vietnam.
- Improved firewood burning tea/agroproduct dry through simplified biomass gasification has been introduced to ensure efficient use wood residues and reduce emission.
- Providing contribution to formulate Vietnam's renewable energy development strategy toward 2030 with vision towards 2050: Prioritize the use of biomass energy for power generation using biomass fuel/woodpellets by increasing the rate of using waste from industrial and agricultural crops for energy purposes from about 15% in 2020 to 25% in 2025, and about 40% in 2030 and afterward.
- Selected wood-industry villagers/micro businesses from the Northern Vietnam have got access to wood machine and woodworking technology shows/trade fairs in the Southern Vietnam and their wood products are exhibited at TAVICO year-round show of wooden products for domestic consumption.

Problem 3: Inadequate/insufficient links between household businesses, plantation farmers/cooperatives and lead companies to improve wood value chain.

Results/ achievements:

- On-ground linking plantation households/co-ops and/or plantation associations with processors/traders for certified and higher/bigger wood consumption has been piloted in Nghe An and Thua Thien Hue provinces and become to serve as demonstrations for DOF and MARD policy feedback;
- FSC and VFCS/PEFC certified wood previously used for indoor/outdoor furniture making for export to EU market became partly available for woodchip and woodpellet production. The Project has facilitated 6 producers/exporters who are members of VIFOREST to set up trusted connections with plantation households/co-ops for certified wood consumption with some 10% higher price.
- 25 selected micro-operators from Dong Ky, Lien Ha, Huu Bang, Van Diem and La Xuyen wood-industry villages have got space in TAVICO for wood products show. These traditional-style wood products, mostly made of tropical hardwood, target local buyers.
- At the Vietbuild fair 2023 in Hanoi and Ho Chi Minh City, two face-to-face/ B2B meetings held by Project to promote wood product trade between Vietnamese companies and Japanese companies.

- Three exposure visits held in the provinces of Nghe An, Hai Phong and Hanoi to support Japanese wood companies and wood village households/ small- and medium-sized enterprises (SMEs) to discuss and build cooperation/ link.
- One database and website developed and managed by Project to provide updated data and information on wood-product producers/traders, market fluctuation and trends.
- With Project support, over 35 wood-industry villagers/non-registered businesses have formalized their entities, becoming formal small enterprises. These enterprises became eligible/qualified to sign bigger size contracts and have the right to issue value-added tax (VAT, 10%) and access to loans from banking institutions. Their business/enterprise governance has been significantly improved.

Problem 4: Insufficient capacity to comply legality requirements & forest law enforcement

Results/ achievements:

- Project staff members are part of a technical committee of MARD, FPD, DoF to prepare guidance for VNTLAS implementation and EUDR. 3 March 2022, Project provides consultation to prepare revised VNTLAS and guidance for management and Traceability of forest product supply chain.
- 450 staffs and mid-level managers from wood processing/trading companies who have joined 12 short-term training courses conducted by the Project have improved their DD capacity and well prepared to comply VNTLAS and EUDR.
- A platform at VIFOREST Website developed by the Project has been made available to serve Q&A for various operators who are required to provide DD declaration (in accordance with VPA/FLEGT and VNTLAS) and are subject to trade protection investigation conducted by several export markets.

1.2.3. Deviation

- Certain activities are delayed due to the disruptions caused by COVID-19 pandemic in the early stage of the Project life. Hence, the Project carefully reviewed the achieved outcomes and proposed an extension of Project life for 4 months without additional budget. NOL for this extension was submitted to ITTO for endorsement. for the project extension of 4 months.
- Due to the reform of Vietnam's Forest Administration and the change of PSC members, the planned study tour to Japan was cancelled. The Project has solicited ITTO approval for transferring Budget line 33 to in-country training courses on wood architecture and design for students and wood households under budget line 61.

2. Project objectives and implementation strategy

i) presents the Project rationale, the Development Objective and Specific Objectives of the Project as they were originally formulated in the Project document, as well as any adjustments made in the course of the implementation phase; ii) describes the Project implementation strategy as it was originally conceptualized. (this text may comprise extracts from the Project document, as well as any adjustments made in the course of the implementation phase; iii) presents identified assumptions and risks (this text may comprise extracts from the Project document)

2.1. The Project rationale, Development Objective and Specific Objectives

- Over the last 2 decades Vietnam's wood industry, with high export growth, has been focused on overseas markets. The export-oriented development of the sector has made Vietnam deeply depended on export and vulnerable to outside uncertainties/shocks, including Covid-19 pandemic.

- The local consumption of wood and wood products is, however, lagging behind. As a developing country with the growing population of nearly 100 million people, Vietnam's domestic market may serve as a lifebuoy for not only wood industry, especially while global supply chains/markets interrupted, but also plantation forestry which is expected to provide job and income for a large segment of the Vietnamese farmers.
- Given these challenges, the development objective of the project is to provide contribution to sustainable and efficient development of Vietnam's wood industry.
- The specific objective of the project is to enhance and diversify domestic consumption and promote local markets of wood and wood products in Vietnam.
- To achieve the specific objective, the project will pursue the strategy of catalyzing/facilitating initiatives/processes towards improvement of regulatory framework and building up capacity for relevant stakeholder groups to engage effectively in wood supply chains.
- In the Project lifespan, the institutional set-up Vietnamese forest law enforcement agencies and policy makers has been changed. VNFOREST has been divided into two departments, including Department of Forestry (DoF) and Forest Protection Department (FPD). In principle, DoF is a forestry-policy making body responsible for State administration of the entire wood supply chain, while FPD is to deal with forest law enforcement. The Project has to adapt to this change, getting involvement of both departments rather than just the General Department of Forestry as it was operated before.
- The network of Vietnam's timber and non-timber forest product associations and sub-associations and have been broadly expanded. New associations have been established in Nghe An Province (NAFOREST) and Thanh Hoa Province (THFOREST). Within VIFOREST, commodity-based sub-associations, including Woodchip, Plywood and Woodpellet ones, have been set up. Efforts have been made by the Project to reach out to these new players.
- VOFOREST, the Executing Agency of the Project, has been closely collaborated with DoF and FPD in policy improvement and VAFS and VNUF in conducting research and training activities. In particular, the Project has engaged Forest Economic Research Center (FERC) under VAFS to proceed with policy review and some other studies. With the strong intention to feed the wood sector with dedicated young designers and architects, the Project strived to reach Hanoi and Ho Chi Minh City universities of Architecture and Mien Trung Civil Construction University in the central Vietnam for limited demonstration/s of planted-wood structures.
- Project objective tree has been carefully viewed and followed. At the second year of the Project life, contribution to support various operators to get readiness to comply EUDR has been provided in proper DD statement and geolocation declaration.

2.2. The Project implementation strategy

- The sustainability of this project is much dependent on the determination of relevant Government agencies to improve the policy framework for promoting sustainable local consumption of wood and wood products and the willingness of concerned groups to build up capacity. The Project has strived to engage these agencies in its activities.
- Wood industry has emerged as one of the top sectors to generate revenue for the country and provide job and income for the Vietnamese people. No doubt that Vietnam is determined to go forward with its ambition to be one of the world hubs of wooden furniture manufacturing and exporting. The local consumption of wood and wood products by extensive application of wooden structures (wooden housing and outdoor structures) and biomass fuel (for cooking, agro-product drying, power generation...), however, needs

further promotion. On the other hand, while the Vietnam Timber Legality Assurance System (VNTLAS) is strictly bending for exporters, the local market is still lacking adequate awareness. Timber legality assurance associated with local consumption has been attended by the Project.

- In the context of green trade and green growth, more and more attention are attached to better utilization of wood and wooden products as the most friendly and renewable material and can greatly contribute to emission reduction. Diversification of wood use has been advocated by the Project through workshops, TV communications and at any events supported by the Project.
- With the promotion of sustainable domestic consumption and local market of wood and wood products, the Government interventions as well as the efforts by the private sector remain insufficient. The proposed Project is designed to support policy improvement and capacity building as prerequisite for Vietnam's wood industry development to meet local demand. Without doubt, all the outputs the project is going to deliver to push domestic consumption of wood and wood products will be maintained and further consolidated along with the economic development and living standard improvement in Vietnam.
- VIFOREST's mission is to converge private sector, bridge policy makers and entrepreneurs and advocate for policy improvement to support sustainable development of wood business for export and local consumption. With this Project, VIFOREST has opportunity to accelerate the policy improvement and capacity building for relevant stakeholders to adapt to newly arising requirements.
- The proposed project has provided a good opportunity for Vietnam as a member country to cooperate with ITTO and Forestry Agency of Japan and share knowledge with and learn experience from ITTO member countries.

2.3. Assumptions and risks

- While designing the Project, the key assumption is that the COVID-19 pandemic is under control so that all planned activities could be started up in time. However, certain activities have been delayed due to the disruptions caused by the pandemic in the early stage of the Project life. The project has proposed an extension of 4 months to the International Tropical Timber Organization (ITTO) to further support and enhance the ongoing activities and ensure successful outcomes.
- Due to the reform of Vietnam Forest Administration and the change PSC members, overseas study tour/travel could not be conducted. Project has summited revised financial proposal and received the consent of ITTO for shifting budget line for oversee study tour to training courses on wood architecture and design skill for students and wood households under budget line 61.
- Other assumptions to assure the project success are the commitments and motivations of relevant stakeholder groups to participate in the project implementation. Project engaged all relevant stakeholders into implementing activities. They are listed as follows:
 - ✓ Wooden house architecture company: TAVICO; 282 Design;
 - ✓ Architectures universities: MUCE, VNFU, HAU, VUFA;
 - ✓ Forest policies research and institution: Forest Economic Research Center (FEREC);
 - ✓ Forest plantation cooperatives: Thanh Thuy Forest Cooperative;
 - ✓ Wood villages and wooden households;
 - ✓ Wood association: DOWA, HAWA, THVIFORES; NAFOREST and sub-associations.
 - ✓ Training institution and forest consultants.

- As one of the most recognized associations of the private sector, VIFOREST has activated its network and linkage with administrative bodies at both national and local levels, research and training institutions, local consultants, wood villages and plantation cooperatives as well as member companies to proceed smoothly with all intended activities.
- Given the strong desire of both the Government and the entrepreneurs to improve efficiency and sustainability of Vietnam's wood industry and enhance domestic consumption of wood and wood products, the project was confident to receive all necessary supports to arrive with the expected outputs.
- As Vietnam is at crossroads of innovative ideas and mechanisms towards wood legality assurance and responsible development of its plantation forestry and wood industry, under this project, VIFOREST has managed to integrate every effort to reach the specific and development objectives of the Project. Along with direct interventions, whenever possible, the Project has catalyzed initiatives and processes to push sustainable development of domestic consumption of wood and wood products in Vietnam.

3. Project performance (Project elements planned and implemented)

With quite modest budget within a technical cooperation framework, from the start-up stage of the Project life, the Project has been trying to integrate its activities and on-going initiatives/processes funded internationally or locally in Vietnam. All activities catalyzed by the Project towards promotion of sustainable wood consumption in Vietnamese market are expected to sustain:

- VIFOREST and its local branches committed to use reports/publications and training materials produced by the Project to continue communications on sustainable wood use in public and social media.
- Training materials prepared with the Project technical/funding supports for capacity building will be distributed free of charge for training and research institutions to work with households and micro-businesses residing in over 340 wood villages of Vietnam to enhance timber legality compliance, improve wood product quality and strengthen business governance.
- The policy review as well as the recommendations on policy-framework improvements as well as the reports prepared by ITTO experts to summarize experience on promoting sustainable wood consumption in Japan and selected countries will serve as a good reference resource for VIFOREST and relevant Government agencies to go further with local market promotion.
- The link between plantation farmers groups/cooperatives and lead companies (processors and traders) which has been promoted by the Project with special attention to larger-sized timber production to attain higher value addition will attract more interest from the private sectors and be market-driven.
- With the expected success and experience of the wood-product design contest for young designers/students of civil construction and architecture universities, VIFOREST and VNUF is expected to hold this event annually with funds donated by selected wood processing companies and the revenue from selling product-property licenses rewarded to the best designers/architects.
- The Project activities towards extensive application of biomass fuel for industrial use as a contribution to phase out fossil fuel (power generation plants) and daily life (cooking, agro-product – tea/coffee/fruit drying...) will be ended with recommendations and demonstration models (improved cook/drying stoves, firewood collection and pre-burning preparation...) and an extensive public communication and campaigning (via national tv, YouTube, website, Facebook...). These developments are getting further attentions from

Vietnamese Government and follow-up actions will be facilitated by both Government agencies and NGOs.

- At the Project closing seminar, all outcomes of the Project will be documented and widely distributed. Potential follow-up actions will be exchanged with the audience for consideration and implementation.

4. Project outcome, target beneficiaries' involvement

- Outcome 1 has been reached by extensive policy consultations and recommendations provided by Project. Project and MARD have jointly held the National Conference "Solutions to implement Vietnam forestry development strategy in the new context" and the resulted reports have been tabled for relevant policy makers.
- Outcome 2 has triggered a set of follow-up actions VIFOREST plan to implement. Particularly, in collaboration with Japan Wood Product Export Association to hold next Design Contest and winners will be announced in November 2024.
- In the context of newly changed timber legality regulations (EUDR, revised Lacey Act, CBAM etc.), the DDS training provided by the Project equipped a large number of targeted beneficiaries with knowledge and expertise to comply.

5. Assessment and analysis

*This section should present the main outcome of the **internal evaluation** which the EA together with stakeholders organizes shortly before Project completion. This section analyzes, in retrospect and in the light of the actual performance (section 3) and outcome (section 4), the adequacy of the Project identification process, the quality of the Project design including the Project strategy and the planned and available resources and comments on the assumptions and risks. The section provides the basis for the identification of the lessons learned which will be presented in section 6.*

As it was reconfirmed at the Project Closing Workshop, the Project, as a very first initiative jointly implemented by ITTO and Vietnam with financial support from Japan, has provided significant contribution to promote SWU in Vietnam. The Project simple design and properly strategy to succeed with has initiated a package of interventions to be tackled by relevant stakeholder groups to boost domestic market for sustainable wood and wood product consumption in Vietnam.

6. Lessons learned

As explained in previous sections, all lessons learnt and knowledge gained by the Project are expected to be widely communicated and shared locally and internationally to promote sustainable consumption of wood and wood products. In particular, the Project has built up capacity for VIFOREST and its local associates to provide advises and consultancies to the local and national governments on various issues relating to promotion of SWU in Vietnam.

7. Conclusions and recommendations

- With simple design and clearly defined objectives, Vietnam-ITTO cooperation Project PD 922/21 Rev.1 (I) has been successfully implemented, achieving defined objectives and expected outcomes. ITTO rules and Vietnamese regulations applicable for project budget disbursement have been strictly complied.
- In spite of limited budget and short span of life, the Project has integrated and incorporated various processes/initiatives to catalyze enlarged wood consumption and SWU in Vietnam, and, therefore, provided valuable contribution to promote domestic wood consumption in Vietnam;
- Vietnam has emerged as a top WP manufacturer/exporter in the global market, while its local market does not get adequate attention to succeed with SWU, meeting the need of

over 100 million VN population. This Project has been designed and implemented in the right time taking into consideration the impacts of the pandemic on wood industry.

- Improved policy framework and strengthened capacity for WP designing, promoted link between plantation farmers and wood processors/traders, diversified wood use with special attention to improved biomass fuel use etc. are all in need of further efforts to go forward with SWU in Vietnam
- Based on international and national good practices and experiences, Project has been collaborating with relevant stakeholder groups to succeed with applicable approaches and recommendations for promoting sustainable domestic consumption of wood and wood products.

Responsible for the Report



Ngo Sy Hoai – Project Coordinator

Date: August 2024

Annex 1. Project Financial Statement of ITTO

	Original Amount	Expenditure To - date Accrued	Expend	Total (D)	Available Funds
Component	(A)	(B)	(C)	(B+C)	(A-D)
<i>Project Personal</i>					
11.1. Project Coordinator	24.000		24.000	24.000	0
11.2. Secretary	14.000		14.000	14.000	0
11.3. Accountant	14.400		14.400	14.400	0
Component total:	52.400		52.400	52.400	0
Sub contracts					
21.Consultations with local staff and associations	9.945		9.944	9.944	1
22. Consultations with universities and institutions	5.568		5.571	5.571	- 3
31.Daily subsistence allowance				-	
31.1.DSA National experts/ consultants	9.975		10.002	10.002	- 27
32.Local transport costs	9.785		9.789	9.789	- 4
33.International travel costs	21.000		21.073	21.073	- 73
Component total:	56.273		56.379	56.379	- 106
41.Computer equipment	3.000		3.003	3.003	- 3
42.Maintenance and repairing and printing, etc	3.500		3.505	3.505	- 5
Component total:	6.500	-	6.508	6.508	- 8
51.Materials	6.500		6.501	6.501	- 1
52.Demonstration of wooden houses	30.000		30.001	30.001	- 1
Component total:	36.500	-	36.502	36.502	- 2
Miscellaneous					
61.Training	38.400		38.425	38.425	- 25
62.Conclusion workshop	5.076		5.110	5.110	- 34
63. Contest	20.370		20.370	20.370	0
64. Information, media, publications and other contingencies	15.000		15.004	15.004	- 4
Component total:	78.846		78.909	78.909	- 63
Total expenditures to-date:					
Remaining balance of funds (A-B):					
TOTAL	230.519		230.698	230.698	- 179

Annex 2: Budget lines are being retained by ITTO from the total ITTO contribution

	Original Amount	Expenditure To - date Accrued	Expend	Total (D)	Available Funds
10. Project Personal					
14,1. International consultant in study on Japan's wood use promotion policy	22.000		22.000	22.000	0
14.2 International consultant in studies on wood use promotion policy in US and EU	15.000		15.000	15.000	0
19. Sub total	37.000		37.000	37.000	0
60. Miscellaneous					
65.Auditing expense	7.606		7.606	7.606	0
69. Sub total	7.606		7.606	7.606	0
80. Project monitoring and administration					
81. ITTO monitoring & review	18.000		18.000	18.000	0
82. ITTO ex-post evaluation	10.000		10.000	10.000	0
83. ITTO program support costs (70+81+82) *12%	36.375		36.375	36.375	0
89. Subtotal	64.375		64.375	64.375	0
TOTAL	108.981		108.981	108.981	0