

INTERNATIONAL TROPICAL TIMBER ORGANIZATION

ITTO

PROJECT DOCUMENT

TITLE:	PROMOTION OF SUSTAINABLE DOMESTIC WOOD CONSUMPTION IN VIETNAM
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SUMMARY

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, 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 catalysing/facilitating initiatives/processes towards improvement of regulatory framework and building up capacity for relevant stakeholder groups to engage effectively in wood supply chains.

EXECUTING AGENCY: VIETNAM TIMBER AND FOREST PRODUCTS ASSOCIATION (VIFOREST)

DURATION: 24 MONTHS

PROPOSED BUDGET AND OTHER FUNDING SOURCES	SOURCE	CONTRIBUTION IN US\$
	ITTO	339,500
	VIFOREST	21,600
	TOTAL	361,100

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Project Brief

This project proposal is submitted 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 local market/s.

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 will 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 the said intention.

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 wood-chip factories and wood-based panel production.

In the recent years, Vietnam has been emerging as one of the global top producers and exporters of wooden products. Being amongst a few countries which have signed VPA/FLEGT with EU, Vietnam is pro-actively getting readiness for its implementation. To implement VPA/FLEGT and avoid illegally sourced wood from wood value chain, VNTLAS has become operational.

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.

In this context, the development objective of the project lies in providing contribution to improve efficiency and sustainability of wood industry development in Vietnam. Specifically, it will take 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 the policy framework for promoting domestic consumption and enlarging local markets for wood and wooden products and build up capacity of relevant stakeholder groups to engage pro-actively in wood supply chains.

Given the limited lifespan and funding resource, the Project will pursue the implementing strategy of catalyzing/integrating ongoing and planned initiatives/processes towards efficient and sustainable development of wood industry in Vietnam.

List of Abbreviations and Acronyms

BIFA	Binh Duong Furniture Association
CA	Collaborating Agency
DOWA	Dong Nai Wood and Handicraft Association
DDS	Due Diligence System
EA	Executing Agency
EU	European Union
EUTR	European Union Timber Regulations
FEREC	Forest Economic Research Center
FLEGT	Forest Law Enforcement, Governance and Trade
FPA Binh Dinh	Forest Products Association of Binh Dinh
HAWA	Handicraft and Wood Industry Association of Ho Chi Minh City
HAU	Hanoi Architecture University
MARD	Ministry of Agriculture and Rural Development of Vietnam
MoIT	Ministry of Industry and Trade of Vietnam
MSME	Micro-Small-Medium Enterprise
NGO	Non-governmental organizations
PAC	Project Advisory Committee
PC	Project Coordinator
PMT	Project Management Team
PS	Project Secretary
PFA	Provincial Forest Agency
PFES	Payment for forest environmental service
PPC	Provincial People's Committee
SP	Specialists Professional
TO	Technical Office
TLAS	Timber Legality Assurance System
TH VIFORES	Thanh Hoa Timber and Forest Product Association
ToT	Training of Trainer
REDD+	Reduction of emission from deforestation and degradation of forest plus
UN	United Nations
UAH	University of Architecture Hochiminh City
VAFS	Vietnam Academia of Forest Sciences
VNFOREST	Vietnam Administration of Forestry
VFC	Vietnam Forester Club
VNUF	Vietnam National Forest University
VNTLAS	Vietnam Timber Legality Assurance System
VPA	Voluntary Partnership Agreement
YPA	Year plan action

Map of project area



Figure 1: Project map

Number	Name of project areas
5	<p><u>Bac Ninh Province:</u> Population: 1.247.500; Area: 822,8 Km²; City Central: Bac Ninh; GDP per capita: 6.387 USD; Forest area: 552 ha; Number of Wood Facility: 528 and 5 wood villages</p>
9	<p><u>Binh Duong Province:</u> Population: 2.455.865; Area: 2.694,70 Km²; City Central: Thu Dau Mot; GDP per capita: 5.681 USD; Forest area: 9.933 ha; Number of Wood Facility: 1.600; Wood export value: 5,68 billion USD, 47.3% total of export by country.</p>
19	<p><u>Dong Nai Province:</u> Population: 3.097.107; Area: 5.905,70 Km²; City Central: Bien Hoa; GDP per capita: 4.226 USD; Forest area: 181.326 ha; Number of Wood Facility: 1,454 and 2 wood villages; Wood export value: 1.61 billion USD, 13.5% total of export by country.</p>
26	<p><u>Ha Noi Capital</u> Population: 8.050.000; Area: 3.358,9 Km²; City Central: Ha Noi; GDP per capita: 4.080 USD Forest area: 19.656 ha; Number of Wood Facility: 2,899 and 9 wood villages; Wood export value: 0.44 billion USD, 3.7% total of export by country.</p>
27	<p><u>Ha Tinh Province</u> Population: 1.288.866; Area: 5.997,3 Km²; City Central: Ha Tinh; GDP per capita: 2.150 USD Forest area: 333.040 ha; Number of Wood Facility: 328 and 1 wood village</p>
30	<p><u>Ho Chi Minh City</u> Population: 8.993.082; Area: 2.061,04 Km²; City Central: HCM; GDP per capita: 6.588 USD Forest area: 33.454 ha; Number of Wood Facility: 523; Wood export value: 1.02 billion USD, 8.5% total of export by country.</p>
40	<p><u>Nam Dinh Province</u> Population: 1.780.393; Area: 1.652,6 Km²; City Central: Nam Dinh; GDP per capita: 2.258 USD; Forest area: 3.092 ha; Number of Wood Facility: 523; 2 wood villages</p>
41	<p><u>Nghe An Province</u> Population: 3.327.791; Area: 16.493,7 Km²; City Central: Vinh; GDP per capita: 1.591 USD Forest area: 1.000.875 ha; Number of Wood Facility: 523 and 3 wood villages; Wood export value: 0.13 billion USD, 1.1 % total of export by country.</p>
49	<p><u>Quảng Ninh Province</u> Population: 1.320.324; Area: 6.177,7 Km²; City Central: Ha long; GDP per capita: 5.110 USD Forest area: 370.144 ha; Number of Wood Facility:41; Wood export value: 0.19 billion USD, 1.6% total of export by country</p>
50	<p><u>Quang Tri Province</u> Population: 632.375; Area: 4.739,8 Km²; City Central: Dong Ha; GDP per capita: 1.628 USD Forest area: 245.816 ha; Number of Wood Facility: 327</p>
56	<p><u>Thanh Hoa Province</u> Population: 3.640.128; Area: 11.130,2 Km²; City Central: Thanh Hoa; GDP per capita: 1.785 USD; Forest area: 647.107 ha; Number of Wood Facility: 170</p>
58	<p><u>Tuyen Quang Province</u> Population: 784.811; Area: 5.867,9 Km²; City Central: Tuyen Quang; GDP per capita: 1.984 USD; Forest area: 425.365 ha; Number of Wood Facility: 391</p>
63	<p><u>Yen Bai Province</u> Population: 815.600; Area: 6.887,6Km²; City Central: Yen Bai; GDP per capita: 1.459 USD Forest area: 463.342 ha; Number of Wood Facility: 523</p>

PART I: PROJECT CONTEXT

1.1 Origin

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 produced 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 architectures 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 Relevance

1.2.1 Conformity with ITTO's objectives and priorities

▪ *Conformity with ITTA 2006*

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

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

The project proposed by Vietnam are fully consistent with the 2 above-mentioned objectives by supporting Vietnam as a producing member country to improve legal framework and institutional set-up needed for enhancing the trade and consumption of legally sourced timber in Vietnam following the newly promulgated Decree on VNTLAS. The project will also support Vietnam to build up capacity of relevant stakeholder groups to diversify the usage of planted timber, including biomass fuel and planted-wood structures. In particular, the project will pay special attention to the urban consumers of wooden products.

By implementing an integrated package of activities starting from review of Vietnams' policies on promoting domestic market of wood and wood products in parallel with the analysis of wood-use promotion strategies applicable in selected countries down to on-ground/field activities, including workshops/trainings on wood architecture and designing, demonstration of planted-wood structures, introduction of bio energy, linking plantation farmer cooperatives with lead companies to extend cutting cycle to produce larger wood, facilitating micro/household-based wood businesses to comply with wood legality requirements etc., the proposed project aims to support Vietnamese forestry and wood industry to shift toward a new stage of responsible and sustainable development. The proposed project, therefore, contribute to achieve ITTA 2006 before-mentioned overarching objectives.

- **Conformity with ITTO Strategic Action Plan 2013 – 2018**

In addition to ITTA 2006, the priority activities of the proposed project are coincided with strategic priorities defined in the ITTO Strategic Action Plan 2013 – 2018, including:

<i>Strategic Priority 1.</i>	Promoting good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing investment and financing SFM:
<i>Strategic Priority 2.</i>	Increase the contribution of tropical forests to national and local economies, including through international trade.
<i>Strategic Priority 5.</i>	Improving the Quality and Availability of Information on Tropical Forests, Forest Product Markets and Trade
<i>Strategic Priority 6.</i>	Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests.

In particular, the project will contribute to create enabling conditions for the promotion of sustainable domestic consumption of wood and wood products and upgrade the efficiency of plantation forestry and wood industry in Vietnam by selected interventions to improve regulatory framework and develop necessary human capacities as described below in the Objective Tree Analysis and Part III: Description of Project Interventions.

1.2.2 Relevance to the submitting country's policies

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

- **The Law on Forestry**, issued on 15 November, 2017, with **Chapter VII** stipulating policies on forest products processing and trade: *“Providing support for enterprises to enter into cooperation, joint ventures and partnerships with forest owners to form raw-material zones, manage forests sustainably, sell products, apply sciences and high, advanced and new technologies and solutions to promoting green growth and increasing added value”.*
- **The Forestry Development Strategy 2021 – 2030** and vision towards 2050 aims at the annual growth of forestry production value between 5.0 – 5.5%; wood and wood product export value of US\$ 18 – 20 billion by 2025 and domestic consumption of US\$ 5.0 billion by 2025 and over 6.0 billion by 2030 (as of 2020, the local consumption of wood and wood products is estimated at US\$ 3.0 billion).
- **Decree 102 dated 1 September, 2020, stipulating the operation of VNTLAS** (Vietnam Timber Legality Assurance System) for implementation of Vietnam – EU VPA/FLEGT (Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade). This Decree contains provisions on timber import DDS and FLEGT licensing applicable for wood and wood products trade.

1.3 Target area

1.3.1 Geographic location

Location		
Ho Chi Minh City and Hanoi	Centre for trade service and logistics	
Phu Tho, Bac Giang	Centre for wood-base panel manufacturing	
Nghe An, Ha Tinh, Quang Tri, Tuyen Quang, Yen Bai, Quang Ninh	Large area of commercial plantations	
Binh Duong, Đồng Nai, Binh Dinh	Centres/clusters for wooden furniture manufacturing	
Đông Nai, Bac Ninh, Hanoi, Nam Dinh, Nghe An, Ha Tinh, Quang Tri, Phus Yen, Tuyen Quang, Yen Bai, Quang Ninh	Location of wood villages and planted wood sourcing	

1.3.2. Social, cultural, economic and environmental aspects

(a). Social and cultural aspects

- Vietnam is experiencing rapid demographic and social changes. Its population reached 96.5 million in 2019 (up from about 60 million in 1986) and is expected to expand to 120 million by 2050.
- This country is home to 54 ethnic groups, including over 10 million people of ethnic minorities whose livelihood is still much depended on forest and upland cultivation, either by recently settled or still shifting/nomadic farming practices.
- Vietnam has the nominal GDP per capita of US\$ 3,498/person (2020), ranking 115th in the world. With relatively rapid economic growth, between 2002 - 2018, more than 45 million people of Vietnam were lifted out of poverty. Poverty rate declined sharply from over 70 percent to below 6 percent (US\$ 3.2/day PPP). The vast majority of Vietnam's remaining poor – 86 percent –are ethnic minorities.

(b). Economic aspects

- Vietnam's development over the past 2 decades has been impressive. Economic and political reforms under Đổi Mới (Renewal), launched in 1986, have triggered rapid economic growth, transforming what was then one of the world's poorest nations into a lower middle-income country. The economic growth, however, has been accompanied with lot of environment problems, especially that of natural resource/forest estate degradation.
- With the deep integration into the global economy, the Vietnamese economy has been hit by the ongoing COVID-19 pandemic, but has also shown remarkable resilience. Vietnam's GDP still grew by 2.9 percent in 2020, but the crisis also left a lasting impact on households, with 45% reporting lower income in January 2021 than in January 2020.
- Vietnam's economy is set to grow 6.6 percent in 2021 on the back of successful control of COVID-19 infections, strong performance by export-oriented manufacturing and robust recovery in domestic demand. With the current GDP of over US\$ 300 billion, Vietnam still remains as a very small economy.
- With apparent advantage on abundant cheap labor force and growing supply of planted wood coming from about 3 million ha of acacia commercial plantation and 1 million ha of rubber, Vietnam wood industry has been growing fast. However, the dependency on outside markets (over 140 countries/territories of the world) makes the sector riskier to trade protection (anti-dumping and countervailing duties and others) and other uncertainties, including the pandemic.

(c). Environmental aspects

- Vietnam's rapid growth and industrialization has had detrimental impacts on the environment and natural assets. In recent years, extensive deforestation and degradation of forest resource during and post-

Vietnam war, along with climate change, has accelerated natural disasters making much of Vietnam's population and economy highly vulnerable to climate-change impacts.

- The government is working to lower the environmental footprint of the country's growth and effectively mitigate and adapt to climate change (Vietnam is reported to be one of the five countries most affected by climate change). Key strategies and plans to stimulate green growth and sustainable use of its natural assets are in place.
- To preserve forest resource for biodiversity conservation and natural calamity control, The Government of Vietnam promulgated the ban on natural forest logging from 2016. With support of donors Vietnam has been pursuing innovative financing mechanisms to support sustainable forest management and green growth, such as REDD+ and PFES. Vietnam, therefore, has been trusted by WB to pilot FCPF project, and, in average, PFES helps the forest sector collect about US\$ 130 yearly to remunerate the upland dwellers for their contribution to protect catchment forests.

1.4 Expected outcomes at project completion

By implementing a large range of activities to produce outputs relating to policy improvement and capacity building, at the completion of the project, the policy framework and institutional set-up needed to succeed with the promotion of domestic consumption of wood and wood products will be developed and strengthened.

In particular, following 2 years of project lifespan, the regulatory framework in the form of a decree/decision and other supportive policy tools endorsed by a mandatory agency of the Government will be in place to improve the enabling conditions for promoting sustainable consumption of wood and wood products. At the same time, capacity of relevant stakeholder groups will be improved by means of wood legality assurance awareness raising, planted-wood product design training, plantation farmer cooperative/household-based wood business – lead companies linking to extend cutting rotation and marketing value-added wooden products.

In the context of Vietnam recently becoming one of a few VPA/FLEGT signatory with strong commitment to reinforce wood legality control for both local and export markets and consolidate responsible development of wood industry sector, special attention will be given by the project to trainings on wood legality assurance and DDS practice. To enlarge project outreach, a series of TV talks, publication and communication of project outputs, display of piloted demonstrations etc. are planned to take place.

By achieving the specific objective of enhancing and diversifying domestic consumption and promoting local markets of wood and wood products, the expected outcomes of the project will go beyond its overall goal of sustainable and efficient development of the wood industry, as a key economic sector of the Vietnamese economy, contributing significantly to the national economic growth and creation of job and income opportunities for Vietnamese people.

PART II: PROJECT RATIONALE AND OBJECTIVES

2.1 Rationale

2.1.1 Institutional set-up and organizational issues

In Vietnam, the state administration of forestry and wood industry is the domain of the Ministry of Agriculture and Rural Development (MARD) with the direct responsibility of for the management of the sector delegated to Vietnam Forestry Administration (VNFOREST). To deal with forest and wood industry training and research, MARD owns Vietnam National University of Forestry (VNUF) and Vietnam Academia of Forest Sciences (VAFS). Of these, a special role will be trusted to Forest Economic Research Center (FERC) under VAFS in policy review and formulation of regulatory framework and policy tools needed for the promotion of sustainable domestic consumption of wood and wood products.

From the end of 1990s, with the policy reform in land tenure reallocating forest land to farmers and privatization of previously owned wood processing enterprises, the Association of Vietnam Timber and Forest products Association (VIFOREST) was established in 2000 to converge nearly 6,000 wood product manufacturing and trading entrepreneurs. As wood industry is amongst the top sectors by its contribution to the economic growth of the country, beside VIFOREST, a network of local associations of furniture-making/wood processing enterprises have been established at provinces (HAWA in Ho Chi Minh City, BIFA in Binh Duong Province, DOWA in Dong Nai Province, FPA BD in Binh Dinh Province and FPA TH in Thanh Hoa Province). In addition, Plywood and Woodchip Sub-Associations have been recently established under VIFOREST to unite those enterprises that are processing and trading plywood and woodchip. To cope with its function at the national level, VIFOREST maintain close relationship with local associations. In its structure of leadership, chairmen of all local associations are also serving as vice presidents of VIFOREST. The system of limited bigger wood manufacture and trade companies and a large number of MSMEs (micro- small and medium enterprises) are, therefore, well represented.

The Executing Agency of the project is VIFOREST. To execute the proposed project smoothly, VIFOREST will closely collaborate with VNFOREST as policy making body, and VAFS and VNUF in conducting research and training activities. In particular, the Executing Agency of the project assumes to maintain close collaboration with the Forest Economic Research Center (FERC) under VAFS to proceed with majority of project activities. As the project intends to feed the sector with dedicated young designers and architects, the Executing Agency will keep ties with Hanoi and Ho Chi Minh City universities of Architecture and Mien Trung Construction university in the central Vietnam for limited demonstration/s of planted-wood structures.

Whenever needed, VIFOREST will use its connection with local associations (HAWA, BIFA, DOWA, FPA BD, FPA TH) to engage them in project implementation and enlarge its outreach.

2.1.2 Stakeholder analysis

While the main beneficiaries of The Project are non-formalized enterprises and micro businesses, a large variety of stakeholders could also benefit from the project, including the associations of wood processing and trading enterprises at the national and local levels, research and training institutions with young students who may be interested to enter the industry upon graduation as well as government agencies who are to prepare policies and policy tools to enable the sustainable development of plantation forestry and wood industry in Vietnam.

Related stakeholder groups	Characteristics	Problems/Needs/Concerns	Potential contribution	Participation in project implementation
PRIMARY STAKEHOLDERS				
Wood processing and trading enterprises specialized on local markets and/or export	<ul style="list-style-type: none"> - Having factories, wood working equipment, labor force; - Need to comply with VNTLAS and VPA/FLEGT. - Need sustainable supply of legal and higher quality wood - Wish to increase 	<ul style="list-style-type: none"> - Facing difficulty in wood legality assurance, - Lack of designing and marketing know-how leading to low efficiency of wood business - Lack of product advertisement of domestic market and 	<ul style="list-style-type: none"> - Share experience and challenges to be analyzed and addressed. - Communicate with plantation farmers/non-formalized and small wood processing and trading businesses to improve the efficiency 	<ul style="list-style-type: none"> - Attending trainings and workshops, trade fairs etc. - Providing comments/feedbacks on policies. - Sharing experience with and encouraging micro/non-formalized

	local consumption and enlarge local markets for wood and wood products	trade promotion Lack of understanding on forest law and regulations on wood trade under VNTLAS Lack of abilities to link with local and overseas partners	of forestry and wood industry. Joining B2B meetings to promote trade ties and improve supply chains.	businesses to engage in Project implementation. Receiving cross visitors.
Household-base wood businesses operating at various wood villages and plantation farmers.	Micro/non-formalized business entities. Still relying on imported hardwood to produce wooden furniture for local consumption. Cutting acacia at early stage (4 -5 years) to get cash.	Lack of capacity to comply with VNTLAS. Lack of designing and product development skills. Lack of product advertisement of domestic market and trade promotion know-how. Lack of ability to engage effectively in supply chains	Share problems and challenges to be analyzed and addressed.	Attending trainings and workshops; joining cross visits; trade fairs etc. Engaging in supply chains.
<u>Local consumers with special attention given to urban segment of consumers.</u>	<u>Sharing over one third of Vietnamese population. Young generation of urban consumers getting better-off and changing interior space decoration more frequently. Consuming more and more modern-designed and made-of-planted wooden furniture.</u>	<u>Many of these consumers abusing environ non-friendly and too much energy consuming interior (glasses, aluminum, plastic etc. instead of traditional wooden interior). Many of low-income urban consumers still using coal-peat mixed briquette for cooking instead of wood-based biomass fuel.</u>	<u>Provide feedbacks on draft policies though interviews/need surveys. Contribution to better utilization of entire biomass of planted wood (acacia trees).</u>	<u>Communication on the need of shifting to the use of planted wood to replace natural-forest sourced wood.</u>
<u>Local rural consumers</u>	<u>Sharing over 60% of Vietnamese population, many of them are victims of improper urbanization.</u>	<u>Too high preference of tropical natural-forest hardwood over planted wood for wooden furniture and housing (Vietnam annually imports about 2 – 2.5 million m3 of tropical hardwood from high-risk sources). Rapid change to concrete/glass housing</u>	<u>Targeted customers of piloted planted-wood structure and out-door furniture. Potential customers for promoting wood consumption in the local markets.</u>	<u>Providing responses on interviews/surveys, major audience of sustainable forest management and responsible wood consumption communications.</u>

Private sector associations (VIFOREST, BIFA, DOWA, FPA BD, HAWA, FPA TH, Ply-wood Association, wood village associations)	<ul style="list-style-type: none"> - Having large spectrum of members - Maintaining good cooperation with local authorities - Wishing to have enabling environ for member companies to do business. 	<ul style="list-style-type: none"> - Insufficient capacity to provide services and advices to members. - Inadequate capability to connect their members and maintain strong network. - Lacking of abilities and experience to access to and develop proposal on trade promotion at provincial level. - Lacking of experiences on linking business. - Lacking of resources to hold training on advanced technology and designing as well as legal requirements 	<ul style="list-style-type: none"> - To provide appropriate advisory services and update on policies, technologies available for timber industry development. - Experiences of mastering events on trade promotion and advertising wooden furniture. - Bridge links between wood enterprise and wood/plantation households. - Develop collaborative links with relevant authorities and related associations. 	<ul style="list-style-type: none"> - Connecting member companies with the project. - Leading training, seminars, technology transfer. - Partner in VNTLAS implementation.
SECONDARY STAKEHOLDERS				
VNFOREST, local authorities and forest agencies (Local FPD)	<ul style="list-style-type: none"> - Actively involved in preparing policies for wood industry development. - Preparing guidance to implement VNTLAS and relevant legal requirements. - Working closely with local level agencies 	<ul style="list-style-type: none"> - Lack of policy tools to support domestic market development. - Lack of updated information for market trend analysis. - Limited access to overseas experience on local consumption facilitation. 	<ul style="list-style-type: none"> - Sharing experience and networks to improve supply chains. - Gathering member enterprises to implement project activities. - Providing coordination/harmonization amongst projects of the same concern. 	<ul style="list-style-type: none"> - Providing information; - Attending B2B meetings; - Follow up project progress and disseminate project out puts
TERTIARY STAKEHOLDERS				
VNUF, FEREC, Hanoi, Ho Chi Minh City Universities of Architecture	<ul style="list-style-type: none"> - Lacking facilities to attract students to study wood product designing and mmarketing. 	<ul style="list-style-type: none"> - Lack of teachers/experts specialized on wood product R/D - Lack of updated knowledge on local markets of wooden furniture and other wood products 	<ul style="list-style-type: none"> - Assigning teachers and students to participate in project implementation. - Enlarge enrolment. 	<ul style="list-style-type: none"> - Jointly holding training and other events, - Nominating promising students to join training, contests on the best designs, and attend on-job training - - Providing training services.

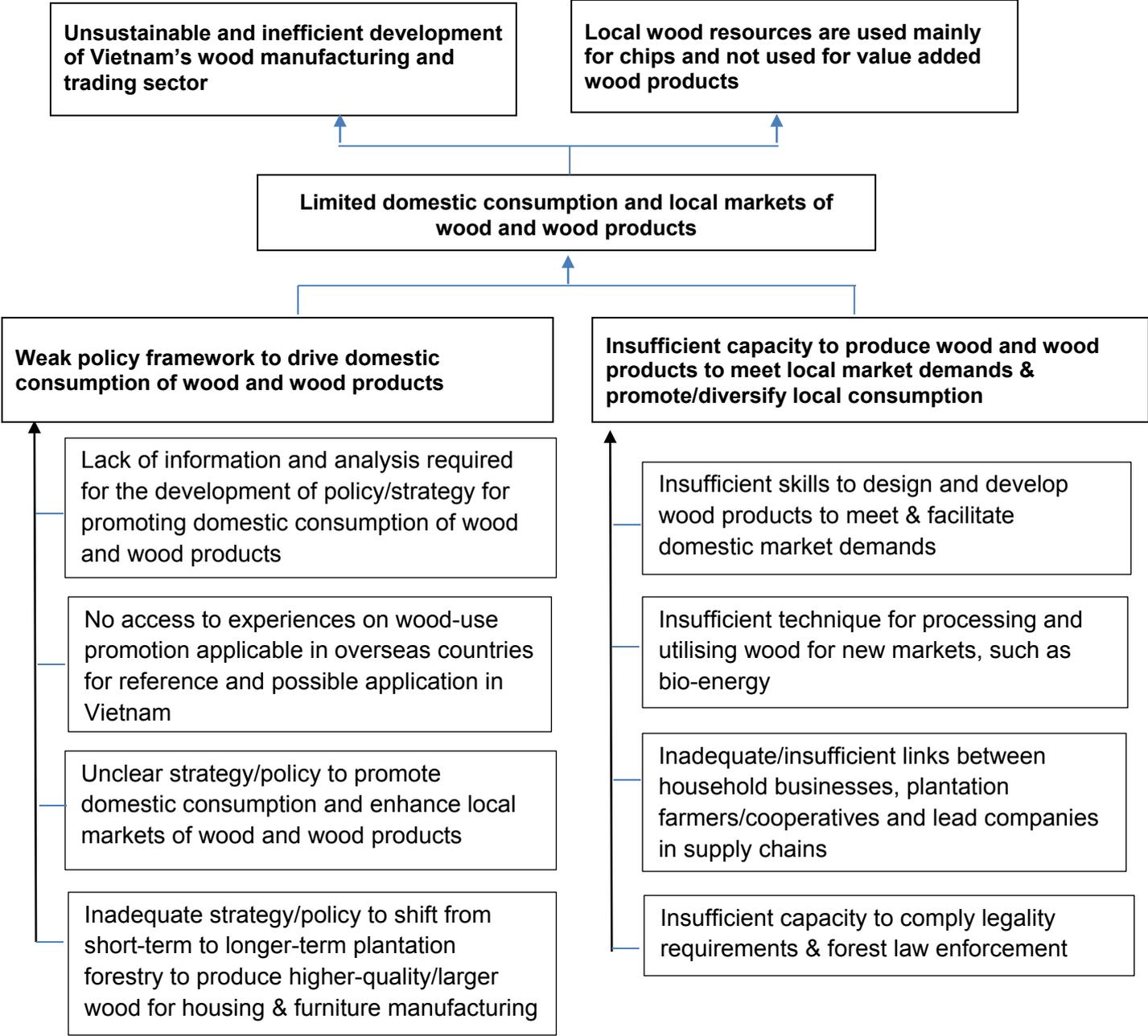
2.1.3 Problem analysis

- Vietnamese wood industry has been experiencing fast growth over the last 2 decades. This growth, however, is heavily depended on global markets as Vietnam has been exporting wood and wooden products to over 140 countries/territories. In 2020, the turnover generated by wood and wood product export was reported at US\$ 12.34 billion. With this recorded export value, Vietnam has become one of the top wood & wood product exporters in the world (ranking number 5 worldwide, number 2 in Asia and topping South-East Asia). The export value has made wood and wood products the sixth largest export commodities providing considerable contribution to the economic growth and job opportunity creation in Vietnam.
- Contrary to the overseas market enlargement and export growth, the consumption of wood and wood products in the domestic market is quite stagnated (according to VIFOREST estimate, the domestic trade of wood and wood products varies between US\$ 2.5 – 3.0 billion, just equal to one fifth of the export). With the fast growth of population (almost 100 million in 2021) and the booming of real-

estate/property industry, the size of the domestic market is expected to reach US\$ 5 – 6 billion in the near future (US\$ 40 – 50 per person per year) if proper strategies and policy tools are in place to promote and guide local consumption.

- The effort of Vietnam’s forestry and wood industry sectors to shift from natural forest exploitation to plantation forestry with the domination of acacia trees deserves due appreciation and recognition. Within the last 2 decades, the country has managed to re-afforest 4.2 million ha of bare lands and denuded hills for protection purpose (1.2 million ha) and for wood business (3.0 million ha). Due to livelihood related problems and lack of alternative uses, Vietnamese farmers are cutting their plantation within 4 – 5 years to sell small-sized wood at low price to chipping factories. Consequently, the economic benefits the farmers expect to get as well as the ecosystem service provided by plantation forestry remains limited.
- The global economy downturn due to Covid-19 Pandemic has negatively impacted international markets for forest industry products and makes Vietnamese wood industry riskier and exposed to market uncertainties. Hence, it is timely for Vietnam to put efforts in place to develop domestic market.

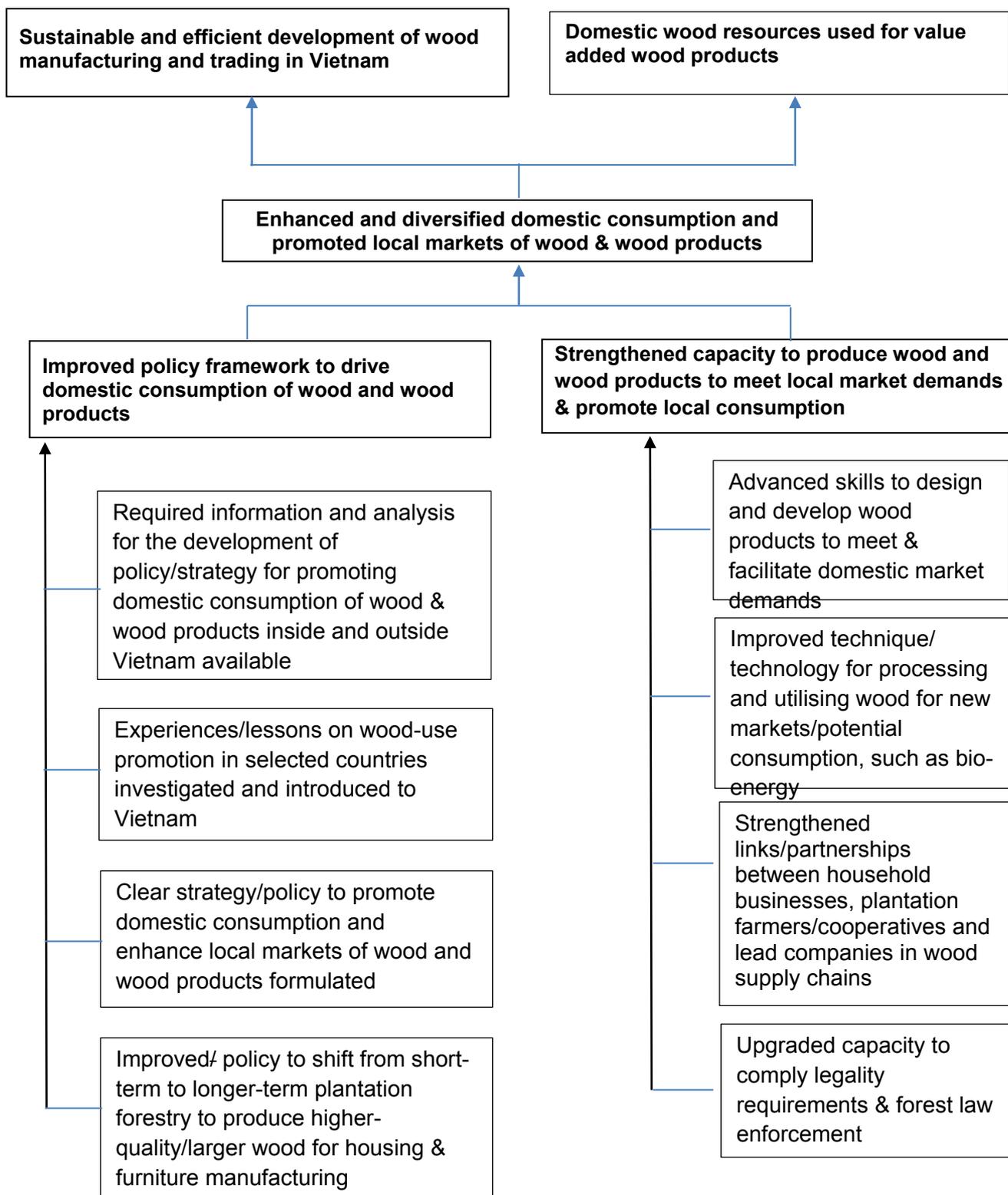
PROBLEM TREE



As above indicated, the problems accumulated with the wood industry sector of Vietnam lie in the un-sustainable and inefficient development of Vietnam's wood manufacturing and trading sector and local wood resources (mostly acacia trees cut within 4 – 5 year cycle) used mainly for exported woodchips rather than value added products. The problem Tree further indicates that these topping problems are caused by the limited domestic consumption and local markets of wood and wood products associated with 2 key pending issues, including (1) *Weak policy framework to drive domestic consumption of wood and wood products*, and (2) *Insufficient capacity to produce wood and wood products to meet local market demands & promote/diversify local consumption*. These 2 problems/weaknesses, in their turn, root in 2 groups of related sub-problems as above described.

The Objective Tree below shows the Superstructure (“software” – improved policy framework to drive domestic consumption of wood and wood products) and the infrastructure (“hardware” – strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption). These “software” and “hardware” are needed for the enhanced and diversified domestic consumption and promoted local markets of wood & wood products. Given the limited funding and lifespan allocated, project interventions are designed to provide direct contribution to mitigate or eradicate the identified problems and reach the targeted objectives.

OBJECTIVE TREE



2.1.4. Logical framework matrix

Strategy of intervention	Measurable indicators	Means of verification	Key assumptions
<p>Development objective To provide contribution to sustainable and efficient development of Vietnam's wood industry</p>	<p><u>By end 2025 (3 years after project completion):</u></p> <ul style="list-style-type: none"> - Increased contribution of wood manufacturing and trading sector to the GDP and the national economy development (6.5%); - Annual growth rate of the sector (8.3%); - <u>Share of locally produced larger-size wood for value-added processing (about 50% at present);</u> - <u>Number of signed contracts between plantation farmer co-ops and processors for supplying larger-size wood.</u> - <u>Number of forest violations reduced.</u> 	<ul style="list-style-type: none"> - Data provided by MARD and Government through VN General Department of Statistics; - Reports by line ministries; - Surveys/interviews of relevant stakeholder groups; - <u>Analysing W&WP import/export data provided by Customs Office;</u> - <u>Annual reports by Forest Protection Dept. on forest violations</u> 	<ul style="list-style-type: none"> - The policy support of the Government seeing wood industry as a key economic sector and its determination to convert Vietnam into a furniture manufacturing hub of the world maintained and pursued further. - <u>The international commitments of Vietnam on TLAS maintained</u>
<p>Specific Objective To enhance and diversify domestic consumption and promote local markets of wood and wood products in Vietnam</p>	<p><u>By the end of the project</u></p> <ul style="list-style-type: none"> - <u>Draft of policy (decision/decreed or other type of legal/bending document) related to domestic consumption of wood and wood products</u> - <u>Capacity to produce wood and wood products to meet local market demands & promote local consumption strengthened.</u> 	<ul style="list-style-type: none"> - Reports; - Interviews with local consumers, traders, processors - Number of trainees and participants attending project events 	<ul style="list-style-type: none"> - VNFOREST, Agro-Trade, MARD support the established the Committee/Task Force Group - Task force group established and motivated to work
<p>Output 1 Improved policy framework to drive domestic consumption of wood and wood products</p>	<ul style="list-style-type: none"> - <u>Current policy framework for promotion of local consumption of wood and wood products revised with recommendations for improvement;</u> - <u>Experience and good practice on promoting wood use from selected countries compiled and transferred to relevant Government bodies for reference and possible application;</u> - <u>Government decree/decision with policy tools to facilitate local consumption of WP</u> 	<ul style="list-style-type: none"> -Reports/drafted documents 	<p>Ditto</p>

<p>Output 2 Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption</p>	<ul style="list-style-type: none"> - <u>At least 40 participants selected from MSMEs and lead companies joined trainings on TLAS and DDS, wood business formalisation and others;</u> - <u>At least, 50 urban consumers and 50 rural consumers attended trainings/communication campaigns on using planted-wood for housing and interior decoration;</u> - <u>15 young designers and winners of contests on the best designs identified and recommended for further training;</u> - <u>At least 30 households willing to shift from using coal-peat briquette to wood pellet for cooking;</u> - <u>At least, 10 companies attended B2B matching meetings;</u> - <u>At least, 5 partnerships between plantation farmer co-ops and lead companies established with contracts for supply of larger-size wood;</u> - <u>Increase of wood use for housing and other structures by 10%.</u> 	<ul style="list-style-type: none"> - Questionnaires/ interviews - Reactions/ - acceptance of entrepreneurs - Data on the production and marketing of value added and diversified domestic wood products. 	<ul style="list-style-type: none"> - No major change of VPA/FLEGT; - Universities and research institutions willing to support - Government committed to go further with the policy to shift to renewable/green energy - Vietnamese markets continue preference of Japanese hinoki/sugi;
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2.2 Objectives

2.2.1 Development objective and impact indicators

Contribution to sustainable and efficient development of Vietnam's wood industry.

According to the national strategy of forestry and wood industry development 2021 – 2025 and vision toward 2030, Vietnam determined to become one of the global centers of wood product manufacture. Strong international commitments have been made by Vietnam to develop wood industry sustainably and responsibly. In particular, with the conclusion of VPA/FLEGT with EU, Vietnam committed to avoid illegal timber (both locally sourced and imported timber) from supply chain. The strategy specified the target of USD 20 billion of wood and wood-product export turnover by 2025 (annual growth rate of over 10%) and USD 25 billion by 2030 (annual growth rate of 6 – 7%). With the local consumption of wood and wood products, the strategy stipulated the target of USD 4 billion by 2025 and USD 4.5 – 5 billion by 2030. Regarding forest resource management, the strategy set the target of over 50% of forest estate certified either by FSC, PEFC or VFCS by 2025 and 70% by 2030. The strategy also indicated the objective of improving livelihood for over 10 million forest-dependent people.

The development objective of the proposed project is to provide contribution toward the achieving of the overall goal and objective with specific targets defined by the strategy. It is difficult to judge and quantify the specific contribution of the project to

Impact indicators

By the end of 2025, 3 years after project completion:

- With the contribution of the project, the growth of wood and wood product value derived from export and local markets: increased over 10% in 2023 and 50% in 2030;
- With the contribution of the project, the increment of locally and legally sourced wood to meet demands from the manufacturers: increased over 10%;
- The improved capacity of Vietnam to fulfil its international commitments to avoid illegal wood and comply with VPA/FLEGT as well as legal acts applicable in partner countries, including the Japanese Clean Wood Act, the US Lacey Act, the EUTR etc.: Forest/wood legality violations radically avoided, no major claim and accuse from overseas markets.

2.2.2. Specific objective and outcome indicators

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

Outcome indicators:

- Awareness on wood legality applicable for both export and local consumption raised: 100% of wood businesses aware of wood legality requirements in accordance with VNTLAS;
- 50% of urban and rural consumers changed mindset to use planted-wood for housing and interior decoration;
- Domestic consumption and local markets for wood and wood products enlarged and diversified: Annual growth rate reported at 8 – 10%
- Designing capacity of the wood sector improved and wooden furniture made in Vietnam getting further preference of foreign and local buyers: Value added products continued growing and shared over 80% of export value;
- Young designers/architects motivated to work in wood industry and contribute to uphold the value of wood structure/furniture produced in Vietnam: At least, 15 young designers/architects committed to work for wood industry sectors.

PART III: DESCRIPTION OF PROJECT INTERVENTIONS

3.1 Outputs and Activity

3.1.1 Outputs

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

Indicators:

- Availability of information and analysis required for the development of policy/strategy for promoting domestic consumption of wood & wood products through review of currently applicable policies;
- Experiences/good practices on wood-use promotion in selected countries investigated, documented and introduced to Vietnam for reference and possible application;
- Clear strategy/policy to promote domestic consumption and enhance local markets of wood and wood products drafted and circulated to incorporate comments and feedbacks from relevant stakeholder groups and be submitted to mandated agencies for endorsement and approval. **Special attention will be given to consultations with urban consumers who are potential users of wooden houses, wood-biomass energy and other wooden daily goods.**
- Policy to 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.

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

Indicators:

- Upgraded capacity to comply legality requirements & forest law enforcement;
- Advanced skills to design and develop wood products to meet & facilitate domestic market demands;
- Improved technique/technology for processing and utilizing wood for new markets/potential consumption, such as bio-energy;
- Strengthened links/partnerships between household businesses, plantation farmers/cooperatives and lead companies in wood supply chains.

3.1.2 Activities and inputs

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

Activity 1.1: Analyze wood use promotion strategies applicable in selected countries (Reports will be prepared and provided by ITTO on possibly selected Japan, USA and Europe).

Activity 1.2: Overview of policies on promoting domestic market of wood and wood products (desk studies and surveys of selected provinces and arrange workshops to collect feedbacks) to produce policy recommendations.

Activity 1.3: Preparation of decision/decreed to promote domestic consumption of wood and wood products and consultations with relevant stakeholder groups to get feedbacks. Special attention will be given to urban consumers who are potential target for promotion of local consumption of wood and wood products.

Activity 1.4: Develop strategy/policy to shift from short-term forest plantation to long-term forest management to produce larger wood for housing and furniture focusing on linking plantation-farmer co-ops and lead companies/processors and traders.

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

Activity 2.1: Improve skill capacity to design and development of wood products

- ✓ Activity 2.1.1: Trainings/workshops on wood architecture and designing for selected students of Hanoi and Ho Chi Minh Architecture Universities and Mien Trung Construction University
- ✓ Activity 2.1.2: Conduct 1 contest on the best designs of WP using Japanese hinoki/sugi and Vietnamese acacia wood.
- ✓ Activity 2.1.3: 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

Activity 2.2: Introduce new technique for bio-energy use

- ✓ Activity 2.2.1: 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.

Activity 2.3: Promoting partnerships between plantation-farmer co-ops and lead companies (processors and traders) to consolidate supply chains and incentivize larger-size wood production.

- ✓ Activity 2.3.1: Establish partnerships/links between household wood business, plantation farmer/cooperatives and local companies to promote the use of local wood.
- ✓ Activity 2.3.2: Arrange meetings/cross visits to consolidate supply chains, connect non-formalized wood businesses/plantation farmers and cooperatives with lead companies.
- ✓ Activity 2.3.3: Support wood villages to get access to trade fairs (offline and online)
- ✓ Activity 2.3.4: Arrange B2B matching meeting for selected Japanese and Vietnamese companies

Activity 2.4: Upgrade capacity to comply legality requirements and forest law enforcement

- ✓ Activity 2.4.1: Provide trainings on timber legality compliance, DDS and VNTLAS implementation;
- ✓ Activity 2.4.2: Communicate to promote the use of planted wood as **the most environment friendly and renewable material** that focusing on urban group of consumers with relatively higher income

3.2. Implementation approaches and methods

To promote sustainable domestic consumption of wood and wood products, the project will deal with the following stakeholder groups:

- **Policy makers/administrative bodies;**
- **Training and research institutions;**
- **Producers/suppliers;**
- **Consumers, with special attention to urban consumers.**

While dealing with these groups, gender inclusion will be practiced by giving priorities to women as the most targeted beneficiaries.

To facilitate stakeholder groups to work toward achieving project objective, the following approaches/strategies will be applied:

- **Participatory approach with intensive consultations to engage relevant parties:** In particular, consultations and in-depth interviews, either offline or online, will be held to review the current situation of domestic consumption and the policies currently applied so that the policy/institution as well as capacity gaps could be properly investigated and discovered. In this way, the results of reviewing Vietnamese policies and experiences available from selected countries will be widely circulated for reference and feedbacks. Participatory approach is also very important for formulation of decree/decision on promoting domestic consumption. Whenever appropriate, the project will facilitate dialogues/debates between policy makers and practitioners to verify project findings/recommendations and translate them into policies/policy tools.
- **Integration of ongoing initiatives/processes toward sustainable development of Vietnam's wood industry:** As Vietnam's wood industry is at a very dynamic stage of development and there are many ongoing initiatives/processes toward sustainable development of the sector, the project will try as much as possible to incorporate all outcomes produced by locally and international supported projects/programs. In this regard, the project will utilize every national event/forum on similar topics to inform project objectives and activities, and update project progress.
- **With the capacity building component, the project will play the role of a facilitator using existing platforms and networks of VIFOREST:** In particular, the project will facilitate cross visits of plantation farmer co-ops/MSMEs to lead companies and vice versa, B2B matching meetings, producer/supplier and consumer dialogues, partnerships/contracts between acacia growing farmers and manufacturers for extended cutting cycle etc. Efforts will also be made by the project to link universities/research institutions and member companies in training young designers and architects. Potential involvement of relating associations and NGOs, including the Vietnam Real Estate Association (VNREA), Vietnam Association of Architects (VNAA), Vietnam Association of Consumers (VNAC) etc. will be considered.

- Maximum use of mass media means to raise awareness on sustainable domestic consumption of wood and wood products: As MSMEs and household-based businesses and ordinary people/consumers are key actors in local markets of wood and wood products, beside TV talk shows, the project will make use of popular and easy facilities, including Instagram and Youtube, to address them.
- Gender inclusion will be practised by giving priority of project interventions to women, especially those who are heads of wood/plantation-related MSMEs, to join project activities: All the intended trainings, workshops, cross visits and B2B matchings will include women (at least, 35% of invitees/participants). All aspects of the Gender Equality and the Empowerment of Women (GEEW) and Environmental and Social Management (ESM) Guidelines will be prioritized in the course of the project execution and policy preparation.
- Engagement of urban consumers in project implementation: As of 2019, urban segment shares 36% of Vietnam's population and urban areas are added with 1.2 million people yearly by emigration from rural areas. Most of the new comers are young and dedicated to work hard. Many of them get better-off with increasing demand of housing and interior decoration, while others are still starving and using coal-peat mixed briquette for home cooking and business service. To address this targeted group of consumers, the project will prepare video/audio tools to communicate on the rationale of wood use promotion, including light weight, humidity control, air purification, comfortability, cutting-edge designs as well as global warming mitigation. Short-term local experts will be recruited to work with selected segment of urban consumers to improve their understanding on potential wood-use alternatives. In addition, questionnaire surveys/interviews on urban consumers' understanding of the idea of "sustainable domestic wood use" will be seen as useful indicator of policy outcomes. Selected urban customers may be invited to join trainings/workshops and cross visits.

3.3. Outputs and Work plan

Outputs/Activities	Responsible agencies	Year 1				Year 2			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Output 1: Improved policy framework to drive domestic consumption of wood and wood products									
Activity 1.1: Analyze wood use promotion strategies applicable in selected countries (Reports will be prepared and provided by ITTO on possibly selected Japan, USA and Europe)	VIFOREST and FEREC	x	x						
Activity 1.2: Overview of policies on promoting domestic market of wood and wood products (desk studies and surveys of selected provinces and arrange workshops to collect feedbacks) to produce policy recommendations.	VIFOREST, VNFOREST, FEREC		x	x					
Activity 1.3: <u>Preparation of decision/decre to promote domestic consumption of wood and wood products and consultations with relevant stakeholder groups to get feedbacks. Special attention will be given to urban consumers who are potential target for promotion of local consumption of wood and wood products</u>	VIFOREST, VNFOREST, FEREC and local consultant/s				x	x	x	x	x
Activity 1.4: <u>Develop strategy/policy to shift from short-term forest plantation to long-term forest management to produce larger wood for housing and furniture focusing on linking plantation-farmer co-ops and lead companies/processors and traders</u>	VIFOREST, VNFOREST, FEREC and local consultant/s								
Output 2: Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption									
Activity 2.1: Improve skill capacity to design and development wood products skills	VIFOREST and local consultants, university		x	x	x	x	x	x	
Activity 2.2: Introduce new technique for bio-energy use	VIFOREST, FEREC in collaboration with local associations		x	x	x	x	x	x	
Activity 2.3: <u>Promoting partnerships between plantation-farmer co-ops and lead companies (processors and traders) to consolidate supply chains and incentivize larger-size wood production</u>	VIFOREST and local consultants	x	x		x		x	x	x
Activity 2.4: Upgrade capacity to comply legality requirements & forest law enforcement	VIFOREST and local consultants	x		x		x	x		x

3.4. Budget

3.4.1. Master Budget

Outputs/ Activities	Description	Budget Component	Quantity		Units	Unit cost in US\$	Total cost in US\$	ITTO		VIFOREST	
			Year 1	Year 2				Year 1	Year 2	Year 1	Year 2
	Common Expenses of Project										
	Project Coordinator	11.1	12	12	Month	1,000	24,000	12,000	12,000		
	Secretary	11.2	12	12	Month	583	14,000	7,000	7,000		
	Accountant	11.3	12	12	Month	600	14,400	7,200	7,200		
	Auditing expense	65	0	1	Times	7,606	7,606		7,606		
	Computer equipment	41	1	1	Computer	1,500	3,000	1,500	1,500		
	Office supplies	53	12	12	times	417	10,000	-	-	5,000	5,000
	Conclusion workshop	62		1	Report	5,076	5,076		5,076		
	Maintenance and repairing and printing, etc	42	12	12	Month	146	3,500	1,750	1,750		
Output 1	Improved policy framework to drive domestic consumption of wood and wood products										
A1.1	<i>Analyze wood use promotion strategies applicable in selected countries (Reports will be prepared and provided by ITTO on possibly selected Japan, USA and Europe)</i>										
	International consultant in study on Japan's wood use promotion policy	14.1	30	-	Participation day	270	8,100	8,100	-		
	International consultant in studies on wood use promotion policy in US and EU	14.2	88	-	Participation day	270	23,760	23,760	-		
	Materials	51	0	1	Report	3,000	3,000	-	-		3,000
	Information, media, publications and other contingencies	64	2	2	Units	520	2,080	1,040	1,040		
A1.2	<i>Overview of policies on promoting domestic market of wood and wood products (desk studies and surveys of selected provinces and arrange workshops to collect feedbacks) to produce policy recommendations</i>										
	International consultant in study on Japan's wood use promotion policy	14.1	8	-	Participation day	270	2,160	2,160	-		
	International consultant in studies on wood use promotion policy in US and EU	14.2	5	-	Participation day	270	1,350	1,350	-		

	Consultations with local staff and associations	21	10	10	Participation day	117	2,340	1,170	1,170		
	Local transport costs	32	4	4	Times	255	2,040			1,020	1,020
	DSA National experts/ consultants	31.1	18	9	Day	75	2,025	1,000	1,025		
A1.3	<i>Preparation of decision/decre to facilitate responsible local consumption of W and WP and consultations with relevant stakeholder groups to get feedbacks. Special attention will be given to urban consumers who are potential target for promotion of local consumption of wood and wood products</i>										
	Consultations with universities and institutions	22	5	5	Participation day	192	1,920	960	960		
	Local transport costs	32	2	2	Times	260	1,040	520	60		460
	DSA National experts/ consultants	31.1	19	15	Day	75	2,550	1,275	1,275		
	Training	61	1		Workshop	4500	4,500	4,500			
A1.4	Develop strategy/policy to shift from short-term forest plantation to long-term forest management to produce wood for house and furniture focusing on linking plantation-farmer co-ops and lead companies/processors and traders										
	Consultations with local staff and associations	21	10	10	Participation day	117	2,340	1,170	1,170		
	Local transport costs	32	3	4	Times	450	3,150	1,575	1,575		
	DSA National experts/ consultants	31.1	21	16	Day	75	2,775	1,385	1,390		
	Training	61		1	Workshop	6250	6,250		4,650		1,600
Output 2	Strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption										
A2.1	<i>Improving skill capacity to design and development wood products skills</i>										
	Consultations with universities and institutions	22	5	4	Participation day	192	1,728	864	864		
	Training	61	1	1	Workshop	3,750	7,500	3,750	3,750		
	Contest	63	1	1	Contest	11,000	22,000	11,000	11,000		
	Demonstration of wooden houses	52	-	1	Units	30,000	30,000	-	30,000		
	Local transport costs	32	3	1	Times	445	1,780	890	890		
	Materials	51	1	1	Guidance	1,350	2,700	350	350	1,000	1,000
	Information, media, publications and other contingencies	64	5	2	Units	688	4,816	2,408	2,408		
A2.2	<i>Introduce new technique for bio-energy use</i>										
	Consultations with universities and institutions	22	5	5	Participation day	192	1,920	960	960		

	Local transport costs	32	2	3	Times	495	2,475	1,237	1,238		
	Materials	51	1	1	Guidance	1,900	3,800	1,900	1,900		
	Information, media, publications and other contingencies	64	3	3	Units	580	3,480	1,740	1,740		
A 2.3	<i>Promoting partnerships between plantation-farmer co-ops and lead companies (processors and traders) to consolidate supply chains and incentivize larger-size wood production.</i>										
	Training	61		1	Workshop	3,750	3,750		3,750		
	Training	61	1		Workshop	3,500	3,500	3,500			
	Training	61		1	Workshop	4,000	4,000		4,000		
	Consultations with local staff and associations	21	12	10	Day	117	2,574	1,287	1,287		
	DSA National experts/ consultants	31.1	20	15	Day	75	2,625	1,312	1,313		
	Local transport costs	32	1	3	Times	450	1,800	900	900		
	Information, media, publications and other contingencies	64	5	3	Units	578	4,624	2,312	2,312		
	International travel costs	33		1	Times	21,000	21,000		21,000		
A 2.4	<i>Upgrade capacity to comply legality requirements and forest law enforcement</i>										
	Training	61	1	2	Workshop	3,500	10,500	3,500	7,000		
	Materials	51	1		Guidance	2,000	4,500	1,000	1,000	2,500	
	Consultations with local staff and associations	21	11	12	Participation day	117	2,691	1,345	1,346		

3.4.2 Consolidated budget

Category	Description	Total	Year 1	Year 2
10.	Project Personal			
	11. 11.1 Project Coordinator	24,000	12,000	12,000
	11.2 Secretary	14,000	7,000	7,000
	11.3 Accountant	14,400	7,200	7,200
	14. 14.1 International consultant in study on Japan's wood use promotion policy	10,260	10,260	-
	14.2 International consultant in studies on wood use promotion policy in US and EU	25,110	25,110	-
	19. Sub total	87,770	61,570	26,200
20.	Sub contracts			
	21. Consultations with local staff and associations	9,945	4,972	4,973
	22. Consultations with universities and institutions	5,568	2,784	2,784
	29. Sub total	15,513	7,756	7,757
30.	Duty travel			
	31. Daily subsistence allowance			
	31.1 DSA National experts/ consultants	9,975	4,972	5,003
	32. Local transport costs	12,285	6,142	6,143
	33. International travel costs	21,000	-	21,000
	39. Sub total	43,260	11,114	32,146
40.	Capital items			
	41. Computer equipment	3,000	1,500	1,500
	42. Maintenance and repairing and printing, etc	3,500	1,750	1,750
	49. Sub total	6,500	3,250	3,250
50.	Consumable items			
	51. Materials	14,000	6,750	7,250
	52. Demonstration of wooden houses	30,000	-	30,000
	53. Office supplies	10,000	5,000	5,000
	59. Sub total	54,000	11,750	42,250
60.	Miscellaneous			
	61. Training	40,000	15,250	24,750
	62. Conclusion workshop	5,076	-	5,076
	63. Contest	22,000	11,000	11,000
	64. Information, media, publications and other contingencies	15,000	7,500	7,500
	65. Auditing expense	7,606		7,606
	69. Sub total	89,682	33,750	55,932
70.	Total Project	296,725		
80.	Project monitoring and administration			
	81. ITTO monitoring & review	18,000		
	82. ITTO ex-post evaluation	10,000		
	83. ITTO program support costs	36,375		
	89. Subtotal	64,375		
100.	GRAND TOTAL	361,100		

3.4.3 ITTO yearly budget

Category	Description	Total	Year 1	Year 2
10.	Project Personal			
	11. 11.1 Project Coordinator	24,000	12,000	12,000
	11.2 Secretary	14,000	7,000	7,000
	11.3 Accountant	14,400	7,200	7,200
	14. 14.1 International consultant in study on Japan's wood use promotion policy	10,260	10,260	-
	14.2 International consultant in studies on wood use promotion policy in US and EU	25,110	25,110	-
	19. Sub total	87,770	61,570	26,200
20.	Sub contracts			
	21. Consultations with local staff and associations	9,945	4,972	4,973
	22. Consultations with universities and institutions	5,568	2,784	2,784
	29. Sub total	15,513	7,756	7,757
30.	Duty travel			
	31. Daily subsistence allowance			
	31.1 DSA National experts/ consultants	9,975	4,972	5,003
	32. Local transport costs	9,785	5,122	4,663
	33. International travel costs	21,000	-	21,000
	39. Sub total	40,760	10,094	30,666
40.	Capital items			
	41. Computer equipment	3,000	1,500	1,500
	42. Maintenance and repairing and printing, etc	3,500	1,750	1,750
	49. Sub total	6,500	3,250	3,250
50.	Consumable items			
	51. Materials	6,500	3,250	3,250
	52. Demonstration of wooden houses	30,000	-	30,000
	59. Sub total	36,500	3,250	33,250
60.	Miscellaneous			
	61. Training	38,400	15,250	23,150
	62. Conclusion workshop	5,076	-	5,076
	63. Contest	22,000	11,000	11,000
	64. Information, media, publications and other contingencies	15,000	7,500	7,500
	65. Auditing expense	7,606		7,606
	69. Sub total	88,082	33,750	54,332
70.	Total Project	275,125		
80.	Project monitoring and administration			
	81. ITTO monitoring & review	18,000		
	82. ITTO ex-post evaluation	10,000		
	83. ITTO program support costs (70+81+82) *12%	36,375		
	89. Subtotal	64,375		
100.	GRAND TOTAL	339,500		

3.4.4 VIFOREST yearly budget

Category	Description	Total	Year 1	Year 2
30.	Duty travel			
	32. Local transport costs	2,500	1,020	1,480
	39. Sub total	2,500	1,020	1,480
50.	Consumable items			
	51. Materials	7,500	3,500	4,000
	53. Office supplies	10,000	5,000	5,000
	59. Sub total	17,500	8,500	9,000
60.	Miscellaneous			
	61. Training	1,600		1,600
	69. Sub total	1,600		1,600
100.	GRAND TOTAL	21,600		

3.5 Assumptions, risks, sustainability

3.5.1 Assumptions and risks

The most important assumption is that the COVID-19 pandemic is under control so that all planned activities could be started in time. In case if the pandemic continues, most of project activities that are relating to office review of existing policies on promotion of wood use and local market of wood and wood products, setting up policy task force/national committee as well as a serious start-up meetings and consultations will be done virtually using online tools. Except limited demonstrations/pilots to test the potential diversification of wood use in local markets, many events surrounding capacity building will be done online.

Other assumptions to assure the project success are the commitments and motivations of relevant stakeholder groups to participate in the project implementation. As one of the most recognized associations of the private sector, VIFOREST will activate 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 is 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 will integrate every effort to reach the specific and development objectives of the project. Along with direct interventions, whenever possible, the project will catalyze/facilitate initiatives and processes aimed at sustainable development of domestic consumption of wood and wood products in Vietnam.

Table 1 Potential risks and planned mitigating measures

No.	Potential Risks	Mitigating measures
1.	COVID-19 is not under control	Online facilities will be used to proceed with activities related to policy improvement and capacity building while on-ground/field activities will be conducted in small groups.
2.	Lack of strong commitments and motivations of relevant stakeholder groups to participate in project implementation	VIFOREST and its local associates will activate 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. Along with direct interventions, whenever possible, the Project will catalyze/facilitate initiatives and processes aimed at sustainable development of domestic consumption of wood and wood products in Vietnam.

3.5.2 Sustainability

The sustainability of this project is much dependent on the determination of relevant Government agencies to improve policy framework for promoting sustainable local consumption of wood and wood products and the willingness of concerned groups to build up capacity.

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 ambitious pursue to be one of the world hubs of wooden furniture manufacturing and exporting.

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 the necessary platform and 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 will accelerate the policy improvement and capacity building for relevant stakeholders with special attention given to the "new normal".

The proposed project will provide opportunity for Vietnam as a member country to cooperate with ITTO and Forestry Agency of Japan and share knowledge and experience through a learning exercise. The Forest Administration of Vietnam has pledged to support the project by submitting endorsement letter to ITTO.

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

Building on the project outputs, the proposed task force group/policy advisory committee to be set up at the beginning of the project implementation will make use of project outcomes to provide advises and recommendations to the Government for further actions. The human resource used by the executing agency to implement the project are mostly permanent staffs of VIFOREST and FERC, and there will not be any additional requirement of funding.

This project is designed to catalyze Vietnam to improve "software" and "hardware" pre-requisites for promoting sustainable local consumption of wood and wood products in Vietnam, and, thereby, contribute to efficient development the Vietnamese wood industry sector. All activities relating to improvement of the policy framework and capacity building will be followed up even in the absence of external assistance as far as Vietnam pursuing its desire to become a responsible wood product manufacturing center of the world.

PART IV: IMPLEMENTATION ARRANGEMENTS

4.1. Executing agency and organizational structure

4.1.1 Executing agency and partners

The Executing Agency (EA) of the project is VIFOREST. Established in 2000, VIFORES is a non-profit and non-governmental organization. Its mission is to converge Vietnamese plantation and wood processing and trading enterprises to work toward sustainable forest management and responsible wood product manufacturing. With the desire to be locally committed and globally connected, VIFOREST wishes to maintain ties with local and overseas partners to facilitate its member enterprises to integrate into global markets and keep in pave with local and international processes/initiatives to strengthen wood industry sector.

The Collaborating Agency is FEREC under VAFS. FEREC is specialized on forest policy studies and has acquired experience in implementing various projects funded by local and international organizations.

The partners of EA and CA in implementing the project will include national as well as international consultants, local government agencies, wood villages, NGOs, universities and other professionals.

Of great importance is the involvement of VNFOREST, as a forest/wood industry policy making body, in project implementation. VNFOREST will play very important role in reviewing policy framework and formulation of decree/decision on promoting local consumption of wood and wood products. A senior leader of VNFOREST will be assigned to chair the Project Steering Committee.

In addition, as the EA and CA of the project, whenever needed, VIFOREST and FEREC will engage local associations, including HAWA, DOWA, BIFA, PFA BDD, to take part in project implementation.

ITTO support will be provided to the project staffs as indicated below:

Table 2: Roles of VIFOREST, ITTO, Japan Forestry Agency and FEREC

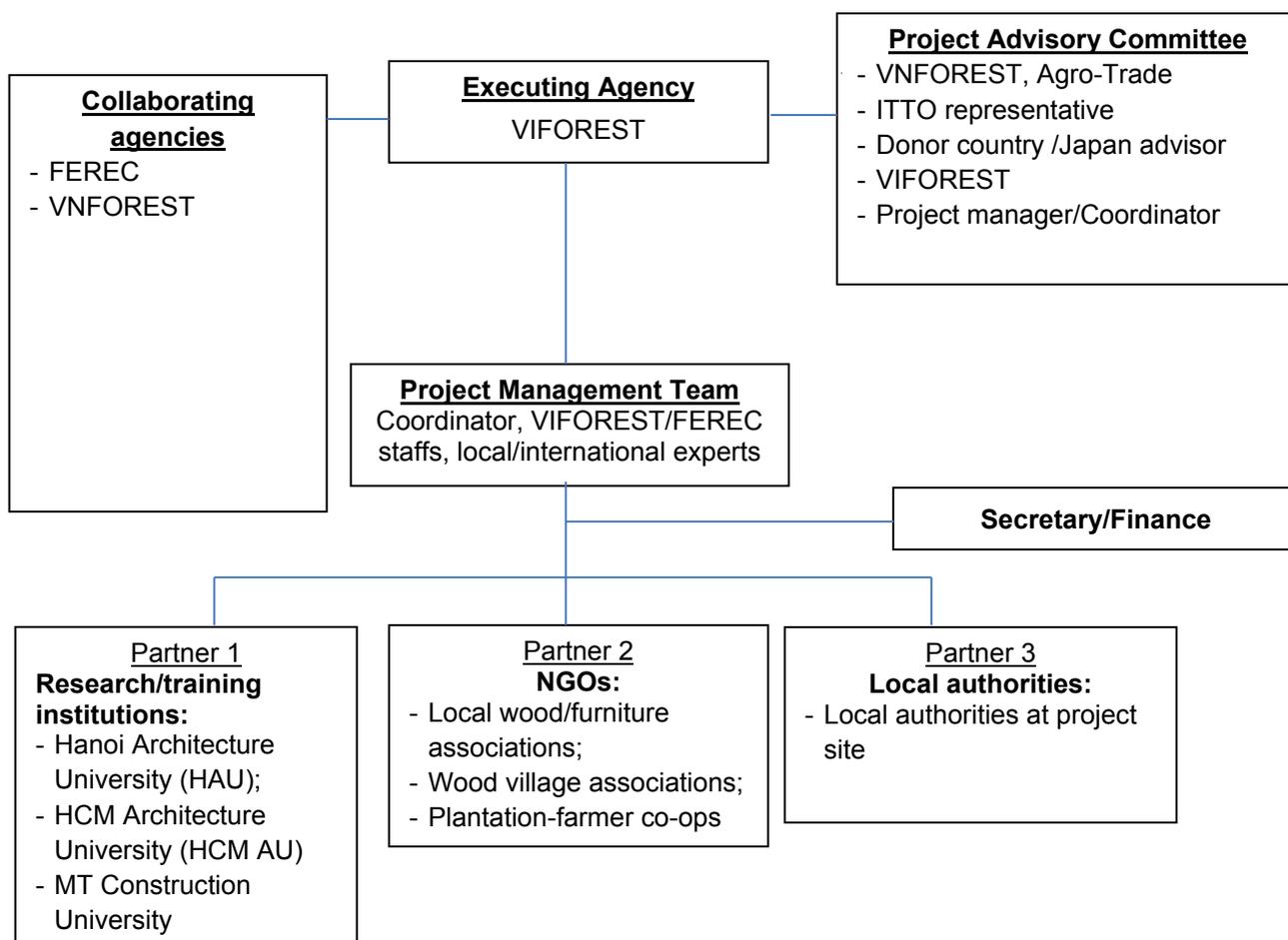
Organization	Roles
VIFOREST	<ul style="list-style-type: none"> ▪ Act as the executing agency of the project ▪ Form the project management team ▪ Implement the project activities and deliver the outputs
ITTO	<ul style="list-style-type: none"> ▪ Provide inputs to the implementation of the project ▪ Supervise, monitor and support the project implementation ▪ Facilitate the communication with the key stakeholders in the target countries
Japan Forestry Agency	<ul style="list-style-type: none"> ▪ Supervise and guide project implementation ▪ Contact JICA Hanoi to join the Project Advisory Committee and attend important events of the project ▪ Provide support to compile and analyze the experience of selected countries in promoting wood and wood product consumption
FEREC	<ul style="list-style-type: none"> ▪ Act as the key collaborator of the project ▪ Provide researcher/s, experts to join project activities, especially with the policy framework improvement ▪ Participate in field studies and conduct trainings

4.1.2 Project Management Team

The project management team (PMT) will consist of a project coordinator (PC), project secretary & finance (PS) and local/international consultants. Project planned activities will be executed with the assistance of partners as indicated in the previous section.

The curricula vitae of the professional to be appointed by the EA appear in Annex 4 while their terms of reference are outlined in Annex 5. The project organizational structure is as depicted below.

Figure 2: Organizational Structure



4.1.3 Project Advisory Committee (PAC)

PAC will be established to oversee project implementation, approve budget planning, monitor and evaluate project progress against project logical matrix and give immediate instructions on necessary revisions and adjustments. **Membership of PAC is:**

- **Chairperson: Senior leader of VNFOREST to be assigned by VNFOREST;**
- **Representative of ITTO;**
- **Representative of donor country;**
- **Representatives of EA and CA;**
- **Project Coordinator as the secretary of the PAC;**
- **Representatives of supplier/consumer sides may be invited to join the PAC.**

4.1.4 Stakeholder involvement mechanisms

A stakeholder forum with regular online/offline consultations and dialogues will be established under the project to facilitate participants from local communities, R&D institutions, NGOs, private companies, plantation co-ops, wood villagers, supplier/consumer sides and other groups interested in promoting sustainable consumption of wood and wood products to exchange views and ideas, develop propositions and make recommendations to the executing agency in view of improving efficiency of project implementation. While the forum has no formal responsibility for the project execution, its advices and recommendations are invaluable inputs to the project and will be as much as possible incorporated in recommendations to policy makers.

4.2. Reporting, Review, Monitoring and Evaluation

Reporting

In accordance with ITTO Manual on standard operating procedures for the ITTO project cycle, the following reports will be prepared and submitted to ITTO:

- **Inception Report**

To be submitted after signing of Agreement between ITTO, Executing Agency and Government of Vietnam. The Inception report contains the confirmation of the availability of office space and facilities, registered banking account, key project personnel and any changes if any and first Yearly Plan of Operation.

- **Yearly Plan of Operation**

To be submitted a year before the commencement of project activities in the subsequent year for endorsement by PAC, as appropriate and by ITTO. The first YPO will be attached to the Inception Report. The subsequent YPOs will be submitted at least ten weeks before the beginning of the planned year. ITTO approves the YPO based on endorsement of PSC.

- **Project Progress Reports**

To be submitted bi-annually or as requested by ITTO. This report contains information on the execution and the progress of activities during the period covered for the report, achieved output and inputs applied.

- **Project Technical Reports**

To be submitted in accordance with the schedule and at the end of project period. The Technical Report contains technical and scientific data and information, analyses and other project results. A technical report may be produced from one or a set of activities in one Output. The report may also contain present procedure and methodologies adopted, the data generated and the results achieved.

- **Financial Report**

An audited financial report will be submitted to ITTO within three months after the end of the current fiscal year. A final audited report will be submitted within four months after the date of project completion. The project will appoint a public accountant to be submitted to ITTO for approval period to carry out project financial auditing.

- **Project Completion Report**

A Project Completion Report will be submitted to ITTO within three months after project completion. The report contains summary of the activities executed, unexecuted (if any), inputs and expenditures, outputs achieved and objectives during the project implementation period. The report also highlights the most critical differences between planned and realized project elements using original project documents as primary reference, lessons learned from the implementation of the project.

Monitoring

Internal monitoring system will be led by the PC within the PMT 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 EA;
- 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 be 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 (eg. 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

Project learning and results will be disseminated through various means and channels during the implementation stage and after project completion, as outlined below:

- **Technical documents/ brochures**
Will be circulated widely by various means, such as VIFOREST GoViet Magazine, Websites, at seminars, publications, brochures, and so on.
- **National Workshop**
The national workshop will be organized to disseminate information on project's goal and objective in order to gain support by stakeholders.
- **Completion Report**
Will be distributed to interested nation-wide and ITTO member countries and other relevant institutions.
- **Magazine and website and TV**
Project effects will be posted by means of articles in magazines/newspapers and websites and integrated into TV talk shows and interviews and **short video and use of Instagram and Youtube channel**.

4.3.2. Mainstreaming of the project learning

Vietnam has become a globally important manufacturer and exporter/importer of wood and wooden products. This Project will provide an opportunity for Vietnam to share lessons learnt at national and international levels. In particular, the project will analyse the current situation of domestic consumption of wood and wood products, provide recommendation on how to overcome constraints and step up toward sustainable consumption. The experience and lessons learnt with promotion of sustainable wood consumption in the context of Vietnam's dynamic development are expected to be meaningful for other countries.

In the COVID-19 era, the project assumes to grasp every innovative idea and solution to adapt to the "new normal" using online meeting tools, including online trade fair of wood and wood products, whenever appropriate. **Short video/s will be produced to reflect/communicate project activities. Social media channels, including Instagram and Youtube, will be used as much as possible to accelerate project outreach and enable project outputs to reach plantation farmers, wood villagers, urban and rural consumers etc.**

In the course of the project implementation, off-line and online meetings will be held regularly to review and monitor project activities, update project progress as well as share lessons learnt.

ANNEX
ANNEX 1: Information on implementing agency

1. Vietnam Timber and Forest Products Association (VIFORES)

Headquarter location: 189 Thanh Nhan Street, Hanoi, Vietnam
 Email: info@vietfores.org.vn ; Telephone/fax: 84.4.36320746
 Website of VIFORES: <http://www.vietfores.org>
 Logo of VIFORES

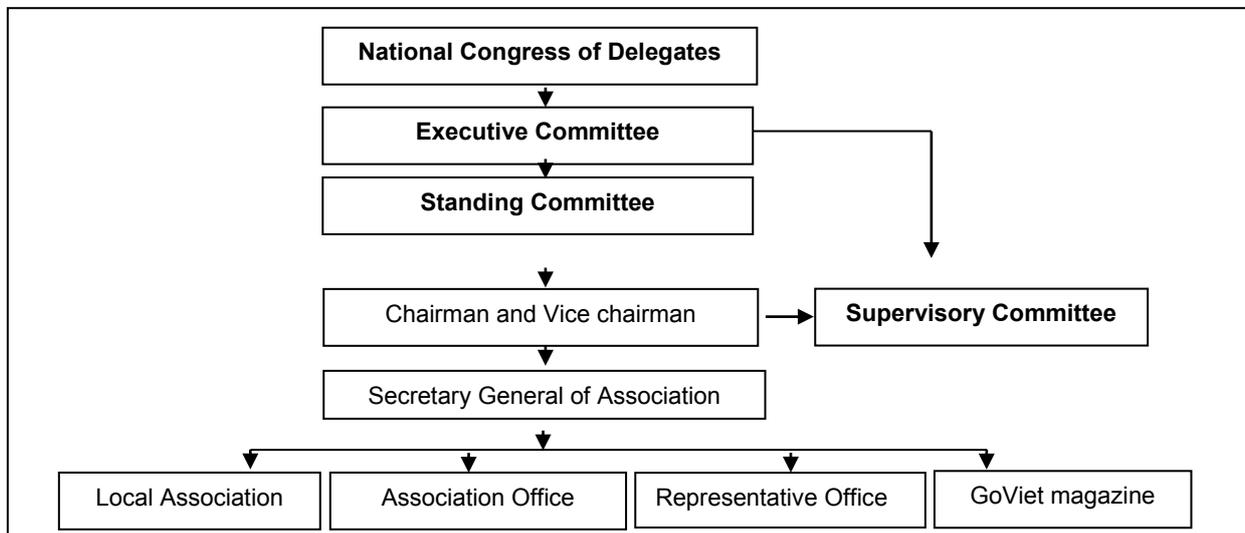


Date of establishment: 15 August, 2000, pursuant to Decision No. 34/QD-BTCCBCP of the Head of Government Commission on Organization and Personnel.

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

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

1.2 Infrastructure: The VIFORES has head office in



1.3 *Budget:*

(UNIT: 1 USD = 23,145 VND)

Main activities	2020 (USD)
Operating costs	68,315
Publications	2,856
Training (VIFOREST and supports from international organization)	33,577
Research and advice	
Total	104,747

1.4 *Human resources*

Degree	2020
Postgraduate degrees	3
Bachelor	21
Technician	5
Administrative staff	7

ANNEX 2: Tasks and responsibilities of key experts provided by the Executive Agency

1. Project coordinator

Qualification:

As a project coordinator, the incumbent should be an expert with in-depth knowledge and experience in related fields. The coordinator should have postgraduate qualification in forestry policy, natural resource management or project related subjects, and at least 5 year experience in timber legality and timber processing and trading. Experience in implementation of donor funded projects is of preference.

Minimum requirements:

- Experience in coordinating and leading wood industry related projects
- Good knowledge on timber processing and trading, and timber legality assurance
- Familiar with ITTO project management
- Fluency in English

Responsibilities:

- Take overall responsibility for project implementation;
- Coordinate project activities;
- Monitor and evaluate project execution, programme and budget implementation
- Represent the project at any event/forum that invites project to participate in
- Guide and supervise project staffs and recruited experts to conduct their assignments
- Prepare all reports described in Reporting Section and submit to PAC and ITTO.

Duration: 24 months.

Location: Hanoi with field trips to various provinces of Vietnam

Brief Curricula Vitae

Project coordinator	
Name	Ngo Sy Hoai
Date of birth	November 20, 1959
Gender	Male
Professional education	MS in forest economics, Leningrad Academia of Forest Technologies (1986 – 1989)
Position in VIFOREST	Vice President & Secretary General
Field of specialization	Forest economics, SFM, timber legality, REDD+, wood processing and trading
Experience relevant to the project	<ul style="list-style-type: none"> ▪ 1982 – 2000: Senior staff of International Cooperation Department, MARD, Vietnam, responsible for implementation of a large number of forest/rural development projects. ▪ 2001 – 2009: Local consultant in forestry and wood industry related projects, including FDI projects in the field of commercial plantation establishment, woodchip processing, furniture manufacturing, biomass fuel (wood-pellet) business etc. ▪ 2010 – 2018: Vice Secretary General of VIFOREST. ▪ 2019 – up to now: Vice President and Secretary General, VIFOREST

2. Project Secretary

- **General information:**

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

- **Education:**

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

of Vietnam				
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- **Job:**

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

- **Experience:**

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

3. Project Accountant:

- **General information:**

Full name	Nguyen Duc Nam
Place and Date of birth	Hanoi, 25 th Sep, 1991
Address	189 Thanh Nhan, Hanoi
Telephone	+84-967-798-798
Email	<i>ducnam.hni@gmail.com</i>
Nationality	Vietnam

- **Education:**

Place of training	City - Country	Year of graduation	Degree	Majority
Water Resources University	Ha Noi - Vietnam	2009	Engineer	Marine and Coastal Engineering
National Economic University	Ha Noi - Vietnam	2015	Accountant	Accounting

- **Job:**

Year	Working records	Job title
2009 - now	Nam Truong An Co,Ltd, Ha Noi	Accountant
2020-now	Vietwood Co,Ltd	Accountant
2018 - now	VIFOREST	Volunteer
2018 - 2020	ITTO Project: INCREASING EFFICIENCY OF ACACIA PLANTATION AND TIMBER PROCESSING INDUSTRY IN VIETNAM	Accountant

- **Experience:**

Year	Working experience	Field
2009 - 2016	- Support leader to prepare Project for livelihood development for local people and local communities in the Northern of Vietnam - Support to prepare for technical workshop and training	Studying, Reporting
2014 - 2016	- Contact and engage forest owners onto Cooperative activities and disseminate guidance on national legislation for members	Product marketing, Connect to customers
2016 - 2021	- Support NGOs on reforestation project in extremely difficult area of Vietnam	Studying, Reporting

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

1- ToR of the Country Reports on Wood Use Promotion Initiatives

➤ **Theme:**

Review of the policies and initiatives for sustainable wood use promotion in wood consuming countries

➤ **Objective:**

This study aims to investigate the policies and initiatives for sustainable wood use promotions by public/private sectors in wood consuming countries, focusing on the consumer side (e.g. construction and buildings (residential/non-residential), civil engineering, daily necessities, energy use, promotional activities for consumers), for the proposal of possible policies and initiatives in wood producing countries.

➤ **Target countries**

Japan, UK, and the US

➤ **Activities**

1. Survey on the wood demand/supply in the target country

- Country profile (e.g. population, urban population, GDP growth, land area)
- Situation of forests (forest area (by ownership/forest type), annual harvested/ planted area)
- Trend of wood supply and demand (production, consumption, imports, and exports of wood products by category (e.g. industrial RW, sawnwood, plywood, wood chips))

2. Study of policies/initiatives for the promotion of sustainable wood use

- Policies by public sector (e.g. policies, rules and laws, regulations)
- Initiatives by private sector (e.g. promotional activities by industrial organizations, “check-off” system)
- Best practices of sustainable wood use promotions
(※Each item should include the amount of expenditure.)

3. Analysis of effectiveness of each policy/initiative (including the incremental volume of wood use by the policy/initiative, versus the amount of the expenditure)

4. Proposal of possible policies/initiatives for the introduction to wood producing countries

5. Development of final report in English (at least 8,000 words)

(※All reference materials should be attached)

2- Tasks and responsibilities of Project Adviser

➤ **Qualification:**

As Project adviser should be an expert with in-depth knowledge and experience in the related fields. The advisor should have postgraduate qualification or as equivalent in forestry policy, natural resource management or related subjects. Experience is required at least 15-year experiences in related field as policy maker or expert.

➤ **Minimum Requirements:**

- Experience in coordinating and leading the same kind of project
- Good knowledge on Japanese wood use promoting policy
- Familiar with ITTO project management
- Fluency in English and Japanese

➤ **Responsibilities:**

- To support the project coordinator by providing advices from the comprehensive perspective, based on good communication with FA
- To participate in the meetings for the execution of the project, including those for the development of project documents and the Steering Committees.
- To organize and conduct a country study on Japan’s policy and initiatives for wood use promotion, with the TOR attached
- To write reports in English on the result of the country study

➤ **Duration:** 1month-work with in the first half of the project period

➤ **Location:** Tokyo, Japan

ANNEX 4: Main human resource and technical experts funded by ITTO

Job title	Main jobs
I. Main human resources of project	
Project coordinator	<ul style="list-style-type: none"> - To maintain daily operation of the project - To prepare project action plans - To coordinate all project activities - To prepare ToRs and supervise recruited experts - To prepare agendas and contents for PAC meetings. - To prepare or supervise the preparation of all project reports
Project Secretary	<ul style="list-style-type: none"> - To deal with tasks assigned by project coordinator - To support project coordinator in project management - Management of project office and keep records - To organize meetings and field visits, support technical experts - Support project coordinator to prepare reports
Project Accountant	<ul style="list-style-type: none"> - Manage project account - Update project disbursement and prepare reports to be submitted to ITTO and relevant Vietnamese organisations; - Manage income and expenditure of project, finance arrangement of project; - Prepare finance reports; work with auditors to conduct auditing; - Prepare funding to implement operation plan/s of the project. - Arrange financial formalities (taxation, tax report, personal income tax, etc)
II. Technical experts funded by the ITTO	
Technical experts	Review of policies
	VNTLAS timber legality requirements applicable for domestic markets
	Designing and marketing planted-wood products
	Trade promotion and linking business (B2B)
	Wood processing and wood pellet production

ANNEX 5: Comments by the 56th Expert Panel of ITTO and responses/revisions by VIFOREST

Overall Assessment

The proposed project aimed at enhancing and diversify domestic consumption and promote local markets of wood and wood products in Vietnam. The Panel opined that the proposal is well thought out with a clear rationale, objectives and plan of actions to achieve the desired results of improving the economic and environmental sustainability of Vietnam's domestic wood products industry while strengthening the capacities of growers and various actors along the wood products value chain. However, there are some weaknesses in the formulation of the proposal that need to be improved. The Panel suggests that the proponent should more proactively seek gender inclusion by stating that all the trainings and workshops outlined in the proposal will include women, and aspects of the Gender Equality and the Empowerment of Women (GEEW) and Environmental and Social Management (ESM) Guidelines -should be highlighted in the document.

Conclusion

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

No.	Section	Comments of Expert panel	Revisions by the proponent
	Overall Assessment	The Panel suggests that the proponent should more proactively seek gender inclusion by stating that all the trainings and workshops outlined in the proposal will include women, and aspects of the Gender Equality and the Empowerment of Women (GEEW) and Environmental and Social Management (ESM) Guidelines -should be highlighted in the document.	<p>Paragraphs has been added to the section of 3.2. Implementation approaches and methods:</p> <ul style="list-style-type: none"> ✓ <u>Gender inclusion will be practised by giving priority of project interventions to women, especially those who are heads of wood/plantation-related MSMEs, to join project activities: All the intended trainings, workshops, cross visits and B2B matchings will include women (at least, 35% of invitees/participants). All aspects of the Gender Equality and the Empowerment of Women (GEEW) and Environmental and Social Management (ESM) Guidelines will be prioritized in the course of the project execution and policy preparation.</u> ✓ <u>Engagement of urban consumers in project implementation: As of 2019, urban segment shares 36% of Vietnam's population and urban areas are added with 1.2 million people yearly by emigration from rural areas. Most of the new comers are young and dedicated to work hard. Many of them get better-off with increasing demand of housing and interior decoration, while others are still starving and using coal-peat mixed briquette for home cooking and business service. To address this targeted group of consumers, the project will prepare video/audio tools to communicate on the rationale of wood use promotion, including light weight, humidity control, air purification, comfortability, cutting-edge designs as well as global warming mitigation. Short-term local experts will be recruited to work with selected segment of urban consumers to improve their understanding on potential wood-use alternatives. In addition, questionnaire surveys/interviews on urban consumers' understanding of the idea of "sustainable domestic wood use" will be seen as useful indicator of policy outcomes. Selected urban customers may be invited to join trainings/workshops and cross visits.</u>
1	Map of Project	submit better quality map of the project area	Map of the Project Area has been improved

	Area		
2	Section 1.2.1	<p>Conformity with ITTO's objectives and priorities, add more justification on why the proposed project is relevant with ITTA 2006 and the Strategic Action Plan 2013-2018. Also explain how the project consistent with other ITTO's policies, e.g. GEEW, ESM, etc.</p>	<p>1.2.1 Conformity with ITTO's objectives and priorities</p> <p><u>The project proposed by Vietnam are fully consistent with the 2 above-mentioned objectives by supporting Vietnam as a producing member country to improve legal framework and institutional set-up needed for enhancing the trade and consumption of legally sourced timber in Vietnam following the newly promulgated Decree on VNTLAS. The project will also support Vietnam to build up capacity of relevant stakeholder groups to diversify the usage of planted timber, including biomass fuel and planted-wood structures. In particular, the project will pay special attention to the urban consumers of wooden products.</u></p> <p><u>By implementing an integrated package of activities starting from review of Vietnams' policies on promoting domestic market of wood and wood products in parallel with the analysis of wood-use promotion strategies applicable in selected countries down to on-ground/field activities, including workshops/trainings on wood architecture and designing, demonstration of planted-wood structures, introduction of bio energy, linking plantation farmer cooperatives with lead companies to extend cutting cycle to produce larger wood, facilitating micro/household-based wood businesses to comply with wood legality requirements etc., the proposed project aims to support Vietnamese forestry and wood industry to shift toward a new stage of responsible and sustainable development. The proposed project, therefore, contribute to achieve ITTA 2006 before-mentioned overarching objectives.</u></p>

3	Section 1.4	<p>Expected outcomes at project completion, present the section more clearly by consulting with the ITTO Manual for project formulation. It was unclear about intended immediate effects, changes the project will bring about, what benefits for whom, etc</p>	<p>Expected outcomes at project completion</p> <p><u>By implementing a large range of activities to produce outputs relating to policy improvement and capacity building, at the completion of the project, the policy framework and institutional set-up needed to succeed with the promotion of domestic consumption of wood and wood products will be developed and strengthened.</u></p> <p><u>In particular, following 2 years of project lifespan, the regulatory framework in the form of a decree/decision and other supportive policy tools endorsed by a mandatory agency of the Government will be in place to improve the enabling conditions for promoting sustainable consumption of wood and wood products. At the same time, capacity of relevant stakeholder groups will be improved by means of wood legality assurance awareness raising, planted-wood product design training, plantation farmer cooperative/household-based wood business – lead companies linking to extend cutting rotation and marketing value-added wooden products.</u></p> <p><u>In the context of Vietnam recently becoming one of a few VPA/FLEGT signatory with strong commitment to reinforce wood legality control for both local and export markets and consolidate responsible development of wood industry sector, special attention will be given by the project to trainings on wood legality assurance and DDS practice. To enlarge project outreach, a series of TV talks, publication and communication of project outputs, display of piloted demonstrations etc. are planned to take place.</u></p> <p><u>By achieving the specific objective of enhancing and diversifying domestic consumption and promoting local markets of wood and wood products, the expected outcomes of the project will go beyond its overall goal of sustainable and efficient development of the wood industry, as a key economic sector of the Vietnamese economy, contributing significantly to the national economic growth and creation of job and income opportunities for Vietnamese people.</u></p>
4	In Section 2.1.1	<p>Institutional set up and organizational issues, identify the institutions to be involved, competence of each and level of coordination between them. Present in accordance with the ITTO Manual for project formulation.</p>	<p>2.1.1 Institutional set-up and organizational issues</p> <p><u>In Vietnam, the state administration of forestry and wood industry is the domain of the Ministry of Agriculture and Rural Development (MARD) with the direct responsibility of for the management of the sector delegated to Vietnam Forestry Administration (VNFOREST). To deal with forest and wood industry training and research, MARD owns Vietnam National University of Forestry (VNUF) and Vietnam Academia of Forest Sciences (VAFS). Of these, a special role will be trusted to Forest Economic Research Center (FERC) under VAFS in policy review and formulation of regulatory framework and policy tools needed for the promotion of sustainable domestic consumption of wood and wood products.</u></p> <p><u>From the end of 1990s, with the policy reform in land tenure reallocating forest land to farmers and privatization of previously owned wood processing enterprises, the Association of Vietnam Timber and Forest products Association (VIFOREST) was established in 2000 to converge nearly 6,000 wood product manufacturing and trading entrepreneurs. As wood</u></p>

			<p><u>industry is amongst the top sectors by its contribution to the economic growth of the country, beside VIFOREST, a network of local associations of furniture-making/wood processing enterprises have been established at provinces (HAWA in Ho Chi Minh City, BIFA in Binh Duong Province, DOWA in Dong Nai Province, FPA BD in Binh Dinh Province and FPA TH in Thanh Hoa Province). In addition, Plywood and Woodchip Sub-Associations have been recently established under VIFOREST to unite those enterprises that are processing and trading plywood and woodchip. To cope with its function at the national level, VIFOREST maintain close relationship with local associations. In its structure of leadership, chairmen of all local associations are also serving as vice presidents of VIFOREST. The system of limited bigger wood manufacture and trade companies and a large number of MSMEs (micro- small and medium enterprises) are, therefore, well represented.</u></p> <p><u>The Executing Agency of the project is VIFOREST. To execute the proposed project smoothly, VIFOREST will closely collaborate with VNFOREST as policy making body, and VAFS and VNUF in conducting research and training activities. In particular, the Executing Agency of the project assumes to maintain close collaboration with the Forest Economic Research Center (FERC) under VAFS to proceed with majority of project activities. As the project intends to feed the sector with dedicated young designers and architects, the Executing Agency will keep ties with Hanoi and Ho Chi Minh City universities of Architecture and Mien Trung Construction university in the central Vietnam for limited demonstration/s of planted-wood structures.</u></p> <p><u>Whenever needed, VIFOREST will use its connection with local associations (HAWA, BIFA, DOWA, FPA BD, FPA TH) to engage them in project implementation and enlarge its outreach.</u></p>															
5	Section 2.1.2	<p>Stakeholder analysis, need to indicate pros and cons of the project's objectives in order to enable pursuing appropriate operational strategy. Consult with the ITTO Manual</p> <p>Japan Forest Agency provided the following comments:</p> <ul style="list-style-type: none"> While the stakeholders in supply side, including wood processing and trading enterprises, household-base wood businesses, and private sector associations, are well covered as the 	<p>2.1.2 Stakeholder analysis</p> <table border="1" data-bbox="745 954 1890 1445"> <thead> <tr> <th data-bbox="745 954 919 1076">Related stakeholder groups</th> <th data-bbox="919 954 1199 1076">Characteristics</th> <th data-bbox="1199 954 1497 1076">Problems/Needs/Concerns</th> <th data-bbox="1497 954 1686 1076">Potential contribution</th> <th data-bbox="1686 954 1890 1076">Participation in project implementation</th> </tr> </thead> <tbody> <tr> <td colspan="5" data-bbox="745 1076 1890 1109">PRIMARY STAKEHOLDERS</td> </tr> <tr> <td data-bbox="745 1109 919 1445"><u>Local consumers with special attention given to urban segment of consumers.</u></td> <td data-bbox="919 1109 1199 1445"><u>Sharing over one third of Vietnamese population. Young generation of urban consumers getting better-off and changing interior space decoration more frequently. Consuming more</u></td> <td data-bbox="1199 1109 1497 1445"><u>Many of these consumers abusing environ non-friendly and too much energy consuming interior (glasses, aluminum, plastic etc. instead of traditional wooden interior). Many of low-income urban consumers still</u></td> <td data-bbox="1497 1109 1686 1445"><u>Provide feedbacks on draft policies though interviews/needed surveys. Contribution to better utilization of entire biomass of</u></td> <td data-bbox="1686 1109 1890 1445"><u>Communication on the need of shifting to the use of planted wood to replace natural-forest sourced wood.</u></td> </tr> </tbody> </table>	Related stakeholder groups	Characteristics	Problems/Needs/Concerns	Potential contribution	Participation in project implementation	PRIMARY STAKEHOLDERS					<u>Local consumers with special attention given to urban segment of consumers.</u>	<u>Sharing over one third of Vietnamese population. Young generation of urban consumers getting better-off and changing interior space decoration more frequently. Consuming more</u>	<u>Many of these consumers abusing environ non-friendly and too much energy consuming interior (glasses, aluminum, plastic etc. instead of traditional wooden interior). Many of low-income urban consumers still</u>	<u>Provide feedbacks on draft policies though interviews/needed surveys. Contribution to better utilization of entire biomass of</u>	<u>Communication on the need of shifting to the use of planted wood to replace natural-forest sourced wood.</u>
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		<p>primary stakeholders, those in consumer side are not mentioned in the table</p> <ul style="list-style-type: none"> Domestic consumers, especially those in urban areas, should be covered as the key stakeholders in this project, as they account for more than one third of population in Viet Nam (34.7% as of 2018), and are promising for expanded use of wood products in their daily lives 		<p><u>and more modern-designed and made-of-planted wooden furniture.</u></p> <p><u>Local rural consumers</u></p>	<p><u>Sharing over 60% of Vietnamese population, many of them are victims of improper urbanization.</u></p>	<p><u>using coal-peat mixed briquette for cooking instead of wood-based biomass fuel.</u></p> <p><u>Too high preference of tropical natural-forest hardwood over planted wood for wooden furniture and housing (Vietnam annually imports about 2 – 2.5 million m3 of tropical hardwood from high-risk sources). Rapid change to concrete/glass housing</u></p>	<p><u>planted wood (acacia trees).</u></p> <p><u>Targeted customers of piloted planted-wood structure and out-door furniture. Potential customers for promoting wood consumption in the local markets.</u></p>	<p><u>Providing responses on interviews/surveys, major audience of sustainable forest management and responsible wood consumption communications.</u></p>
6	Section 2.1.3	<p>Problem analysis, this Section was well presented; the cause-effect relationship was clear yet requires elaboration. Need to elaborate how addressing the causes will lead to eradication of the key problem</p>	<p>2.1.3 Problem analysis</p> <p><u>As above indicated, the problems accumulated with the wood industry sector of Vietnam lie in the un-sustainable and inefficient development of Vietnam’s wood manufacturing and trading sector and local wood resources (mostly acacia trees cut within 4 – 5 year cycle) used mainly for exported woodchips rather than value added products. The problem Tree further indicates that these topping problems are caused by the limited domestic consumption and local markets of wood and wood products associated with 2 key pending issues, including (1) Weak policy framework to drive domestic consumption of wood and wood products, and (2) Insufficient capacity to produce wood and wood products to meet local market demands & promote/diversify local consumption. These 2 problems/weaknesses, in their turn, root in 2 groups of related sub-problems as above described.</u></p> <p><u>The Objective Tree below shows the Superstructure (“software” – improved policy framework to drive domestic consumption of wood and wood products) and the infrastructure (“hardware” – strengthened capacity to produce wood and wood products to meet local market demands & promote local consumption). These “software” and “hardware” are needed for the enhanced and diversified domestic consumption and promoted local markets of wood & wood products. Given the limited funding and lifespan allocated, project interventions are designed to provide direct contribution to mitigate or eradicate the identified problems and reach the targeted objectives.</u></p>					

7	Section 2.1.4	<p>Logical framework matrix, the indicators were poorly developed; not SMART ones, less useful for measuring achievements. Identify 4 indicators of Output 1 and 4 indicators of Output 2, consistent with planned outcomes of activities. See the ITTO Manual</p>	Logical framework matrix			
			Strategy of intervention	Measurable indicators	Means of verification	Key assumptions
			Development objective	<p><u>By end 2025 (3 years after project completion):</u></p> <ul style="list-style-type: none"> - <u>Share of locally produced larger-size wood for value-added processing (about 50% at present);</u> - <u>Number of signed contracts between plantation farmer co-ops and processors for supplying larger-size wood.</u> - <u>Number of forest violations reduced.</u> 	<ul style="list-style-type: none"> - <u>Analysing W&WP import/export data provided by Customs Office;</u> - <u>Annual reports by Forest Protection Dept. on forest violations</u> 	<ul style="list-style-type: none"> - <u>The international commitments of Vietnam on TLAS maintained</u>
			Specific Objective	<p><u>By the end of the project</u></p> <ul style="list-style-type: none"> - <u>Draft of policy (decision/decreed or other type of legal/bending document) related to domestic consumption of wood and wood products</u> - <u>Capacity to produce wood and wood products to meet local market demands & promote local consumption strengthened.</u> 		
			<p>Output 1 Improved policy framework to drive domestic consumption of wood and wood products</p>	<ul style="list-style-type: none"> - <u>Current policy framework for promotion of local consumption of wood and wood products revised with recommendations for improvement;</u> - <u>Experience and good practice on promoting wood use from selected countries compiled and transferred to relevant Government bodies for reference and possible application;</u> 		

				<ul style="list-style-type: none"> - <u>Government decree/decision with policy tools to facilitate local consumption of WP</u> 		
			Output 2	<ul style="list-style-type: none"> - <u>At least 40 participants selected from MSMEs and lead companies joined trainings on TLAS and DDS, wood business formalisation and others;</u> - <u>At least, 50 urban consumers and 50 rural consumers attended trainings/communication campaigns on using planted-wood for housing and interior decoration;</u> - <u>15 young designers and winners of contests on the best designs identified and recommended for further training;</u> - <u>At least 30 households willing to shift from using coal-peat briquette to wood pellet for cooking;</u> - <u>At least, 10 companies attended B2B matching meetings;</u> - <u>At least, 5 partnerships between plantation farmer co-ops and lead companies established with contracts for supply of larger-size wood;</u> - <u>Increase of wood use for housing and other structures by 10%.</u> 		

8	Section 2.2.1	Development objective and impact indicators, present measurable indicators; consult with the ITTO Manual and be consistent with Section 2.1.4	<p>2.2.1 Development objective and impact indicators:</p> <p><u>Contribution to sustainable and efficient development of Vietnam’s wood industry.</u></p> <p><u>According to the national strategy of forestry and wood industry development 2021 – 2025 and vision toward 2030, Vietnam determined to become one of the global centers of wood product manufacture. Strong international commitments have been made by Vietnam to develop wood industry sustainably and responsibly. In particular, with the conclusion of VPA/FLEGT with EU, Vietnam committed to avoid illegal timber (both locally sourced and imported timber) from supply chain. The strategy specified the target of USD 20 billion of wood and wood-product export turnover by 2025 (annual growth rate of over 10%) and USD 25 billion by 2030 (annual growth rate of 6 – 7%). With the local consumption of wood and wood products, the strategy stipulated the target of USD 4 billion by 2025 and USD 4.5 – 5 billion by 2030. Regarding forest resource management, the strategy set the target of over 50% of forest estate certified either by FSC, PEFC or VFCS by 2025 and 70% by 2030. The strategy also indicated the objective of improving livelihood for over 10 million forest-dependent people.</u></p> <p><u>The development objective of the proposed project is to provide contribution toward the achieving of the overall goal and objective with specific targets defined by the strategy. It is difficult to judge and quantify the specific contribution of the project to</u></p> <p><u>Impact indicators</u></p> <p><u>By the end of 2025, 3 years after project completion:</u></p> <ul style="list-style-type: none"> - <u>With the contribution of the project, the growth of wood and wood product value derived from export and local markets: increased over 10% in 2023 and 50% in 2030;</u> - <u>With the contribution of the project, the increment of locally and legally sourced wood to meet demands from the manufacturers: increased over 10%;</u> - <u>The improved capacity of Vietnam to fulfil its international commitments to avoid illegal wood and comply with VPA/FLEGT as well as legal acts applicable in partner countries, including the Japanese Clean Wood Act, the US Lacey Act, the EUTR etc.: Forest/wood legality violations radically avoided, no major claim and accuse from overseas markets.</u>
9	Section 2.2.2	Specific objective and outcome indicators, identify SMART indicators of the specific objective by consulting the ITTO Manual. This Section must be in consistency with Section 2.1.4	<p>Outcome indicators:</p> <ul style="list-style-type: none"> - <u>Awareness on wood legality applicable for both export and local consumption raised: 100% of wood businesses aware of wood legality requirements in accordance with VNTLAS;</u> - <u>50% of urban and rural consumers changed mindset to use planted-wood for housing and interior decoration;</u> - <u>Domestic consumption and local markets for wood and wood products enlarged and diversified: Annual growth rate reported at 8 – 10%</u> - <u>Designing capacity of the wood sector improved and wooden furniture made in Vietnam getting further preference of foreign and local buyers: Value added products continued</u>

			<p><u>growing and shared over 80% of export value;</u> <u>- Young designers/architects motivated to work in wood industry and contribute to uphold the value of wood structure/furniture produced in Vietnam: At least, 15 young designers/architects committed to work for wood industry sectors.</u></p>
10	Section 3.1	<p>Outputs and Activities, Japan Forest Agency provided the following comments:</p> <p>Output1: When developing a policy/strategy for promoting domestic consumption of wood & wood products, views of consumers in urban area are very important, since they are potential users of wooden houses, wooden energy, or wooden daily goods. The policy/strategy draft should be circulated to potential consumers (or relevant associations) of wood products for their inputs.</p> <p>Output2: Regarding the promotion of local consumption, this project should aim at consumers in urban areas as its most promising target. In this regard, the Activity 2.2.2 “Communicate to promote the use of planted wood as the most environment friendly and renewable material” should focus on urban consumers with relatively higher income. For this end, promotion tools which explain the rationales of wood use</p>	<p>Output 1: Improved policy framework to drive domestic consumption of wood and wood products</p> <p>Indicators:</p> <ul style="list-style-type: none"> • Clear strategy/policy to promote domestic consumption and enhance local markets of wood and wood products drafted and circulated to incorporate comments and feedbacks from relevant stakeholder groups and be submitted to mandated agencies for endorsement and approval. <u>Special attention will be given to consultations with urban consumers who are potential users of wooden houses, woo-biomass energy and other wooden daily goods.</u> <p>3.1.2 Activities and inputs</p> <p>Output 1: Improved policy framework to drive domestic consumption of wood and wood products</p> <p><u>Activity 1.3: Preparation of decision/decreed to promote domestic consumption of wood and wood products and consultations with relevant stakeholder groups to get feedbacks. Special attention will be given to urban consumers who are potential target for promotion of local consumption of wood and wood products.</u></p> <p><u>Activity 1.4: Develop strategy/policy to shift from short-term forest plantation to long-term forest management to produce larger wood for housing and furniture focusing on linking plantation-farmer co-ops and lead companies/processors and traders</u></p> <p>Activity 2.4: Upgrade capacity to comply legality requirements and forest law enforcement</p> <p>✓ Activity 2.4.2: Communicate to promote the use of planted wood as <u>the most environment friendly and renewable material</u> that focusing on urban group of consumers with relatively higher income</p>

		promotion, including light weight, humidity control, air purification, comfortability, cutting-edge designs as well as global warming mitigation for consumer's understanding need to be developed in consultation with relevant experts. If possible, questionnaires survey on consumers' understanding of the idea of "sustainable domestic wood use" might be useful as an indicator of policy outcomes	
11	Section 3.1.1	Outputs, need to define 4 indicators for each Output consistent with planned outcomes of each of the activities	<p>Output 1: Improved policy framework to drive domestic consumption of wood and wood products</p> <p>Indicators:</p> <ul style="list-style-type: none"> ▪ Clear strategy/policy to promote domestic consumption and enhance local markets of wood and wood products drafted and circulated to incorporate comments and feedbacks from relevant stakeholder groups and be submitted to mandated agencies for endorsement and approval. <u>Special attention will be given to consultations with urban consumers who are potential users of wooden houses, woo-biomass energy and other wooden daily goods.</u>
12	Section 3.1.2	Activities, define 4 activities for each Output consistent with the problem analysis that identified 4 sub-causes under each main cause	<p><u>Activity 1.3: Preparation of decision/decre to promote domestic consumption of wood and wood products and consultations with relevant stakeholder groups to get feedbacks. Special attention will be given to urban consumers who are potential target for promotion of local consumption of wood and wood products.</u></p> <p><u>Activity 1.4: Develop strategy/policy to shift from short-term forest plantation to long-term forest management to produce larger wood for housing and furniture focusing on linking plantation-farmer co-ops and lead companies/processors and traders.</u></p> <p><u>Activity 2.3: Promoting partnerships between plantation-farmer co-ops and lead companies (processors and traders) to consolidate supply chains and incentivize larger-size wood production.</u></p>
13	Section 3.2	Implementation approaches and methods, present the section in accordance with the ITTO Manual	<p><u>3.2. Implementation approaches and methods</u></p> <p><u>To promote susuatinable domestic consumption of wood and wood products, the project will deal with the following stakeholder groups:</u></p> <ul style="list-style-type: none"> ▪ <u>Policy makers/administrative bodies;</u>

			<ul style="list-style-type: none"> ▪ <u>Training and research institutions;</u> ▪ <u>Producers/suppliers;</u> ▪ <u>Consumers, with special attention to urban consumers.</u> <p><u>To bring selected representatives of these groups to work toward achieving project objective, of great attention are the following approaches/strategies:</u></p> <ul style="list-style-type: none"> ➤ <u><i>Participatory approach with intensive consultations to engage relevant parties:</i> In particular, consultations and indepth interviews, either offline or online, will be held to review the current situation of domestic consumption and the policies currently applied so that the policy/institution as well as capacity gaps could be properly investigated. In this way, the results of reviewing Vietnamese policies and experience applicable in selected countries will be widely circulated for reference and feedbacks. Participatory approach is also very important for formulation of decree/decision on promoting domestic consumption. Whenever appropriate, the project will facilitate dialogues/debates between policy makers and practitioners to verify project findings/recommendations and translate them into policies/policy tools.</u> ➤ <u><i>Integration of ongoing initiatives/processes toward sustainable development of Vietnam's wood industry:</i> As Vietnam's wood industry is at a very dynamic stage of development and there are many ongoing initiatives/processes toward sustainable development of the sector, the project will try as much as possible to incorporate all outcomes produced by locally and international supported projects/programs. In this regard, the project will utilize every national event/forum on similar topics to inform project objectives and activities, and update project progress.</u> ➤ <u><i>With the capacity building component, the project will play the role of a facilitator using existing platforms and networks of VIFOREST:</i> In particular, the project will facilitate cross visits of plantation farmer co-ops/MSMEs to lead companies and vice versa, B2B matching meetings, producer/supplier and consumer dialogues, partnerships/contracts between acacia planting farmers and manufacturers for extension of cutting cycle etc. Efforts will also be made by the project to link universities/research institutions and member companies in training young designers and architects. Potential involvement of relating associations and NGOs, including the Vietnam Real Estate Association (VNREA), Vietnam Association of Architects (VNAA), Vietnam Association of Consumers (VNAC) etc. will be considered.</u> ➤ <u><i>Maximum use of mass media means to raise awareness on sustainable domestic consumption of wood and wood products:</i> As MSMEs and household-based businesses and ordinary people/consumers are key actors in local markets of wood and wood products, beside TV talk shows, the project will make use of popular and easy facilities, including Instagram and Youtube, to address them.</u> ➤ <u><i>Priority of project interventions will be given to women by engaging women-headed MSMEs to join project activities:</i> In plantation farmers co-ops and wood villages, women</u>
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			<p><u>play an extremely important role. Many of them may be headed by women. Opportunities of cross visits and trainings will be prioritized for women-headed businesses.</u></p> <p><u>Under this sub-activity, a series of public communications, including TV talk show/s, article/image upload on website, thematic video and leaflet production etc. will be conducted with special attention to urban consumers.</u></p> <p><u>As of 2019, urban segment shares 36% of Vietnam’s population and urban areas are added with 1.2 million people yearly by emigration from rural areas). Most of city new comers are young and dedicated to work hard. Many of them get better-off with increasing demand of housing and interior decoration, while others are still starving and using coal-peat mixed briquette for home cooking and business service.</u></p> <p><u>To address this targeted group of consumers. The project will prepare promotion tools to explain to potential urban consumers on the rationale of wood use promotion, including light weight, humidity control, air purification, comfortability, cutting-edge designs as well as global warming mitigation for consumer’s understanding need to be developed in consultation with relevant experts. If possible, questionnaires survey on consumers’ understanding of the idea of “sustainable domestic wood use” might be useful as an indicator of policy outcomes;</u></p>
14	Section 2.2	Work Plan, develop a workplan for 2 Outputs and main activities. They must be consistent with the problem and objective trees	<p>Activity 1.3: <u>Preparation of decision/decre to promote domestic consumption of wood and wood products and consultations with relevant stakeholder groups to get feedbacks. Special attention will be given to urban consumers who are potential target for promotion of local consumption of wood and wood products</u></p> <p>Activity 1.4: <u>Develop strategy/policy to shift from short-term forest plantation to long-term forest management to produce larger wood for housing and furniture focusing on linking plantation-farmer co-ops and lead companies/processors and traders</u></p> <p>Activity 2.3: <u>Promoting partnerships between plantation-farmer co-ops and lead companies (processors and traders) to consolidate supply chains and incentivize larger-size wood production.</u></p>
15	Section 3.4.1	Master Budget Schedule, revise based on new definitions of the activities under each output. Use the same titles of budget components as in the Manual	Master Budget Schedule revised based on new definitions of the activities and used the same titles of budget components as in the ITTO Manual for Project Formulation

16	Section 3.4.2	Consolidated Budget by Component, use the same titles of budget components as in the ITTO Manual	Budget line by Components improved by referring and using ITTO Manual for Project Formulation
17	Section 3.4.3	ITTO Budget by Component, confirm the ITTO Program support cost, 12% of the project cost, delete the budget item "Secretariat"	Program support costs has been calculated 12% of ITTO yearly budget, namely US\$ 36,375 and budget item "Secretariat" has been removed and costs expected for this moved to Miscellaneous for two items as training and contests.
18	Section 3.4.4	Executing Agency Budget by Component, increase Vietnam's contribution under the duty travel, consumables and miscellaneous components	EA financial contribution will be added US\$ 6,600, including US\$ 2,500 for Duty travel (32. Local transport costs) and US\$ 2,500 for consumable (51. Materials) and US\$ 1,600 for Miscellaneous (61. Training)
19	Section 3.5.2	Sustainability, improve the section by identifying follow up tasks to accomplish, the executing agencies and funding sources	<p><u>The sustainability of this project is much dependent on the determination of relevant Government agencies to improve policy framework for promoting sustainable local consumption of wood and wood products and the willingness of concerned groups to build up capacity.</u></p> <p><u>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 ambitious pursue to be one of the world hubs of wooden furniture manufacturing and exporting.</u></p> <p><u>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 the necessary platform and 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.</u></p> <p><u>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 will accelerate the policy improvement and capacity building for relevant stakeholders with special attention given to the "new normal".</u></p> <p><u>The proposed project will provide opportunity for Vietnam as a member country to cooperate</u></p>

			<p><u>with ITTO and Forestry Agency of Japan and share knowledge and experience through a learning exercise. The Forest Administration of Vietnam has pledged to support the project by submitting endorsement letter to ITTO.</u></p> <p><u>All lessons learnt and knowledge gained by the project will be widely communicated and shared with locally and internationally to promote sustainable consumption of wood and wood products. In particular, with this project, VIFOREST will have opportunity to strengthen trade ties between Vietnamese and Japanese companies and contribute to the bilateral cooperation between Vietnam and Japan.</u></p> <p><u>Building on the project outputs, the proposed task force group/policy advisory committee to be set up at the beginning of the project implementation will make use of project outcomes to provide advises and recommendations to the Government for further actions. The human resource used by the executing agency to implement the project are mostly permanent staffs of VIFOREST and FERC, and there will not be any additional requirement of funding.</u></p> <p><u>This project is designed to catalyze Vietnam to improve “software” and “hardware” pre-requisites for promoting sustainable local consumption of wood and wood products in Vietnam, and, thereby, contribute to efficient development the Vietnamese wood industry sector. All activities relating to improvement of the policy framework and capacity building will be followed up even in the absence of external assistance as far as Vietnam pursuing its desire to become a responsible wood product manufacturing center of the world.</u></p>
20	Section 4.1.2	Project Management Team, revise the section in accordance with the ITTO Manual. Provide information on project key personnel and their competences, respective tasks and responsibilities	<p><u>The project management team (PMT) will consist of a project coordinator (PC), project secretary & finance (PS) and local/international consultants. Project planned activities will be executed with the assistance of partners as indicated in the previous section.</u></p> <p><u>The curricula vitae of the professional to be appointed by the EA appear in Annex 4 while their terms of reference are outlined in Annex 5. The project organizational structure is as depicted below.</u></p>
21	Section 4.1.3	Project Steering Committee, improve the section in accordance with the ITTO Manual; need to provide more information on the PTC, e.g. Function, membership, etc	<p>PAC will be established to oversee project implementation, approve budget planning, monitor and evaluate project progress against project logical matrix and give immediate instructions on necessary revisions and adjustments. <u>Membership of PAC is:</u></p> <ul style="list-style-type: none"> ➤ <u>Chairperson: Senior leader of VNFOREST to be assigned by VNFOREST;</u> ➤ <u>Representative of ITTO;</u> ➤ <u>Representative of donor country;</u> ➤ <u>Representatives of EA and CA;</u> ➤ <u>Project Coordinator as the secretary of the PAC;</u> ➤ <u>Representatives of supplier/consumer sides may be invited to join the PAC.</u>

22	Section 4.1.4	Stakeholder involvement mechanisms, Improve the section by explaining how stakeholders will be involved in the project	<u>A stakeholder forum with regular online/offline consultations and dialogues will be established under the project to facilitate participants from local communities, R&D institutions, NGOs, private companies, plantation co-ops, wood villagers, supplier/consumer sides and other groups interested in promoting sustainable consumption of wood and wood products to exchange views and ideas, develop propositions and make recommendations to the executing agency in view of improving efficiency of project implementation. While the forum has no formal responsibility for the project execution, its advices and recommendations are invaluable inputs to the project and will be as much as possible incorporated in recommendations to policy makers.</u>
23	Section 4.2	Reporting, review, monitoring and evaluation, correct the number of this section as Section 4.2	<u>4.2 Reporting, Review, Monitoring and Evaluation and the number as Section 4.2</u>
24	Section 4.3.1	Dissemination of project results, consider also to produce short videos and use of Instagram and Youtube channel	Magazine and website and TV Project effects will be posted by means of articles in magazines/newspapers and websites and integrated into TV talk shows and interviews and <u>short video and use of Instagram and Youtube channel.</u>
25	Section 4.3.2	Mainstreaming project learning, explain use of project's results in policy making as the initial intention, at what level, by whom, etc	In the COVID-19 era, the project assumes to grasp every innovative idea and solution to adapt to the "new normal" using online meeting tools, including online trade fair of wood and wood products, whenever appropriate. <u>Short video/s will be produced to reflect/communicate project activities. Social media channels, including Instagram and Youtube, will be used as much as possible to accelerate project outreach and enable project outputs to reach plantation farmers, wood villagers, urban and rural consumers etc.</u>
26		Include an Annex that shows the overall assessment and specific recommendations of the 56th Expert Panel and respective modifications in tabular form. Modifications should also be highlighted (bold and underline) in the text	Annex 5: Overall assessment and specific recommendations of the 56th Expert Panel and respective modifications added