

### **Annual report 2014**

The International Tropical Timber Organization (ITTO) is an intergovernmental organization promoting the conservation and sustainable management, use and trade of tropical forest resources. Its members represent the bulk of the world's tropical forests and of the global tropical timber trade. ITTO develops internationally agreed policy documents to promote sustainable forest management and forest conservation and assists tropical member countries to adapt such policies to local circumstances and to implement them in the field through projects. In addition, ITTO collects, analyzes and disseminates data on the production and trade of tropical timber and funds projects and other actions aimed at developing industries at both the community and industrial scales. Since it became operational in 1987, ITTO has funded more than 1000 projects, pre-projects and activities valued at more than US\$400 million. All projects are funded by voluntary contributions, the major donors being the governments of Japan, Switzerland, the United States of America, Norway and the European Union.

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#### Cover photos

Main:

Members of a local community participate in activities under ITTO project PD 441/07 Rev.2 (F) aimed at rehabilitating a forest affected by fire in Panama. Photo: Autoridad Nacional del Ambiente

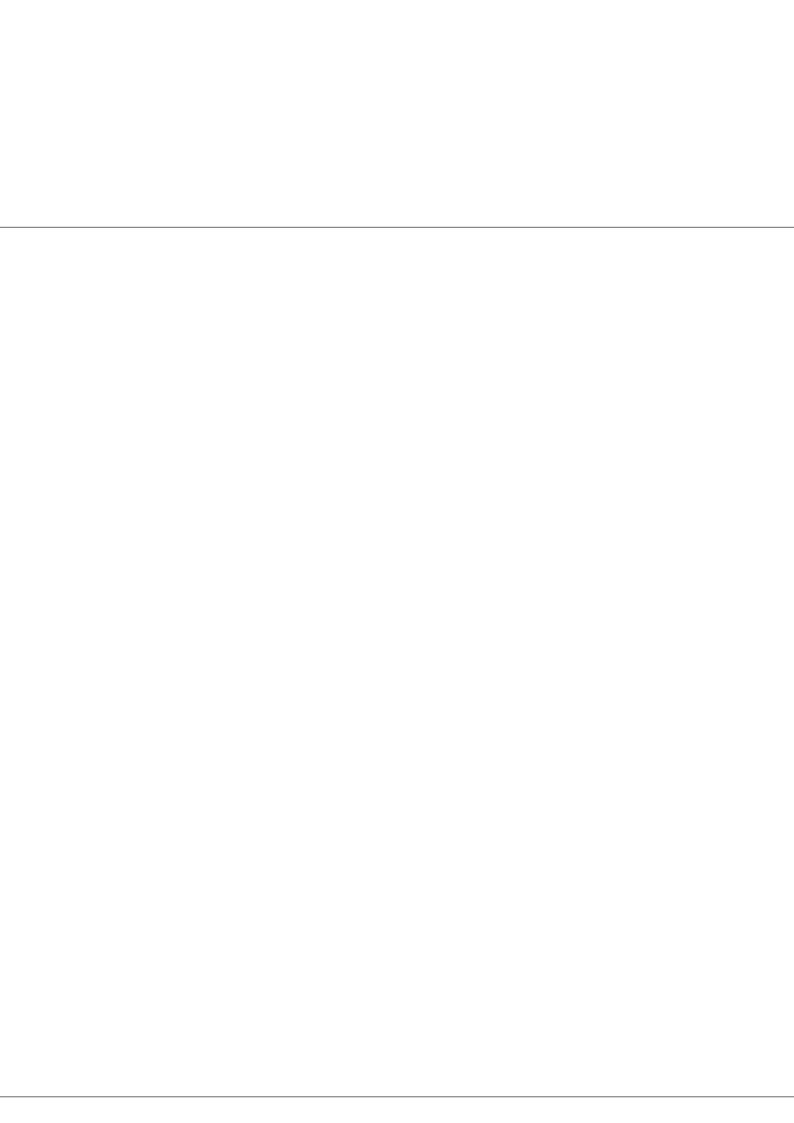
#### Inset, from left:

Collaborating with local communities (women) to raise seedlings for the rehabilitation of forest degraded areas in Offinso District, Ghana, as part of the activities of the ITTO project RED-PA 056/11 Rev.1 (F).

A researcher inspects a seed of big-leaf mahogany (Swietenia macrophylla) in Marajoara, Brazil, as part of research into the natural regeneration of the species conducted under the ITTO-CITES programme. Photo: S. Hirakuri. STCP

Wood samples are taken from a tree in southwestern Ghana during a training workshop for DNA timber tracking conducted as part of ITTO project PD 620/11 Rev.1 (M). Photo: B. Degen, Thünen Institute

Employees of community forest enterprises in Veracruz, Mexico, learn how to build a house using locally produced timber as part of training provided under ITTO project PD 384/05 Rev.3 (I). Photo: Instituto de Ecología, A.C.



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ITTO and its members made significant progress in 2014 in its policy work and field projects and in setting foundations for the future. The Organization has continued to expand: with the accession to the International Tropical Timber Agreement (ITTA) 2006 of the Central African Republic, Suriname and Viet Nam, the Organization's membership has grown to 70, its largest ever.

In policy work, the International Tropical Timber Council adopted the *Voluntary guidelines for the sustainable management of natural tropical forests*, a state-of-the-art policy document encapsulating advances in collective knowledge on the legal, governance, institutional, ecological, social and economic issues facing tropical forests. ITTO also convened—with our partners the Food and Agriculture Organization of the United Nations (FAO) and Costa Rica's National Fund for Forest Finance—a landmark international forum on payments for the environmental services performed by tropical forests. One output of this forum was a policy brief, *Rewarding the service providers*, which sets out the rationale for payment schemes for environmental services and makes recommendations for scaling them up. ITTO also completed studies on the economic impact of government procurement policies on tropical timber markets and on the quantification of carbon benefits in ITTO projects, which undoubtedly will benefit forest managers in taking advantage of emerging opportunities in the timber and carbon markets.

ITTO-financed projects also made advances on the ground. Projects completed in 2014 have been influential in increasing forest cover in Togo and timber production in China, boosting livelihoods in Indonesia by better managing non-timber forest products, and, in Thailand, assisting families in tsunami-affected areas through the sustainable use of bamboo and improving the management of trees outside forests.

Completed projects and activities in the thematic programmes have assisted in rehabilitating degraded forest areas in Cameroon, Ghana, Liberia and Nigeria and, in Indonesia, in reducing carbon emissions from deforestation by building the capacity of community forest enterprises.

#### In 2014, ITTO also worked to set solid foundations for the future, in particular by:

- Establishing the Independent Market Monitoring system (IMM) for Forest Law Enforcement, Governance and Trade (FLEGT)-licensed timber entering the European Union (EU), which will help in monitoring and understanding market incentives for FLEGT-licensed timber
- Developing the world's first environmental product declarations for tropical timber—meranti plywood in Malaysia and Indonesia, khaya lumber in Ghana and ipé decking in Brazil (the latter ultimately published in 2015)—as a way of increasing the competitiveness of tropical timber in environmentally sensitive markets
- Renewing the memorandum of understanding (MOU) between the Convention on Biological Diversity (CBD) and ITTO, thereby extending collaboration between the two institutions under the Joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity
- Creating an online project search tool to further disseminate the knowledge gained in the implementation of sustainable forest management (SFM) in the field
- Commencing publication of the electronic newsletter, Tropical Forest News, which provides timely insights
  into ITTO's work.

I am delighted that the Organization was able to make progress on so many fronts in 2014. I take this opportunity to express my sincere thanks to donors, members, executing agencies, consultants, translators, interpreters and my colleagues in the Secretariat for their valuable contributions to the work in 2014.

#### **Emmanuel Ze Meka**

Executive Director July 2015

### ITTO timeline of key achievements

ITTO's mission is to facilitate discussion, consultation and international cooperation on issues relating to the international trade and utilization of tropical timber and the sustainable management of its resource base.

1983

The first ITTA is negotiated and adopted

1986

ITTO is established in Yokohama, Japan 1989

No timber without trees is published, reporting a negligible area of tropical forest under SFM in ITTO member countries

The funding of projects begins

The ITTO Fellowship Programme is launched

Annual market discussions begin

1992

ITTO defines SFM

ITTO launches Criteria for the measurement of sustainable natural tropical forest management (the world's first internationally agreed set of criteria for SFM) 1997

The ITTA 1994 enters into force

The Annual review and assessment of the world tropical timber situation becomes the Annual review and assessment of the world timber situation under the new ITTA

ITTO guidelines on fire management in tropical forests are published

World mangrove atlas is published

1987

The first Annual review and assessment of the world tropical timber situation is produced

The first pre-projects are approved and funded

1993

ITTO guidelines for the establishment and sustainable management of planted tropical forests are published

1994

A new ITTA

establishing

Partnership

is agreed.

the Bali

Fund

ITTO guidelines on the conservation of biological diversity in tropical production forest are published

1990

ITTO guidelines for the sustainable management of natural tropical forests (the first set of guidelines of its kind) is published

The ITTO Year 2000 Objective is adopted

1998

Criteria and indicators for sustainable management of natural tropical forests are published, updating the original criteria

2000

Independent diagnostic missions begin to assist countries in identifying actions to achieve Objective 2000

> The Trade Advisory Group is established

1985

The ITTA 1983 comes into force

### 2006

A new ITTA is agreed, focusing on the world timber economy, the sustainable management of the resource base, increasing the value of non-timber forest products and environmental services, and encouraging the trade of timber from legal and sustainable sources

Status of tropical forest management 2005 is published, a comprehensive survey of tropical forest management. The estimated area of tropical forest under SFM in ITTO producer member countries is 36 million hectares

2009

ITTO launches thematic programmes on a pilot basis

The ITTO/IUCN guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests are published

### 2014

ITTO membership reaches 70, the highest ever

ITTO adopts the Voluntary guidelines for the sustainable management of tropical forests

ITTO co-convenes a ground-breaking international forum on payments for the environmental services of tropical forests

The Council debates and endorses a major study on the economic impact of government procurement policies on tropical timber markets

The Technical guide on the quantification of carbon benefits in ITTO projects is reviewed and endorsed by the Council

ITTO extends its collaboration with the CBD and supports conservation areas in 20 countries through the Joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity

ITTO publishes environmental product declarations for meranti plywood in Malaysia and Indonesia and khaya lumber in Ghana

ITTO establishes the IMM for monitoring the timber legality system in the EU

ITTO develops an online project search tool and launches an electronic newsletter to enhance knowledge-sharing

### 2002

ITTO guidelines for the restoration, management and rehabilitation of degraded and secondary tropical forests are published

The Civil Society Advisory Group is established

### 2005

Revised criteria and indicators (C&I) for SFM are published, with a reporting format

Best practices for improving law compliance in the forestry sector are published

### 2010

World atlas of mangroves is published

### 2007

Revised guidelines for the conservation of biological diversity in tropical production forests are field-tested

ITTO co-convenes a landmark international conference on forest tenure

### 2012

Thematic programmes are fully incorporated in the work of ITTO

### 2011

The ITTA 2006 enters into force

Status of tropical forest management 2011 is published. The estimated area of tropical forest under SFM in ITTO producer member countries is 53 million hectares

### 2013

ITTO develops a knowledge management strategy

ITTO, FAO and ATIBT combine in an initiative to promote the further processing of timber in the Congo Basin

### Group is established

Informal Advisory

2001

ITTO provides

resources for

in the context

The Council's

of SFM

improving forest

law enforcement

### 50th session of the International Tropical Timber Council and Associated Committees

### 3-8 November 2014 Yokohama, Japan

The International Tropical Timber Council is ITTO's governing body. It meets at least once a year to discuss wide-ranging issues with the aim of promoting sustainable tropical forest management and the trade of sustainably produced tropical timber.

The 50th session of the International Tropical Timber Council and Associated Sessions of the Committees (Economics, Statistics and Markets; Finance and Administration; Forest Industry; and Reforestation and Forest Management) was opened by the Council Chair, Mr Robert Busink (the Netherlands), and was honoured by the presence of Mr Satoshi Imai, Director General of Japan's Forestry Agency; Mr Katsunori Watanabe, Deputy Mayor of ITTO's host city, Yokohama; H.E. Mr Bharat Jagdeo, former President of Guyana; H.E. Mr Steven Relyved, Minister of Physical Planning, Land and Forestry Management, Suriname; H.E. Mr Mathie Babaud Darret, Minister of Water and Forests, Côte d'Ivoire; M.E. Mr Ngole Philip Ngwese, Minister of Forest and Wildlife, Cameroon; H.E. Henri Djombo, Minister of Forest Economy and Sustainable Development, the Congo; and Mr Basile Mboumba, Minister Delegate of the Ministry of Forest Environment and Protection of Natural Resources, Gabon.

In his opening remarks, Mr Busink highlighted the recent accession of Suriname and Viet Nam to the ITTA 2006, increasing the membership of ITTO to 69. The Government of the Central African Republic acceded to the ITTA during the session, thus bringing the membership to 70, the largest ever.

Mr Busink noted the importance of the 50th session, not only because of the milestone but also because of the evolving challenges facing forests in the international arena. These included the review of the international arrangement on forests to be undertaken in 2015; population growth (with the world total expected to reach 9 billion people by 2050); the need to improve the image of legal and sustainable tropical timber trade in international markets; and the increasing recognition of the value of the goods and environmental services provided by tropical forests. All these may have an impact on forestry and the role of ITTO.

Mr Emmanuel Ze Meka, ITTO Executive Director, outlined the work carried out by the Organization in 2014, including efforts to establish dialogues with potential donors as part of a resource mobilization strategy; the adoption of the *Voluntary guidelines for the sustainable management of tropical forests*; the convening, in Costa Rica, of the International Forum on Payments for Environmental Services of Tropical Forests; the signing of an MOU to extend cooperation between ITTO and the CBD Secretariat to 2020; the publication of environmental product declarations for meranti plywood in Malaysia and Indonesia and khaya lumber in Ghana; the establishment of the IMM for FLEGT-licensed timber entering the EU; and the development of a project search function on the ITTO website.



From left to right: Emmanuel Ze Meka, ITTO Executive Director; Rob Busink, Chair of the Council, Dato' Dr B.C.Y. Freezailah, Vice-chair of the Council, and Collins E. Ahadome, ITTO Secretariat, during the opening day of the 50th session of the International Tropical Timber Council. Photo: IISD Reporting Services



Delegates listen to a presentation at the 50th session of the International Tropical Timber Council. Photo: IISD Reporting Services



US\$
8.3 million¹

was announced for:



Mr Bharat Jagdeo, former President of Guyana, inspects ITTO publications at the 50th session of the International Tropical Timber Council. Photo: R. Carrillo. ITTO

ceremony of the 50th session of the International Tropical Timber Council. Photo: IISD Reporting Services

#### • Projects to assist in:

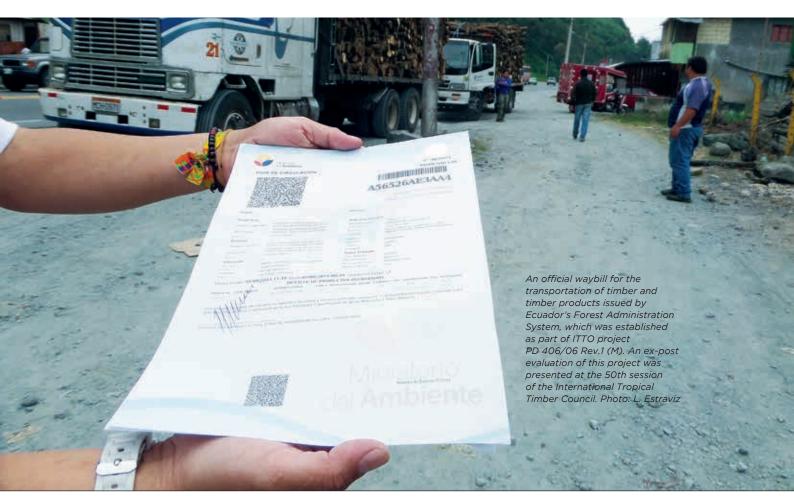
- the rehabilitation of degraded forest in Côte d'Ivoire
- SFM through REDD+2 in Cambodia
- the development of small and medium-sized forest enterprises in Guatemala
- the management of tara and cempaka plantations in Peru and Indonesia, respectively
- the promotion of SFM in African forests
- community forest management in Malaysia

#### • The following activities under the 2015–2016 Biennial Work Programme:

- guidelines on gender equity
- further work on C&I for SFM
- the ITTO-CITES programme
- a workshop on mangrove forests
- support for the 6th International Wildland Fire Conference
- the development of web profiles of the wood-based industry in ITTO member countries
- strengthened statistics collection
- support for forest extension services
- work with the World Customs Organization
- a survey to assess the ITTO guidelines
- The Freezailah Fellowship Fund
- The Thematic Programme on Trade and Market Transparency
- Details of projects, pre-projects and activities funded in 2014 are available at www.itto.int
- <sup>2</sup> REDD+ = reducing emissions from deforestation and forest degradation, including the role of conservation, sustainable management of forests and enhancement of forest carbon stocks

#### At its 50th session, the Council, among other things:

- Considered the ex-post evaluation of six completed projects
- Reviewed progress on the implementation of 55 projects and five pre-projects
- Declared five projects and one pre-project completed
- Heard presentations from three ITTO fellows, who shared their stories on the impact the ITTO Fellowship Programme has had on their professional careers
- Awarded 23 new ITTO fellowships, valued at US\$150 780
- Reviewed the implementation of the ITTO-CITES programme, comprising a total of 36 country-specific activities
- Reviewed progress on the implementation of the 2013-2014 Biennial Work Programme
- Approved a new biennial work programme for 2015–2016
- Reviewed the implementation of the ITTO thematic programmes
- Reviewed forest-related developments under the United Nations Framework Convention on Climate Change (UNFCCC)
- Reviewed the implementation of the Joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity
- Held a panel discussion on future directions for ITTO
- Considered the presentations of the six shortlisted candidates for the position of Executive Director and negotiated on the matter.



### The Council heard reports of ex-post evaluations carried out in 2014, which showed, among other things, that ITTO projects have been influential in:

- Establishing comprehensive data management in the Ecuadorian forest sector to address law enforcement, forest investment and policymaking
- Promoting the use of small-diameter logs from sustainable sources for bio-composite products in Indonesia
- Promoting production technologies and the use of rattan resources in member countries of the Association of South East Asian Nations (ASEAN)
- · Facilitating the efficient use of rubberwood by the private sector and local communities in Indonesia
- Establishing institutional arrangements for the establishment of collaborative forest plantations between forest concessionaries and farmers in Indonesia.



Council officeholders and Secretariat staff consider the results of a voting round for the election of a new Executive Director during the 50th session of the International Tropical Timber Council. Photo: IISD Reporting Services



The 50th session of the International Tropical Timber Council. Photo: R. Carrillo, ITTO

Donors at the 50th Council session were Japan, the EU, the United States of America (USA), Germany, the Netherlands, China, and the Republic of Korea. Resources were also provided by the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet), Sumitomo Forestry, the Japan Lumber Importers' Association, and ITTO's Bali Partnership Fund and Working Capital Account.

#### The following side-events featured at the session:

- "Promoting PES in the tropics: the way forward"—hosted by ITTO and FAO
- "Draft agreement of cooperation between the three tropical forest basins of Amazon, Congo and Southeast Asia"—hosted by the delegation of the Congo
- "The COMIFAC-JICA-ITTO initiative for sustainable forest management in the Congo Basin"—hosted by ITTO, the Japan International Cooperation Agency (JICA) and the Central African Forest Commission (COMIFAC)
- "The Amazon"—hosted by ITTO, the Brazilian Development Bank and the Amazon Fund
- "Electronic tools to improve legality and traceability of timber in Guatemala"—hosted by the National Forest Institute (Guatemala), ITTO and the International Union for Conservation of Nature (IUCN).



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Table 1 summarizes the ITTO projects and pre-projects completed in 2014; below are descriptions of completed projects.

### Increasing forest cover in Togo

The Government of Togo sought assistance through ITTO project PD 197/03 Rev.2 (F) to implement, in Eco-floristics Area IV, the national master plan for sustainable forest development. The aim of the master plan is to increase national forest cover through restoration.

The project, which began in 2004, built capacity among stakeholders in Eco-floristics Area IV in seedling production, nursery establishment and maintenance, silviculture, and other plantation management techniques. At project completion, women's associations, schools and churches were operating 45 nurseries in the Agou-Nyogbo and Kpélé-Elé prefectures. In addition, 1075 hectares of teak plantations had been demarcated and were being managed by local stakeholders; local development committees had enriched 164 hectares of natural forests in Missahohoe with indigenous species (from the *Terminalia, Khaya, Afzelia* and *Cordia* genera); and local communities had established 475 hectares of agroforestry plantations that mix teak with indigenous species (from the *Terminalia, Khaya, Afzelia* and *Cordia* genera).

The project also raised awareness among stakeholders about the national master plan for sustainable forest development and about key forest management concepts, and it helped stakeholders improve their livelihoods through agroforestry.

### Forest rehabilitation and community timber production in China

Local people in Yunnan Province, China, have long shown interest in establishing forest plantations, but they have lacked the appropriate knowledge. ITTO project PD 501/08 Rev.1 (F), which commenced in 2010, created local capacity in seedling production, nursery maintenance, soil preparation and fertilization, plantation establishment and silvicultural treatments through trial plantations and the rehabilitation of degraded forest. At project completion, a total of 70 hectares of valuable timber species had been planted, including amboine (*Pterocarpus indicus*), fragrant rosewood (*Dalbergia odorifera*), agarwood (*Aquilaria sinensis*), khmer (*Podocarpus neriifolius*) and *Betula alnoides*, along with a 0.8-hectare nursery. Local communities are now self-sufficient in seedling and timber production, and grassroots networks have been established to exchange information and improve community knowledge.



An agroforestry system featuring teak and banana in Eco-floristics Area IV, Togo. Photo: P. Masupa, ITTO



The entrance to the central nursery established by ITTO project PD 501/08 Rev.1 (F) in Menglian County, Yunnan Province, China. Photo P. Masupa, ITTO

### Improved management of trees outside forests in Thailand

Thailand imposed a ban on logging in natural forests in 1989. Since then, many local people have relied on tree resources outside forests for their livelihoods, but they have lacked an effective system for managing such resources. ITTO project PD 376/05 Rev.2 (F,M), which began in 2008, established a management system for trees outside forests in Ubon Ratchathani and Chumphon provinces with the participation of local people, which included mapping, ground sampling, a geographic information system, and data collection, storage and analysis. A guidebook for the inventorying and monitoring of trees outside forests in Thailand was published and distributed, and capacity building was carried out through workshops held at the demonstration sites. Now, local people can manage trees outside forests more effectively, and they have the capacity to rehabilitate degraded forest and engage in ecotourism.

### Bamboo to improve the livelihoods of tsunami-affected areas in Thailand

ITTO project PD 372/05 Rev.2 (F) aimed to improve the livelihoods of local communities affected by the tsunami that devastated southern Thailand (and other parts of Asia) in December 2004 through forest rehabilitation and the use of bamboo.

The project, which began in 2008, achieved its goal by rehabilitating 250 km of coastline, including 752 hectares of mangroves, 3688 hectares of coastal forest and 100 hectares of bamboo forest. The species of bamboo selected by local communities were pai kim sung (*Bambusa beecheyana*) for shoot production, pai tong (*Dendrocalamus asper*) for shoot and pole production, and pai ruak dam (*Thyrsostachys oliveri*) and pai sang mon (*Dendrocalamus sericeus*) for pole production.

The project also built the capacity of local communities to use various species of bamboo (i.e. *Bambusa bambos, B. longispata, Dendrocalamus hamiltonii, Thrysostachys oliveri* and *T. siamensis*), including for furniture-making and house construction.



Trees outside forests in northeastern Thailand during the rainy season. Photo: Department of National Parks, Wildlife and Plant Conservation, Thailand



A bamboo house constructed during hands-on training in February 2012 in Phang Nga Province, Thailand, as part of a project that assessed the physical properties of five bamboo species for their suitability and use for furniture-making and house construction in tsunami-affected areas in Thailand. Photo: H. Ok Ma, ITTO

# Improvement of community livelihoods through non-timber forest products in Indonesia

There is great potential in the Rinjani and Mutis Timau Mountains Protected Area on the Indonesian island of Lombok for improving the livelihoods of local communities by better managing non-timber forest products (NTFPs) such as fruits, oils and nuts. The communities there, however, have lacked the business management skills needed to add value to and increase revenues from NTFPs. ITTO project PD 521/08 Rev.3 (I), which commenced in 2011, helped increase the capacity of local communities in the sustainable use and processing of NTFPs through training and workshops. For example, the price of candlenuts increased by 34% from 2009 to 2012 because of value-adding through packaging and marketing.

Another business model that has increased revenue is honey production. The honey business "Girang, Gelek, Genem KLU" increased its revenue by bottling its honey.

The project published training materials, including booklets, posters and a video, to disseminate techniques and lessons learned among other communities in the area. The project also prompted the issuing of Bupati (Head of District) decrees aimed at accelerating the development of NTFPs in forests adjacent to the Rinjani and Mutis Timau Mountains Protected Area.

Harvesting honey in Mumbulsari, Rinjani, Lombok, Indonesia. Photo: Syafrudin, Worldwide Fund for Nature



### Table 1: Projects and pre-projects completed in 2014

	Project ID	Title	Total budget (US\$)	Donors	Submitted by	
	PD 197/03 Rev.2 (F)	Support for the implementation of a sustainable forest development master plan in Eco-floristic Area IV, Togo	445 483	Japan Norway	Togo	
	PD 372/05 Rev.1 (F)	Contribution to forest rehabilitation in Thailand's areas affected by tsunami disaster	1 133 640	Japan Switzerland USA Republic of Korea	Thailand	
	PD 376/05 Rev.2 (F,M)	To develop and promote a monitoring information system to support the sustainable development of tree resources outside forests at the subdistrict level in Thailand	718 487	Japan Australia Republic of Korea	Thailand	
	PD 501/08 Rev.1 (F)	Promoting household reforestation in tropical zone of southwestern China through development and extension of household-oriented techniques	592 263	Japan	China	
	PD 521/08 Rev.3 (I)	Participatory forest management for sustainable utilization of non-timber forest products surrounding the Rinjani and Mutis Timau Mountains Protected Area, Nusa Tenggara, Indonesia	617 574	Switzerland Japan USA	Indonesia	
	PPD 165/12 Rev.1 (F)	Study for the rehabilitation and sustainable management of sacred forests on Ramsar sites 1017 and 1018 in Benin	96 980	USA Republic of Korea Japan	Benin	
KEMIRI GUNUNG I	(000 %	by the comr Bareng near	processed and pac nunity business gro the Rinjani and Mu tains Protected Ar	kaged Sup Due	And the state of t	Spirit Sales Sales See Andread States  Spirit Sales Sales Sales See Andread States  Spirit Sales Sa

# Field results of projects in ITTO thematic programmes completed in 2014

Table 2 summarizes the projects and pre-projects completed under the thematic programmes in 2014; below are descriptions of completed projects.



### Reducing land degradation and rehabilitating the environment in Cameroon, Ghana, Liberia and Nigeria

Activity RED-PA 056/11 Rev.1 (F), which spanned five countries in West Africa, was implemented as part of the Thematic Programme on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests with the aim of addressing the continuing degradation and loss of forests in the subregion. Achievements include the following:

- In Cameroon, the establishment of a participatory forest management system has helped regulate the harvesting of wood and to educate people on the sustainable collection of NTFPs while protecting rare species.
- In Ghana, participatory fire management involving community-based patrolling to detect and prevent forest fires was instigated in a pilot area, and 134 000 hectares of degraded land were reforested with plantations of *Terminalia superba*, *Entan-*

dro-phragma species, Khaya species, Ceiba pentandra and Triplochiton scleroxylon.

- In Liberia, awareness of SFM was raised among forest-fringe communities in a pilot site in the Gola Yorma National Forest, and agroforestry practices were improved, with the aim of combating forest degradation and deforestation.
- In Nigeria, local communities and traditional authorities collaborated in fighting forest degradation and deforestation in the Akure Forest Reserve.

The activity contributed to an increase in the area of rehabilitated forests and forests under sustainable management in the five West African countries. Stakeholders at the pilot sites now have the capacity to maintain the various forest management strategies themselves and to network effectively. The results of the activity were presented at the 24th IUFRO World Congress in Salt Lake City, USA, in October 2014.

More information about the project is available at www.fornis.net and www.iufro.org/science/special/spdc.

A model nursery established by the Forestry Research Institute of Ghana to supply good-quality seedlings for the restoration of degraded forest reserves in Offinso District Photo: F. Foli FORIG

## Reduced emissions from deforestation and forest degradation in south Sumatra

Sumatra and Kalimantan in Indonesia are estimated to contain 13 million hectares of peat swamp forest. Peat swamp forests provide important environmental services, but they emit large quantities of greenhouse gases if they are destroyed, degraded or burnt; therefore, their sustainable management is essential. The aim of ITTO project RED-SPD 009/09 Rev.2 (F) was to reduce greenhouse-gas emissions and increase the carbon stock through the rehabilitation of degraded peat swamp forest and the training of local people in rehabilitation and forest management techniques. Under the project, about 42 000 seedlings of five indigenous forest tree species were used in demonstration plantings, comprising 8 000 seedlings of each of *Dyera, Shorea belangeran, Tetramerista glabra* and *Alseodhapne*, and 10 000 seedlings of *Melaleuca leucadendron*. Communities planted these seedlings at four locations: 10 hectares in a District Forest Service conservation area; 25 hectares in a "superior trees" area of an industrial forest plantation; 20 hectares in a high-conservation-value area of a palm-oil plantation; and 15 hectares in a local community in Ogan Komering District.

Under the project, there was an increase in the area of rehabilitated peat swamp forest in the pilot area and a decrease in deforestation. The capacity of local people to rehabilitate and manage peat swamp forest increased, income-generating opportunities were created, and networking among stakeholders improved.

### Establishing sustainable community forest management and enterprises in Indonesia

Ilndonesia's Ministry of Forestry launched an SFM mechanism called community-based plantation forest (CBPF), or *hutan tanaman rakyat*, in 2007 with the aim of empowering local communities; however, the capacity of communities to implement CBPF was weak. ITTO project CFM-PD 001/10 Rev.2 (F), which commenced in 2011, aimed to contribute to the implementation of CBPF by building the capacity of facilitators working for local governments and non-governmental organizations (NGOs) in business management, marketing, forest plantation management, value adding, and product development. The project also trained local communities in land mapping, plantation establishment and sustainable forest harvesting. For example, local people in Central Lombok District planted *Paraserianthes falcataria* in combination with tree species such as *Duabanga* species, *Swietenia mahagoni* and *Tectona grandis* to increase survival rates.

The project published a technical report on the economics of CBPF in the provinces of Lampung, North Sulawesi and West Nusa Tenggara with the aim of increasing the prices of forest products and improving the bargaining power of farmers. The project contributed to the goals of the Thematic Programme on Community Forest Management and Enterprises by helping build the capacity of communities and local governments in: business, marketing, and technology; SFM; financing; resolving land tenure issues and access rights; and family employment.

### Quantifying the carbon benefits of ITTO projects

The main output of ITTO project RED-PA 069/11 Rev.1 (F) was the Technical guide on the quantification of carbon benefits in ITTO projects, the aim of which is to support forest managers in monitoring and reporting on the carbon benefits of ITTO projects. Although directed primarily at the managers of ITTO projects, the publication is likely to also help other forest managers in understanding scientific, technical and social aspects of climate-change mitigation through forestry.

# Table 2: Projects, pre-projects and activities completed in 2014 (thematic programmes)

Project ID	Title	Total budget (US\$)	Submitted by
RED-PA 056/11 Rev.1 (F)	Strengthening the capacity of ITTO producer countries in Africa in generating and disseminating scientific information on reducing deforestation and forest degradation and enhancing environmental services from forests	348 120	Cameroon Ghana Liberia Nigeria
RED-SPD 009/09 Rev.2 (F)	Promoting partnership efforts to reduce emissions from the deforestation and forest degradation of tropical peatland in south Sumatra through the enhancement of conservation and restoration activities	181 287	Indonesia
CFM-PD 001/10 Rev.2 (F)	Strengthening the capacity of stakeholders for the development of community-based plantation forests at three selected areas in Indonesia	553 711	Indonesia
RED-PA 069/11 Rev.1 (F)	Quantifying the carbon benefits of ITTO projects	143 510	ITTO
RED-PPD 041/11 Rev.2 (F)	Designing a programme for capacity building and meaningful stakeholder participation in forest governance and REDD+ in Honduras and Guatemala	170 320	Honduras Guatemala



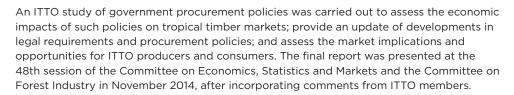
Seedlings of jelutung (Dyera Iowii) planted as part of a demonstration trial using indigenous species within an oil-palm plantation in South Sumatra, Indonesia. Photo: H. Ok Ma, ITTO



Community facilitators learn about boundary marking as part of mapping training provided by ITTO project CFM-PD 001/10 Rev.2 (F). Photo: Burhanuddin

Economics, statistics and markets

# Analysis of the economic impact of government procurement policies on tropical timber markets



The results of the study indicate that changes in tropical timber trade due to procurement policies are largely swamped by wider economic changes and market shifts. The main outputs of the study were:

- An analysis of the impacts of timber procurement policies on markets and trade, taking into consideration their effects on demand, supply, costs and prices, as well as the financial implications for exporting countries
- An examination of the challenges faced by ITTO producer and consumer countries in complying with and implementing timber procurement requirements
- Recommendations for further action by ITTO to promote trade in tropical timber in the context of timber procurement policies.

The study noted that, in many cases, tropical timber suppliers and consumers have demonstrated an ability to comply with public and private procurement policies, although this typically requires sustained commitment on the part of suppliers as well as significant financial, organizational and social resources. Government timber procurement is a niche segment in any national market, and not all producers find it profitable to obtain the required certification. The study showed that tropical timber suppliers are competing successfully in many emerging markets and that south-south trade and domestic markets in producer countries account for a rapidly increasing share of tropical timber consumption. The study recommended that such markets should increasingly be a focus of ITTO's efforts to develop and showcase producer-friendly policies that promote legal and sustainably produced timber.

The report has been published as part of ITTO's Technical Series.

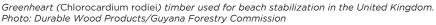


### Independent market monitoring of FLEGT-licensed timber

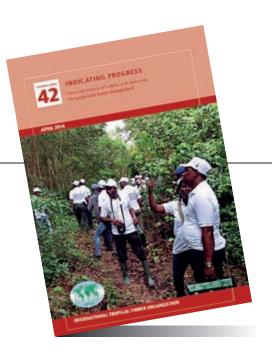
The IMM is a multi-year initiative supervised by ITTO and financed by the EU through the European Commission. Its purpose is to support the implementation of bilateral voluntary partnership agreements (VPAs) between the EU and timber-supplying countries developed as part of the EU's FLEGT initiative. The IMM provides independent scrutiny of the EU timber market and monitors the extent to which the market recognizes and appreciates FLEGT-licensed timber.

The role of the IMM is to allow VPA partner countries and the European Commission to better understand the market incentives of entering into and implementing VPAs and to monitor how the EU market and the wider international market for FLEGT-licensed timber develop during the life of a VPA. The IMM also builds on the opportunity presented by the development of legality assurance systems to improve the quality of timber trade statistics and the effectiveness of timber market development programmes for FLEGT-licensed timber.

A baseline report containing data on EU imports was produced in December 2014. The IMM will use this report in gauging the impacts of VPAs on timber trade, consulting with VPA partner countries, and developing indicators to facilitate the monitoring of timber flows in EU and VPA partner countries.







### Making better use of criteria and indicators

Indicating progress: uses and impacts of criteria and indicators for sustainable forest management, published by ITTO in April 2014 as part of its Technical Series, is a comprehensive assessment of the ways in which C&I for SFM have been applied and the extent to which they have helped improve forest policies and management practices in ITTO member countries. ITTO pioneered the development of C&I in the 1990s and is a leader in promoting their use for monitoring and reporting on forests, especially in the tropics. The publication includes an examination of five major C&I processes involving about 90 countries.

Nearly 40 participants from Benin and Mali gathered on 26–30 March 2014 in Cotonou, Benin, for an ITTO-sponsored training workshop on C&I for SFM. Issues discussed included:

- Monitoring, assessing and reporting on forests
- Country reporting capabilities
- Field-level implementation
- Developments in international forestry and in C&I for SFM processes.

Thanks to this training, forest authorities in Benin and Mali are now better equipped for monitoring, assessing and reporting on forest resources, SFM policy frameworks, forest ecosystem health, and socioeconomic aspects of forests. The workshop was the 28th national training exercise on C&I for SFM undertaken by ITTO since 2000.



C&I workshop participants in Cotonou, Benin. Photo: Direction de Gestion des Forêts et des Ressources Naturelles



Participants in the International Forum on Payments for Environmental Services from Tropical Forests hear from a guide during a field visit in San Carlos, Costa Rica, where landowners receive payments for the water catchment protection services their forests provide. Photo: H. Ok Ma, ITTO



## Promoting the environmental services of tropical forests

Nearly 150 participants from about 60 countries gathered in San José, Costa Rica, on 7-10 April 2014 for the International Forum on Payments for Environmental Services from Tropical Forests. They shared experiences on the implementation of "payments for environmental services" (PES) schemes for the environmental services provided by tropical forests and proposed ways to scale up such schemes. The forum, which ITTO convened in partnership with FAO and the Government of Costa Rica, addressed four topics:



- 1) PES schemes for SFM
- 2) Developing innovative financial mechanisms
- 3) Ensuring benefits for local communities
- 4) Establishing robust governance and institutional arrangements.

PES schemes are heralded as a means of broadening the income base of SFM. This is especially needed in the tropics, where forestry often struggles to compete with agriculture and other land uses in the income it generates. The development of national, regional and international markets for environmental services such as carbon sequestration, biodiversity conservation and watershed protection provide hope that the revenue streams generated by PES schemes can supplement or even, in some cases, replace those produced by more traditional forest activities, such as timber extraction. Such markets are still mostly small and fragmented, however, and there is a need to widen their scope if more people in tropical countries are to benefit from them.

The policy brief *Rewarding the service providers*, which is based on the findings of the forum, is helping increase awareness among policymakers and the general public about the vital role of tropical forests in providing environmental services and the increasing need for beneficiaries to compensate forest owners and managers for those services. The policy brief was launched at the 22nd session of the FAO Committee on Forestry, which was held in Rome, Italy, in June 2014. Among other things, the brief notes the potential for PES schemes to help:

- Alleviate rural poverty
- Reduce deforestation
- Stimulate the rehabilitation of degraded forestlands
- Increase the uptake of SFM.



Panellists at a thematic session on PES benefits for communities, held as part of the International Forum on Payments for Environmental Services from Tropical Forests. Photo: H. Ok Ma, ITTO



Participants discuss a poster session at the International Forum on Payments for Environmental Services from Tropical Forests. Photo: H. Ok Ma. ITTO



# Improving statistical collection and reporting: China workshop on forest product statistics

ITTO, FAO and APFNet held a regional workshop on forest product statistics on 17-19 September 2014 in Kunming, Yunnan Province, China. Participants in the workshop were from Cambodia, China, the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam.

The workshop focused on improving data collection and validation in participating countries. It was also an opportunity to discuss and resolve discrepancies in forest product trade statistics reported by trading partners in the region, and it helped strengthen international collaboration on forest product data collection and the joint efforts of ITTO, FAO and APFNet to improve data quality.

ITTO also shared its experiences in improving statistical data collection and analysis in tropical countries at a statistical workshop for the Southern Africa region, which was convened by FAO in South Africa on 25–27 November 2014.



The opening ceremony of the ITTO-FAO-APFNet regional workshop on forest product statistics held in China in September 2014. From left: Yanshu Li, FAO; Emmanuel Ze Meka, ITTO Executive Director; Qu Guilin, APFNet Executive Director; and Jean-Christophe Claudon, ITTO Statistical Assistant. Photo: APFNet



Solid wood flooring in Shanghai, China, ready to ship to domestic and international markets. Photo: L. Qiang, ITTO



An internal control form for CoC certification in Peru. ITTO pre-project PPD 138/07 Rev.1 (M) assisted Peru in designing a pilot certification system. Photo: Bosques, Sociedad y Desarrollo

### Monitoring forest and timber certification

The Committee on Economics, Statistics and Markets reviewed progress in forest and timber certification at its annual session in 2014. It noted that the total area of certified forests in ITTO producer member countries was 25.5 million hectares in 2013, which was 5.7% of the global area of certified forests (444 million hectares). A total of 2653 chain-of-custody (CoC) certificates were current in ITTO producer member countries in 2013, which was 9.7% of the total number of CoC certificates worldwide.

Forest certification in ITTO producer member countries mainly involves two international certification systems: those of the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).

#### FSC

- The area of FSC-certified forests in ITTO producer countries was 17.2 million hectares in 2013, which was 9% of the total area of FSC-certified forest worldwide
- There were 2259 FSC CoC certificates in ITTO producer countries in 2013, which was 8.3% of the global total
- The ITTO producer countries with the largest areas of FSC-certified forest in 2013 were:
  - Brazil—7 million hectares (1030 FSC CoC certificates)
  - Gabon-2.1 million hectares
  - Indonesia—1.7 million hectares

#### PEFC

- The total area of PEFC-certified forest in ITTO producer countries was 6.4 million hectares in 2013, which was 2.5% of the total area of PEFC-certified forest worldwide
- There were 388 PEFC CoC certificates in ITTO producer countries in 2013, 3.9% of the total worldwide, with Malaysia holding almost three-quarters (282) of these
- The ITTO producer countries with the largest areas of PEFC-certified forest in 2013 were:
  - Malaysia-4.7 million hectares
  - Brazil—1.7 million hectares.

In addition to the FSC and the PEFC, three ITTO producer countries have their own certification systems:

- 1) Brazilian Forest Certification Programme (CERFLOR)
- 2) Indonesian Ecolabeling Institute (LEI)
- Malaysian Timber Certification Council (MTCC).

The PEFC has endorsed CERFLOR and the MTCC, the certification statistics of which are included in those of the PEFC. In Indonesia, 1.9 million hectares of forest were certified under the LEI in 2013, and six CoC certificates were issued or remained valid. Indonesia has also developed and enforced the Indonesian Timber Legality Assurance System (known as the SVLK for its acronym in Bahasa Indonesia), which uses a certification approach and requires all forest business units to obtain legality certificates.

Two-thirds of the world's certified forests was certified by the PEFC in 2013 and almost one-third was certified by the FSC, but the FSC accounted for the bigger share of certified forests in ITTO producer member countries. The PEFC is expected to expand in tropical forests in coming years through its endorsement of certification systems in ITTO producer member countries. For example, the PEFC was assessing the Indonesian Forestry Certification Cooperation system in late 2014, and it endorsed the China Forest Certification Council in early 2014.



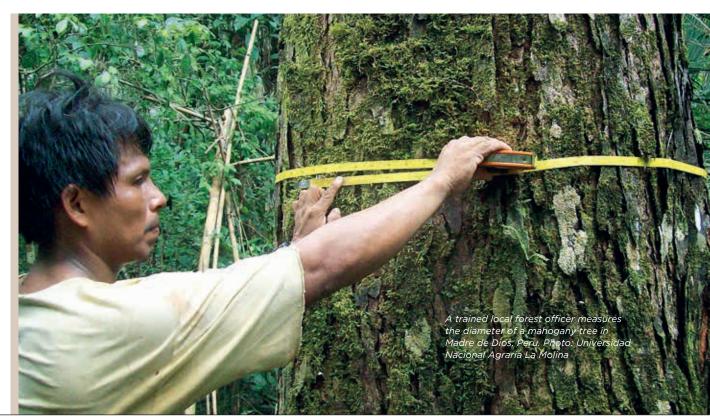
A field worker measures the diameter of a young cedar tree in Madre de Dios, Peru. Photo: Universidad Nacional Agraria La Molina

### Cooperation between ITTO and CITES

The ITTO-CITES Programme for Implementing CITES Listings of Tropical Timber Species, which began in 2006, aims to ensure that international trade in tropical tree species listed in the appendices of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) is consistent with the sustainable management and conservation of those species. The objectives of the ITTO-CITES programme are to: assist CITES national authorities and the private sector in meeting the requirements for managing and regulating trade in CITES-listed tree species; provide capacity-building support; and conduct specific studies where information is lacking so as to develop an enhanced global framework for collecting and analyzing information on the biology and management of CITES-listed tree species and trade in products derived from them.

The main species covered by the ITTO-CITES programme to date are *Pericopsis elata* (afrormosia, assamela), *Prunus africana* (African cherry, pygeum) and *Diospyros* species (ebony) in Central Africa and Madagascar; *Swietenia macrophylla* (big-leaf mahogany), *Cedrela odorata* and other *Cedrela* species (cedro, cedar) in Latin America; *Gonystylus* species (ramin) and *Aquilaria* and *Gyrinops* species (agarwood) in Asia; and *Dalbergia* species (rosewood) in both Africa and Latin America.

The ITTO-CITES programme continued its collaborative capacity-building activities in 2014. As of December 2014, 36 country-specific activities had been approved and were under way or already completed under phase 2 of the programme. These activities are described in Table 3 and Table 4, and further details are available at **www.itto.int/cites\_programme.** 



# Table 3: Activities completed under the ITTO-CITES programme in 2014

prog			
Country	Title	Agency	
Brazil	Big-leaf mahogany ( <i>Swietenia macrophylla</i> ) in the Brazilian Amazon: long-term studies of population dynamics and regeneration ecology towards sustainable forest management	Instituto Floresta Tropical	
Cameroon	Settlement of a monitoring system for logging and processing assamela, and training control agents on the use of CITES tools and procedures in Cameroon	Agence Nationale d'Appui au Developpement Forestier	
Indonesia	The assessment of ramin plantation requirements and the establishment of ramin genetic resources conservation gardens  Promoting the conservation of plant genetic resources of  Aquilaria and Gyrinops species in Indonesia	Forestry Research and Development Agency	
Malaysia	Use of DNA for the identification of <i>Gonystylus</i> species and timber geographical origin in Sarawak  In vitro propagation of <i>Gonystylus bancanus</i> (ramin) in Sarawak	Ministry of Natural Resources and Environment Sarawak Forestry Corporation and Forest Department Sarawak	
Peru	Confirmatory assessment of forest inventories for cedar and big-leaf mahogany	Universidad Nacional Agraria La Molina	

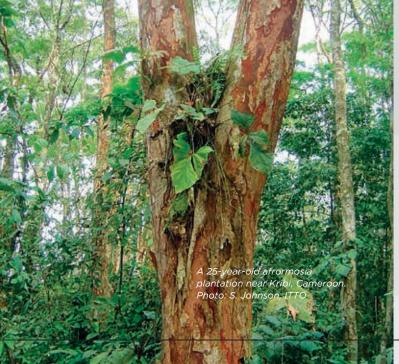
# Table 4: Activities ongoing under the ITTO-CITES programme in 2014

Country	Title	Agency
	Africa	
Cameroon	Law enforcement and management of <i>Pericopsis elata</i> in production forests in Cameroon  Sustainable management of <i>Pericopsis elata</i> towards the implementation of the simple management plan of the Bidou II plantation in the Kienke South Forest Reserve, Cameroon	Agence Nationale d'Appui au Developpement Forestier
Democratic Republic of the Congo	Non-detriment findings for <i>Prunus africana</i> (Hook.f.) Kalman in North and South Kivu, the Democratic Republic of the Congo Development of non-detriment findings for <i>Pericopsis elata</i> in the Democratic Republic of the Congo	Institut Congolais pour la Conservation de la Nature Direction de la Conservation de la Nature
Congo	Promotion of the sivilculture of <i>Pericopsis elata</i> in north Congo	Centre National d'Inventaire et d'Aménagement des Ressources Forestières et Fauniques
Cameroon, the Congo	Pilot implementation of a DNA traceability system for Pericopsis elata in forest concessions and sawmills in Cameroon and the Congo	Double Helix
Cameroon, Democratic Republic of the Congo	Pilot implementation of a DNA traceability system for <i>Prunus africana</i> in " <i>Prunus</i> allocation units" in Cameroon and the Democratic Republic of the Congo	Double Helix
	Asia	
Indonesia	Managing agarwood plantations in Indonesia  Capacity building on seedling propagation techniques and awareness-raising on CITES implementation and ramin roadmap  Development of a ramin conservation concept (Gonystylus species) for plantation forest concessions  Ensuring genetic diversity of ramin seed sources and ramin population from rooted cuttings  Establishment of an integrated agarwood cluster in Bintan Island, Indonesia	Directorate of Biodiversity Conservation  Association of Indonesian Forest Concessions  Forestry Research and Development Agency
Malaysia	Reproductive and genetic studies towards the conservation and management of <i>Aquilaria malaccensis</i> in Peninsular Malaysia  Development of an information database for the conservation and sustainable use of <i>Gonystylus bancanus</i> (ramin) and <i>Aquilaria malaccensis</i> (karas) in Malaysia  Capacity building of Forestry Department Peninsular Malaysia's staff in identifying <i>Aquilaria</i> to species level and in the grading of agarwood	Forest Research Institute Malaysia Forestry Department Peninsular Malaysia

# Table 4: Activities ongoing under the ITTO-CITES programme in 2014

(continued)

	Country	Title	Agency	
		Latin America		
	Brazil	Big-leaf mahogany ( <i>Swietenia macrophylla</i> ) in the Brazilian Amazon: long-term studies of population dynamics and regeneration ecology towards sustainable forest management (2nd extension)	Instituto Floresta Tropical, Yale University and James Grogan, with support from the Brazilian Forest Service	
		Ecology and silviculture of mahogany (Swietenia macrophylla King) in the western Brazilian Amazon	Fundação de Apoio à Pesquisa, Extensão e Ensino em Ciências Agrárias and the Federal Rural University of the Amazon	
		Using the near infrared spectroscopy technique on a pilot scale as a potential tool for the monitoring of mahogany trade	Foundation for Forest Technology and Geoprocessing	
	Guatemala	Establishment of a forensic laboratory for timber identification and description in the implementation of legal proceedings and traceability systems for CITES-listed products  Population and abundance survey for <i>Dalbergia retusa</i> and <i>D. stevensonii</i> species in their natural range areas in Guatemala  Non-detriment findings—practical guidance for CITES-listed tree species	Fundación Naturaleza para la Vida  Universidad de Córdoba (Spain),  Consejo Nacional de Áreas	
	Peru	Management of mahogany (Swietenia macrophylla King) and cedar (Cedrela species) seed stands in a forest concession for the conservation of the Tahuamanu seed stand in the province of Tahuamanu, Madre de Dios, Peru	Protegidas (Guatemala) Universidad Nacional Agraria La Molina	
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### **Annual Market Discussion**

The 2014 Annual Market Discussion, organized by ITTO's Trade Advisory Group, was held at the 50th session of the International Tropical Timber Council on the theme of "domestic and emerging international markets—a changing market landscape". This theme was chosen in light of the economic growth that has occurred in Asia, Latin America and Africa in recent years, which is changing the nature of global wood-product markets and shifting demand from the West to the East.

Presentations were made by speakers from the International Wood Products Association (USA), the Brazilian Association for Mechanically Processed Timber (ABIMCI), the Thai Timber Association, the Wood Foundation (South Africa), and independent consultants.

### Emerging markets for the timber industry

Isac Chami Zugman, Vice President of ABIMCI, presented on the "evolution of the Brazilian timber sector—high-value exports and imports". He noted that Brazilian wood production, including for pine sawnwood, pine plywood, wooden doors, wooden frames, mouldings, wood-based panels and pulp and paper, had been increasing since 2000. Mr Zugman forecast that forest plantations would provide 93–95% of Brazil's industrial timber supply by 2020, and he suggested that, in addition to growing domestic demand, Brazilian exports of solid wood products were also likely to increase, helping to further develop the Brazilian forest industry.

Jirawat Tangkijngamwong, Chairman of the Thai Timber Association, spoke about opportunities for timber exporters in Thailand where, he said, the focus is on wood processing as a platform for exports. Mr Tangkijngamwong observed that Thailand's attractiveness to exporters relied on an eco-friendly design platform, strong economic foundations, efficient logistics, and an expanding domestic market. He also noted that a timber legality assurance system had been introduced to promote forest law enforcement and combat illegal logging. Because of this, wood products manufactured in Thailand now required evidence of legality, which benefited exporters.

Right: Jirawat Tangkijngamwong, Thai Timber Association, Thailand. Photo: IISD Reporting Services

Roy Southey, Chairman of the Wood Foundation, gave a presentation titled, "South Africa—the emerging market opportunity, what we have and what we need". He noted that South Africa's timber industry is well developed; there are more than 200 wood-producing enterprises (based mainly on pine); limited exports are made to various countries around the Indian Ocean; and hardwood imports are restricted to the value-added market segment. He reported a positive outlook for South Africa's timber sector, given that the economy is projected to grow annually by 2.0–4.5% and the population is also growing rapidly. For tropical exporters to benefit from this growth, said Mr Southey, the sector will need to: change the current negative perception of tropical woods by actively promoting them as a natural and sustainable choice; improve price competitiveness (especially compared with alternative materials); ensure stability of supply; and provide sawmillers with better information about the availability and properties of tropical timber species.

Isac Chami Zugman, ABIMCI, Brazil. Photo: IISD Reporting Services







Roy Southey, the Wood Foundation, South Africa. Photo: IISD Reporting Services

Cindy Squires, International Wood Products Association, USA. Photo: IISD Reporting Services





Gordon Gresham, marketing advisor, United Kingdom. Photo: IISD Reporting Services

### **Environmental goods**

**Cindy Squires**, Executive Director of the International Wood Products Association, USA, reported that the next Global Timber Forum summit will be held in June 2015 in China with a focus on four topics: 1) valuing the forest resource; 2) meeting market legality requirements; 3) promoting wood products; and 4) realizing new opportunities for capitalizing on the potential of timber and timber products in the green building market by communicating their multiple benefits.

#### Lessons for ITTO in partnering with the private sector

**Enzo Barattini**, a retired official from the European Commission, observed that the private sector is a vital player in fighting poverty because it accounts for 90% of employment in developing countries. To enable the expansion of the private sector to address development issues, obstacles such as inappropriate legislation, complex administrative procedures, high taxation, and limited access to financing should be removed. Mr Barattini spoke about the EU experience in using "ad-hoc platforms" to encourage dialogue between the private sector and governmental institutions, as well as to provide technical assistance. The question was no longer whether development actors should engage with the private sector, he said, but how they could do so effectively to enable economic growth. Mr Barattini further stated that actors or sectors could not hope to solve development issues individually; rather, the public sector, civil society and the private sector needed to work together, moving beyond corporate social responsibility to create "shared values" and transparent mechanisms for the allocation of resources. Mr Barattini concluded that ITTO should encourage greater synergy between its Council and the Trade Advisory Group by enabling the Trade Advisory Group to present proposals to the Council and through greater consultation between the Council and the Trade Advisory Group on possible actions and strategies.

Above left: Enzo Barattini, retired official of the European Commission. Photo: IISD Reporting Services

Gordon Gresham, an independent consultant and marketing advisor based in the United Kingdom, highlighted ITTO's potential to achieve much more while keeping focused on its mandate of promoting tropical timber trade from legal and sustainable sources. He recommended that ITTO concentrate its limited resources on projects that have major impacts in spreading ITTO's message and values within its membership. He suggested that ITTO fellowships should provide more hands-on training, for example by promoting exchanges of fellows among producer and consumer countries to work or undertake studies in timber mills, furniture factories and timber-importing companies so they may better understand the reality of the timber industry and wood-product markets. Mr Gresham recommended that ITTO embark on a robust and prolonged positive media campaign stressing the importance of using products from eco-friendly, renewable and sustainable sources, and conveying the fact that millions of people worldwide depend on timber for their livelihoods.

### Review and assessment of world timber situation

Under the ITTA 2006, a "review and assessment of the world timber situation" is to be published biennially (Article 28). The next edition of this review and assessment (covering the 2013–2014 biennium) was due to be released in June 2015.

### Forest industry

# Development of lifecycle assessment for environmental product declarations for timber products



In response to the demand in international timber markets for environmentally responsible construction materials, ITTO published environmental product declaration reports for meranti plywood in Indonesia and Malaysia and khaya lumber in Ghana in 2014. These reports are available at **www.itto.int**.

# Better access to information on lesser-used timber species

As part of its 2013–2014 Biennial Work Programme, ITTO conducted a survey to identify how using ITTO-funded projects to fill gaps in knowhow and technology could improve the efficiency of tropical timber industries. The survey indicated that, at a global level, making more information available on lesser-used tropical timber species could help significantly in the transfer of technology and knowhow. ITTO subsequently developed a website with the aims of:

- Providing information on the properties, uses and availability of lesser-used tropical timber species
- Supporting small and medium-sized timber producers with value-added production and marketing
- Promoting responsible forestry and certified forests
- Educating retail buyers about timber products and certified forestry.

The website (www.tropicaltimber.info) is due to be launched in 2015.

### Reforestation and forest management

# Voluntary guidelines for the sustainable management of natural tropical forests



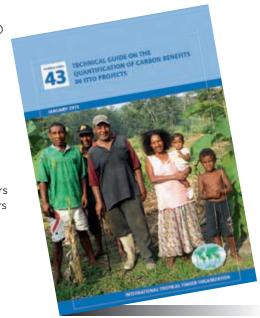
ITTO's Voluntary guidelines for the sustainable management of natural tropical forests were adopted in November 2014 in accordance with Decision 4 (XLIX) of the International Tropical Timber Council. The voluntary guidelines update and replace the original ITTO guidelines for the sustainable management of natural tropical forests, which were published in 1990. The new voluntary guidelines set out seven principles of SFM, guidelines for these principles, and suggested actions for the implementation of each guideline. The voluntary guidelines are informed by improved knowledge and the emergence of a wide range of new challenges and opportunities for tropical forest management. The document is designed to guide forest managers, policymakers and other stakeholders in addressing the policy, legal, governance, institutional, ecological, social and economic issues that need to be taken into account in the planning, implementation and evaluation of SFM in natural tropical forests to ensure the sustainable provision of forest goods and environmental services.

### Quantifying carbon benefits of ITTO projects

The *Technical guide on the quantification of carbon benefits* in ITTO projects, which was published in early 2015, is the outcome of a study on quantifying the carbon benefits generated by ITTO projects. Three ITTO projects were used as case studies:

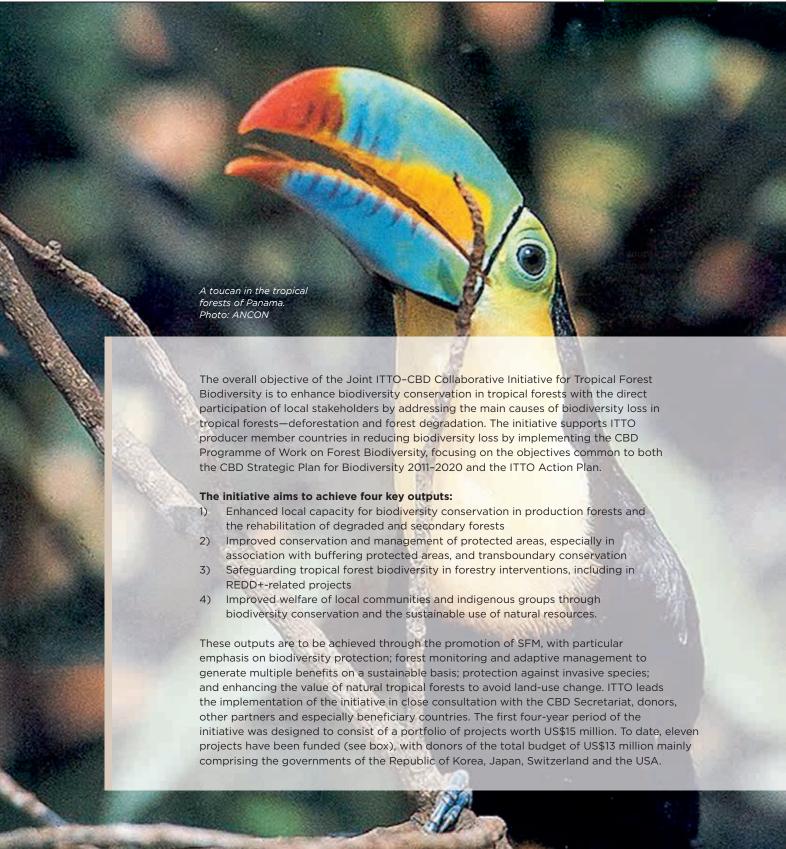
- 1) Alternative financing model for SFM in San Nicolas (Colombia)
- Women and tropical forestry development programme, Phase 1 (Ghana)
- Development of the Lanjak-Entimau Wildlife Sanctuary as a totally protected area (Malaysia).

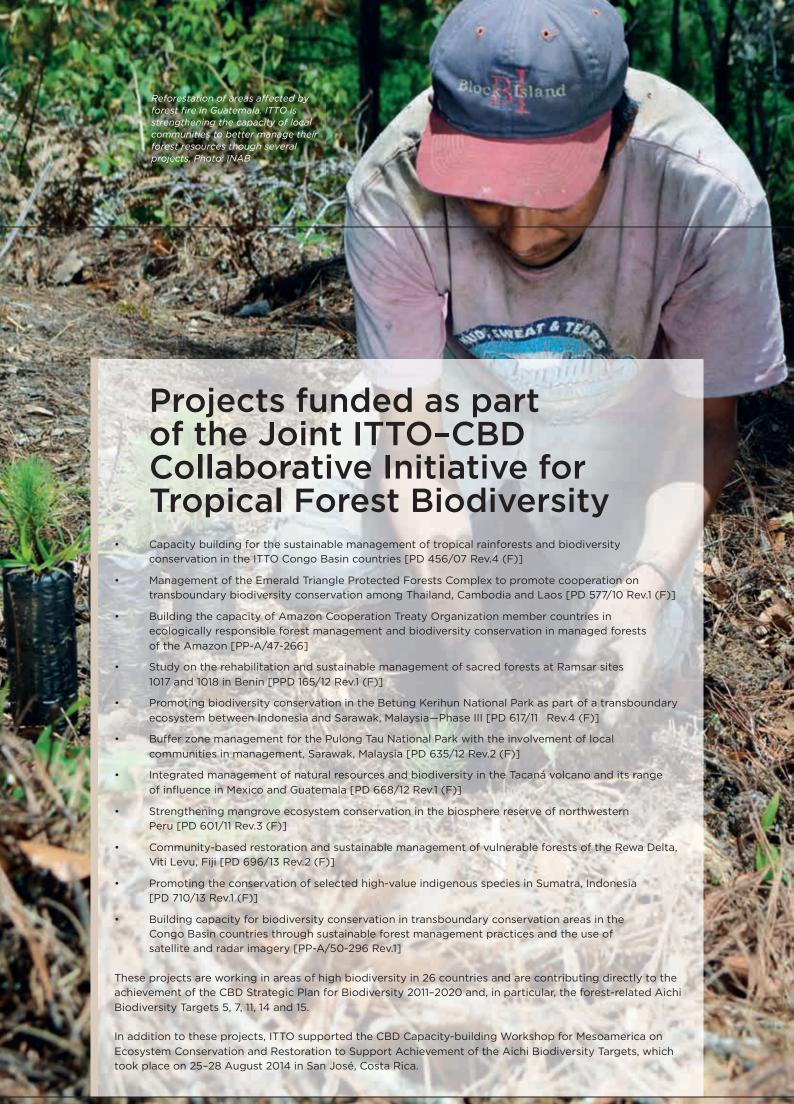
The technical guide provides forest managers with step-by-step advice in measuring the carbon benefits of forest projects, thereby enabling them to take advantage of opportunities offered by REDD+ and other payment schemes for reducing forest-related greenhouse-gas emissions and sequestering carbon in forests and long-life forest products. Although directed primarily at the managers of ITTO projects, the guide is likely to also help other forest managers in estimating and capitalizing on the carbon benefits of SFM.



### ITTO-CBD collaborative initiative







# Renewal of memorandum of understanding

ITTO Executive Director Emmanuel Ze Meka and CBD Executive Secretary Braulio de Souza Dias signed an MOU on 13 October 2014 at the joint ITTO-CBD-JICA side-event "Achieving forest-related Aichi Targets on the ground: Joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity", which was held on the margins of the 12th Conference of the Parties (COP) of the CBD in Pyeongchang, Republic of Korea. The purpose of the MOU is to identify, develop and implement targeted joint activities on tropical forests and tropical forest biodiversity. The first MOU between the two organizations was signed in 2010 and covered five years; the signing in Pyeongchang extended the duration of the agreement to 2020.

# Regional workshop on SFM and forest education in Latin America

This workshop, which was co-organized by ITTO, FAO, the Peruvian Forest Service and Universidad Nacional Agraria La Molina, took place on 8-10 December 2014 in Lima, Peru. Its aim was to assess the status of forestry education in Latin America and to propose actions to enhance forestry education based on forest-sector needs. The workshop had 80 participants from 16 countries and 24 universities.

## Other ongoing policy work

ITTO addressed several other policy areas related to reforestation and forest management in 2014, including:

- Improving the management of secondary tropical forests, restoring degraded tropical forests and rehabilitating degraded forest land
- Strengthening cooperation between ITTO and the Amazon Cooperation Treaty Organization (ACTO)
  countries on C&I for SFM and related topics. ACTO members are now reviewing the final draft of the
  harmonized ACTO-ITTO C&I.
- Monitoring developments in the UNFCCC and Intergovernmental Panel on Climate Change relevant to forests and the potential implications of such developments for tropical forests and the world tropical timber economy

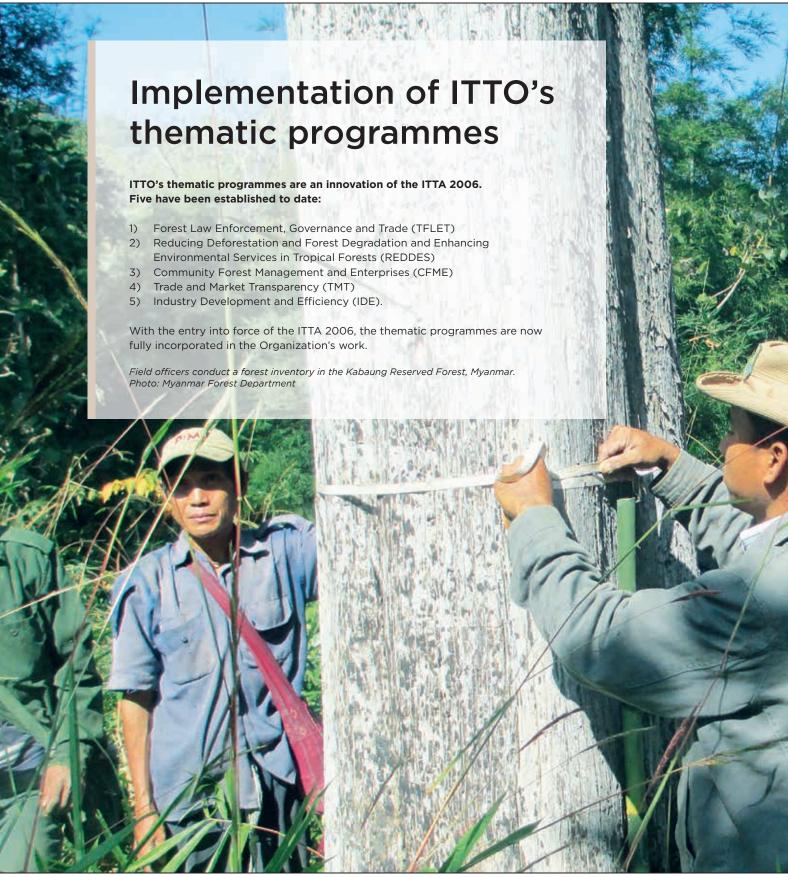


CBD Executive Secretary Braulio Dias (left) and ITTO Executive Director Emmanuel Ze Meka renew the commitment of their two organizations to working jointly to conserve biodiversity in tropical forests. Photo: J. Leigh, ITTO



Participants at the regional workshop on SFM and forestry education. Photo: Universidad Nacional Agraria La Molina

## ITTO thematic programmes





# Table 5: Approved thematic programme proposals, 2014

Country	Identification code	Title	ITTO funding (US\$)
		6th TFLET cycle	
Australia	TFL-PD 037/13 Rev.2 (M)	Implementing a DNA timber-tracking system in Indonesia	518 833
Guatemala	TFL-PPD 045/13 Rev.2 (M)	Improving forest product monitoring and efficiency through the development of a programme to enhance the performance of the primary forest processing industry	66 942
Indonesia	TFL-PD 032/13 Rev.2 (M)	Strengthening the capacity of local institutions to sustainably manage community forestry in Sanggau for improving livelihoods	456 680
Indonesia	TFL-PD 033/13 Rev.2 (M)	Strengthening the governance of community forests through improved capacity to adequately perform timber administration in Java and Nusa Tenggara, Indonesia	495 880
Mali	TFL-SPD 038/13 Rev.3 (M)	Capacity-building programme to foster law enforcement and local governance of timber use and marketing activities in the Segou region, Mali	149 707
Panama	TFL-PD 044/13 Rev.2 (M)	Strengthening ANAM's management capacity to reduce illegal logging and trade in the eastern region of Panama (Bayano and Darien) through monitoring and control mechanisms	412 556
Papua New Guinea	TFL-SPD 043/13 Rev.1 (M)	Chain-of-custody verification for timber processors in Papua New Guinea	147 280
		4th TMT cycle	
Guyana	TMT-SPD 014/13 Rev.1 (M)	Enhancing the sustainable management and commercial utilization of the CITES-listed species <i>Cedrela odorata</i> (red cedar) in Guyana	136 640

Table 6: Thematic programme funding pledged and received under the Strategic Action Plan 2013-2018, as of 31 December 2014

	US\$								
Source	TFLET	REDDES	CFME	ТМТ	IDE	Total			
Australia	1 942 098	-	-	-	-	1 942 098			
EU/CITES	-	1	1	631 419	-	631 419			
Switzerland	-	300 000	-	-	-	300 000			
Japan	200 000	-	-	-	-	200 000			
USA	50 000	1	-	100 000	-	150 000			
Total	2 192 098	300 000	-	731 419	-	3 223 517			

# Table 7: Number of projects by thematic programme, as of 31 December 2014

(including both precursor era and under the Strategic Action Plan 2013-2018)

The field results of thematic programme projects and activities completed in 2014 are summarized on pages 14-16.

							US\$
Country/region	TFLET	REDDES	CFME	тмт	ICE	Funded projects	Funding
Cameroon	2	3				5	924 682
Democratic Republic of the Congo		1				1	476 820
Gabon				1		1	138 996
Ghana	2	3	1	1		7	1 649 483
Liberia		1				1	149 922
Mali	1					1	149 707
Togo		2				2	628 798
Africa total	5	10	1	2	0	18	4 118 408
Australia	1					1	518 833
China	1	2				3	616 896
Indonesia	4	3	1			8	3 489 425
Malaysia		1				1	590 922
Myanmar		1				1	571 890
Papua New Guinea	1		1			2	269 320
Asia-Pacific total	7	7	2	0	0	16	6 057 286
Brazil		2				2	1 266 894
Colombia	1					1	91 498
Ecuador		1				1	149 922
Guatemala	3	2		1		6	1 293 414
Guyana		1		2		3	858 240
Honduras and Guatemala		1				1	144 650
Mexico		1				1	470 682
Panama	1					1	412 556
Peru	2	2				4	1 041 080
Latin America total	7	10	0	3	0	20	5 728 936
TFLET precursor	8					8	2 792 998
France				1		1	138 033
Germany	1					1	155 522
ITTO Secretariat		3	1	3		7	1 053 926
"Others" total	9	3	1	4	0	17	4 140 479
Grand total	28	30	4	9	o	71	20 045 109

## **Fellowships**



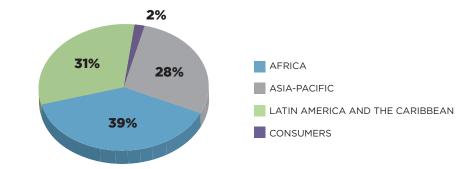


Figure 1: Fellowships awarded in 2014, by region

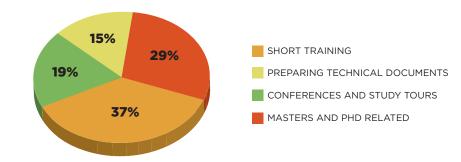


Figure 2: Proportion of fellowships awarded in 2014, by purpose

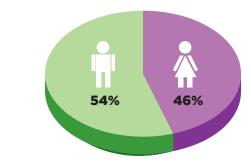


Figure 3: Proportion of fellowships awarded in 2014, by gender

## Fellowship network

ITTO launched a social media network (**www.ittofellownet.org**) in June 2014 to facilitate interaction and knowledge-sharing among ITTO fellows and alumni on the sustainable management of tropical forests. About 500 people signed up to the network in 2014 to share experiences, publications and information on courses, conferences and grants.

Professor Pauletto addresses the 50th session of the International Tropical Timber Council. Photo: K. Sato, ITTO

## 25th anniversary of Fellowship Programme—fellows tell Council of long-term impacts

The ITTO Fellowship Programme celebrated its 25th anniversary in 2014. To mark the occasion, three ITTO fellows were invited to present their success stories at the 50th session of the International Tropical Timber Council, which took place on 3-8 November 2014 in Yokohama, Japan. The fellows— Professor Daniela Pauletto (Brazil). Dr Paul Bosu (Ghana) and Professor San Win (Myanmar)—spoke about the impacts their ITTO fellowships have had on their professional development.

Professor Pauletto used her fellowship grant to undertake the International Course in the Diversified Management of Natural Tropical Forest at the Tropical Agricultural Research and Higher Education Center, Costa Rica, in 2008. Professor Pauletto told the Council that her participation in the course had helped her perform better as a government official. She is now an assistant professor at the Federal University of West Pará, Brazil, where she works on SFM and improving the livelihoods of local communities. Professor Pauletto thanked ITTO "for having helped me along this life path. The ITTO fellowship has had a great and positive impact on my professional and personal life".

Dr Bosu received two ITTO fellowships—for a study tour to Northern Arizona University as part of his Master's programme in 1997 and an environmental leadership course at the Smithsonian Institute in 2009. Dr Bosu told the Council that the skills he gained through these fellowships helped him in projects to establish mixed native species' plantations, monitor forest health, and create the Bobiri Butterfly Sanctuary and Ecotourism Center. Dr Bosu received the Scientist of the Year Award at the Forestry Research Institute of Ghana (FORIG) in 2006 and the national Best Agricultural Researcher Award in 2007. He now works as Senior Research Scientist at FORIG, where he shares his knowledge with students. Dr Bosu said, "the ITTO fellowship I received in 1997 was like a springboard upon which I leaped into forestry as a career".

Left: Dr Bosu addresses the 50th session of the International Tropical Timber Council. Photo: K. Sato, ITTO

Professor San Win received two ITTO fellowships (in 2003 and 2008) to document the shifting cultivation practices of various hill tribes in Myanmar. His paper won first prize at the Forest Research Congress in 2005 for promoting SFM in Myanmar, and it also received an award on World Food Day in 2005 for its contribution to addressing the food security of upland dwellers. The two ITTO fellowships, said Professor San Win, accelerated his promotion to his present post as Pro-rector at Myanmar's University of Forestry. Professor San Win is now working on an agroforestry project to improve the livelihoods of shifting cultivators, and he shares his knowledge with undergraduate and post-graduate students at his workplace. He told the Council, "the ITTO Fellowship Programme greatly helps building capacities for young generations in ITTO member countries".

With its 25-year track record, the ITTO Fellowship Programme is playing a key role in the professional development of people committed to improving the management of tropical forests and the livelihoods of forest-dependent people.







Professor San Win addresses the 50th session of the International Tropical Timber Council. Photo: K. Sato, ITTO

# International cooperation and collaboration



6-7 February 2014 International seminar on REDD+ implementation and sustainable forest management Tokyo, Japan

ITTO co-organized this seminar with the Forestry and Forest Products Research Institute of Japan, JICA, the Institute for Global Environmental Strategies and the United Nations University. The objective was to review and discuss the latest SFM approaches and activities at all scales and forest types with the aim of turning SFM into a means and an opportunity for REDD+. An ITTO representative chaired the session titled, "Lessons from REDD+ readiness and demonstration project implementation and linkages with SFM".

3 March 2014



ITTO joined the global celebrations of World Wildlife Day by highlighting the important global role of forests as biodiversity habitat.

21 March 2014

## International Day of Forests

ITTO joined the global celebrations of the International Day of Forests by sharing a message on its website and via its newsletter highlighting the role of forests throughout history in providing goods and services for human development.

ITTO Executive Director Emmanuel
Ze Meka helps plant a tree at a tree-planting
event in Tokyo as part of celebrations for
the International Day of Forests.



Opening ceremony of the Human-Earth Exhibition. Photo: R. Carrillo, ITTO

25-31 March 2014

# Human-Earth exhibition Yokohama, Japan

ITTO participated in this exhibition organized by Soka Gakkai International and supported by major Japanese media organizations. The objective of the exhibition was to raise awareness among Yokohama citizens on global environmental issues such as climate change, biodiversity loss, water shortages, food security, and tropical deforestation and forest degradation. ITTO held information sessions during the exhibition, showed videos, and distributed printed materials in Japanese.

6-8 May 2014 4th meeting of APFNet Interim Steering Committee and 5th annual meeting of APFNet focal points Chiang Mai, Thailand

ITTO continued its collaboration with APFNet in 2014. At its annual meeting, APFNet highlighted the fruitful collaboration between the two organizations, in particular their joint support for the International Forum on Payments for Environmental Services from Tropical Forests, which was held in April 2014 in Costa Rica, the China regional workshop on forest product statistics, held in Kunming, China, in September 2014, and a booth at COP 20 of the UNFCCC, held in Lima, Peru, in December 2014.

ITTO was appointed to the APFNet board in 2014 and also serves on the Interim Steering Committee overseeing APFNet activities.

26-28 May 2014 3-5 October 2014 Collaboration with the International Partnership for the Satoyama Initiative Florence, Italy, and Pyeongchang, Republic of Korea

ITTO participated in the first Satoyama regional workshop, "Revitalizing production landscapes: travel and dialogue for people and biodiversity", and the seventh meeting of the International Partnership for the Satoyama Initiative (IPSI) Steering Committee, both of which were held in Florence, Italy, in May 2014. ITTO also attended the eighth meeting of the IPSI Steering Committee and the Fifth IPSI Global Conference (IPSI-5), which were held in Pyeongchang, Republic of Korea, on 3–5 October 2014, back-to-back with CBD COP 12. At IPSI-5, ITTO gave a presentation highlighting the achievements of an activity in Benin, which was implemented collaboratively with IPSI and the NGO Cercle pour la Sauvegarde des Ressources Naturelles. ITTO has also explored potential collaborative activities with IPSI in Ghana, Guatemala and India and seeks further synergistic opportunities.

16-17 June 2014

# Subregional forum for the validation of COMIFAC's Convergence Plan Brazzaville, Republic of the Congo

ITTO has been a long-standing partner of COMIFAC, including by supporting its Convergence Plan through field projects. ITTO provided inputs at this meeting on the development of the revised Convergence Plan.

18 June 2014 8 August 2014

# Global seminars for youth Yokohama, Japan

ITTO participated in two seminars hosted by the Yokohama Association for International Communications and Exchanges (YOKE), delivering talks to Japanese high-school and university students on the values and benefits provided by tropical forests.



Participants at the Global Seminar for Youth in Yokohama, Japan, in June 2014. Photo: A. Murai, YOKE

23-27 June

2014

#### FAO Committee on Forestry, and World Forest Week Rome, Italy

ITTO participated in the 22nd session of FAO's Committee on Forestry and in events held to mark World Forest Week. For example, ITTO and FAO jointly convened a side-event titled, "The role of payments for environment services in achieving sustainable forest management". The policy brief *Rewarding the service providers*, which is based on the findings of the International Forum on Payments for Environmental Services from Tropical Forests, held in April 2014, was launched at the side-event.

27-30 June 2014

#### Contributing to the United Nations International Strategy for Disaster Reduction and supporting regional fire networks Freiburg, Germany

ITTO provided financial assistance for the participation of three members of the African, Asian and Latin American regional wildland fire networks in the joint meeting of the United Nations International Strategy for Disaster Reduction Wildland Fire Advisory Group, the International Liaison Committee, and the South Korea Conference Organizing Committee in preparation for the Sixth International Wildland Fire Conference, which will be held in 2015 in the Republic of Korea. The joint meeting was held on 27–30 June 2014 at the Global Fire Monitoring Center in Freiburg, Germany.

21-22 August 2014 3rd REDD+ international symposium: REDD+ regime and governance: from global to local Seoul, Republic of Korea

At this symposium, ITTO facilitated the exchange of experiences and lessons learned through the implementation of its projects on REDD+ in Southeast Asia.



JICA trainees' programme: ITTO in the context of reinforcing implementation for sustainable forest management Yokohama, Japan

As part of the JICA trainees' programme, ITTO presented lectures to trainees from 14 countries on ITTO's field and policy work to promote SFM.

22-24 September 2014

International seminar on sustainable forest management Mexico City, Mexico

At this event, which was organized by Mexico's National Forestry Commission (CONAFOR) and FAO, ITTO delivered a keynote presentation titled, "Promoting SFM in the tropics—ITTO's experiences and perspectives" and participated in a panel discussion on the challenges of achieving SFM.

30 September
-2 October

2014

# 20th meeting of the senior fellowship officers of the UN system Turin, Italy

This meeting analyzed the trends and challenges of fellowship programmes within the UN system. ITTO presented success stories of ITTO fellows and described the social media platform it has created as part of the ITTO Fellowship Network.

4-5 October 2014 18-19 October 2014

Global festa Japan and Yokohama kokusai festa Tokyo and Yokohama, Japan

ITTO participated in these events organized by the Ministry of Foreign Affairs and YOKE to promote awareness of the role of tropical forests in global environmental issues.

5-11 October 2014

#### IUFRO world congress Salt Lake City, USA

ITTO was a gold sponsor of this event. As part of its participation, ITTO displayed outreach materials at a booth and hosted two side-events: "Tropical forests, connecting the world through sustainability" (jointly with IUFRO); and "ITTO-CITES collaboration to sustain tropical tree species". Various ITTO fellows and executing agencies of ITTO-funded projects presented posters.



ITTO's booth at the IUFRO world congress. Photo: R. Carrillo



#### CBD COP 12 Pyeongchang, Republic of Korea

Among other things, ITTO hosted side-events, signed an agreement to extend collaboration between the CBD and ITTO, and presented outreach materials at a display booth at CBD COP 12. Pages 32–34 provide further information on ITTO-CBD collaboration.



ASEAN-Republic of Korea forest cooperation international workshop on payment for ecosystem services
Da Lat City, Viet Nam

This event was held to share experiences among ASEAN members on PES schemes. An ITTO officer delivered a presentation titled, "SFM and PES in the tropics: scaling up innovative, inclusive and integrated ways", which highlighted the lessons learnt by ITTO and its members in implementing SFM and the outcomes of the PES forum held in Costa Rica in April 2014.



#### Asia-Pacific rainforest summit Sydney, Australia

ITTO's Executive Director, Emmanuel Ze Meka, delivered a keynote speech at this summit as part of a stakeholder dialogue on international perspectives. He described current efforts and initiatives to achieve SFM in tropical rainforests in the Asia-Pacific region, highlighting the roles of PES schemes in reducing deforestation in the tropics and initiatives to combat illegal logging. Mr Ze Meka advocated greater promotion of wood as an environmentally friendly material.



#### IUCN world parks congress Sydney, Australia

ITTO participated in the following major sessions at this congress:

- Food security and the in-situ conservation/sustainable use of genetic resources
- Innovative institutional arrangements facilitating the contributions of protected areas to food security and nutrition
- The financing of protected areas through PES
- The sustainable financing of protected areas.

Also at the congress, ITTO co-hosted, with FAO, a side-event titled, "An innovative way to sustain forests and people's livelihoods in protected areas".



A flyer for an ITTO side-event at UNFCCC COP 20.

26-28 November 2014 FAO expert meeting: creating an enabling environment for the commercialization of timber from community-based forest enterprises in Latin America and the Caribbean Santiago, Chile

This meeting, which was attended by participants from 17 countries in the region, focused on the role of community forest enterprises in reducing poverty and improving livelihoods. ITTO delivered presentations on traditional knowledge (lessons from field projects), promoting environmental services from managed tropical forests (a case from seven indigenous communities in Ucayali, Peru), and integrated SFM and diversified value-added production by the Santa Catarina Ixtepeji community in Mexico.



#### UNFCCC COP 20 and 2nd global landscape forum Lima, Peru

ITTO participated at these meetings by hosting a booth jointly with APFNet and the Asociación para la Investigación y Desarrollo Integral (AIDER), and the following two side-events:

- 1) Joint ITTO, JICA and Japan Aerospace Exploration Agency side-event on Japan's cooperation on forest conservation in Peru.
- 2) ITTO's contribution to SFM and climate-change mitigation and adaptation in Peru, jointly with JICA, the CBD, CITES and the following Peruvian partners: Servico Nacional Forestal y de Fauna Silvestre, AIDER, the Peruvian Association for Bamboo, Asociación pro Desarrollo Agroindustrial de Camana, Cámara Nacional Forestal, and Facultad Ciencias Forestales-Universidad Nacional Agraria la Molina.

The publication Forest carbon projects in Peru was launched at COP 20 as an output of the ITTO-financed project RED-PD 018/09 Rev.1 (F).

ITTO's role in promoting SFM and effective forest monitoring was highlighted at a side-event hosted by ACTO.

16-18 December 2014

#### International workshop on REDD+ and sustainable land use management Nay Pyi Taw, Myanmar

This workshop was organized jointly by ITTO and the Forest Department of Myanmar in collaboration with Kyushu University, Seoul National University and other partners. The objective of the workshop was to accelerate the implementation of a REDD+ readiness process for Myanmar in the context of SFM.

# Knowledge management, publications and outreach

A report recommending the development of a knowledge management strategy for ITTO was presented at the 49th session of the International Tropical Timber Council (November 2013), with a focus on three pillars:

- Enhancing knowledge-sharing and dissemination
- Leveraging knowledge through partnerships
- Enabling knowledge use.

The Council welcomed the report and provided funding for its implementation as part of the 2013–2014 Biennial Work Programme. This section describes the implementation of the strategy in 2014.

#### Project search

ITTO launched an online project search tool in September 2014 to assist in the dissemination of the knowledge gained on SFM through field projects. The tool provides public access to information on all projects implemented with ITTO funding since the Organization became operational in 1986, including currently operational projects and projects seeking funding.

The database provides summaries of all projects. In addition, some or all of the following documents are available for downloading for the more than 500 projects that have been declared completed since 2000 or are ongoing:

- Project documents
- Completion reports
- Technical reports
- Ex-post evaluation reports
- Promotional materials such as posters, brochures and leaflets.

The project search tool allows searches by the following parameters, and combinations thereof:

- Project identification number
- Keyword
- Country
- Donor
- Status (i.e. completed, operational or seeking finance)
- Areas of work (i.e. economics, statistics and markets; forest industry; and reforestation and forest management)
- Thematic programme.

The project search tool is available at: www.itto.int/project\_search.



#### **Tropical Forest Update**

ITTO published four editions of the *Tropical Forest Update*—a newsletter promoting the conservation and sustainable use of tropical forests—in 2014. <sup>3</sup>Themes addressed in these editions were payments for environmental services from tropical forests; the role of tropical forests in livelihoods; the achievements and challenges of the International Tropical Timber Council on the eve of its 50th session; and the role of downstream timber processing in tropical countries. The *Tropical Forest Update* is distributed free-of-charge to more than 15 000 individuals and organizations in more than 160 countries, and it is also available on the ITTO website (www.itto.int/tfu).



#### **Tropical Forest News**

Tropical Forest News was launched as an electronic newsletter in 2014 to provide forest stakeholders with timely insights into ITTO's work and other relevant news and events. Three editions were published in 2014. Subscriptions to Tropical Forest News may be obtained via "Quicklinks" on the ITTO website; it is mobile-enabled and can therefore be read easily on mobile devices such as tablets and smartphones.

#### Tropical Timber Market Report

Twenty-three editions of the *Tropical Timber Market Report* were published in 2014, providing news and information on tropical timber market trends and trade from around the world. All 23 editions are available at: www.itto.int/mis\_back\_issues.



 $<sup>^{3}</sup>$  The fourth edition scheduled for 2013 was published in early 2014 but is not included here.

#### **Publications**

ITTO published or copublished the following reports and studies in 2014:



- Rewarding the service providers—a policy brief aimed at increasing awareness among policymakers and the general public about the vital role of tropical forests in providing environmental services and the increasing need for beneficiaries to compensate forest owners and managers for those services. The brief sets out the rationale for, and the constraints faced by, payment schemes for the environmental services provided by tropical forests and provides recommendations for scaling up such schemes.
- Indicating progress: uses and impacts of criteria and indicators for sustainable forest management an ITTO-commissioned study on the experiences of countries worldwide in using C&I for SFM. The report examines the early evolution of C&I, developments in five C&I processes and in international forest policies since 2000, the responses of governments, NGOs and the private sector to surveys on C&I, and trends and emerging issues relevant to C&I. The report draws conclusions and makes recommendations for ITTO and others.
- UNU-IAS/ITTO policy report on strengthening development in international-local institutional linkages in REDD+: lessons from existing forest-carbon initiatives—a study on how best to connect local and international institutions based on lessons learned from initiatives in the forest sector aimed at achieving greenhouse-gas emission reductions. The purpose of the study is to inform debates and actions on REDD+.
- Report on strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries—a direct output of an activity in the ITTO Biennial Work Programme 2012–2013 documenting practical cases for improving wood-processing capacities in Cameroon, Ghana, Guatemala and Mexico.
- Report on environmental product declarations on meranti plywood in Indonesia and Malaysia—an
  outcome of an activity in the ITTO Biennial Work Programme 2013–2014 in response to increasing
  market demand for environmentally responsible construction materials.

These reports are available at: www.itto.int/technical\_report and www.itto.int/policypapers\_guidelines.

#### **ITTO** website

The ITTO website (**www.itto.int**), which is available in English, French, Japanese and Spanish, was updated regularly throughout 2014. The website contains a wide range of information on ITTO's work, such as top stories, news, calls for proposals, vacancy announcements, information for the International Tropical Timber Council and its committees, publications, databases, the Market Information Service, ITTO fellowships, thematic programmes, collaboration with the CBD and CITES, and events.

ITTO commenced work to modernize its website in 2014. The new website is expected to be launched in 2015

#### **Publicity materials**

The following publicity materials were published in 2014:

- Brochures on:
  - ITTO partnerships
  - REDDES
  - TFLET
  - CFME
  - TMT
  - IDE
  - ITTO's work on SFM
  - Voluntary guidelines for the sustainable management of natural tropical forests
  - The IMM
  - The Joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity.
- Posters on:
  - Tropical forests: sustaining nature, sustaining future
  - The Joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity
  - Tropical forests and climate change
  - Promoting efficient wood-processing technologies



#### YouTube channel

ITTO has a channel on YouTube for sharing videos on its projects and activities (**www.youtube.com/user/ittosfm**).

ITTO added the following videos in 2014:

- ITTO, making SFM a global reality
- Partner with ITTO and shape the future of tropical forests.



# **Financial highlights**

#### Balance sheets

	31.12.2014	31.12.2013
Assets		S\$ 
Cash and time deposits	23 454 660	19 861 922
Investments in securities	12 200 000	12 902 060
Arrears in voluntary contributions	2 105 391	5 151 401
Accounts receivable from Japan	284 112	-
Prepaid expenses	39 336	1 038
Advances to and receivable from staff members and others	320 109	185 622
Accrued revenue	438 332	224 214
	38 841 939	38 326 258
Liabilities and contributions		
Accounts payable to staff members and others	21 755	53 330
Accounts payable to Japan	96 679	105 153
Accrued liabilities	572 515	255 828
Membership contributions received in advance	176 272	132 194
Unappropriated funds	2 498 885	4 059 886
Reserve for programme support	1 543 317	1 194 324
	4 909 424	5 800 715
Members' funds		
Administrative account:		
Special reserve	1 500 000	1 500 000
Reserve provided by interest income	2 078 016	2 072 728
Surplus of revenue over expenditure	10 396 840	9 180 770
Project accounts:		
Appropriated for specified projects, pre-projects and activities	28 160 951	29 422 222
Unappropriated funds	(5 137 477)	(5 508 905)
Surplus from completed projects, pre-projects and activities	2 315 257	2 258 772
Subtotal	39 313 588	38 925 588
Arrears in assessed contributions	(5 405 793)	(6 424 765)
Allowance for arrears	24 720	24 720
Subtotal	33 932 516	32 525 542
Total	38 841 939	38 326 258

#### Statements of revenue and expenditure

	31.12.2014	31.12.2013
Revenue	U	<b>S\$</b>
Contributions from member countries	7 322 796	7 924 735
Reimbursement by Japan	772 803	307 493
Voluntary contributions	11 181 747	9 372 718
Rectification	(864 420)	-
Pledges not received	(32 302)	-
Correction to prior year's budget	-	(429 706)
Interest income	952 895	67 763
Dividends	64 847	430 977
Other income	34 746	2 223
Total (revenue)	19 433 111	17 676 203
Expenditure		
Administrative account:		_
Salaries and benefits	3 695 896	4 222 748
Official travel	122 895	138 027
Social security	725 514	807 938
Special activities	32 015	24 597
Data processing	86 628	129 613
Other costs	205 545	189 316
Council meetings	693 228	197 319
Communication and outreach	428 054	241 361
Expert meetings	129 376	-
Statistics, studies and information	283 034	259 900
Annual report and biennial review	30 286	7 698
Write-off of arrears in contributions	55 755	125 907
Exchange loss	124 570	64 054
Time delay (reversal of time delay) in settling advance payments	(46 368)	109 652
Gain and loss on securities	81 592	(91 819)
Allowance expense for arrears	-	24 720
Impairment of investments in securities	-	6 000 000
Subtotal	6 648 020	12 451 031
Project accounts:		
Project cost	11 614 040	12 550 791
Total (expenditure)	18 262 059	25 001 823
Excess of revenue over expenditure	1 171 052	(7 325 620)

Part of ITTO's uniqueness is its strength in the field through the implementation of projects in member countries. The total amount pledged for financing projects, pre-projects and activities in 2014 was US\$8 315 320, including US\$100 000 for the ITTO thematic programmes. Pledges were made by the governments of Japan (US\$3 223 386), the USA (US\$1 025 000), Germany (US\$896 211), the Netherlands (US\$412 094), China (US\$100 000) and the Republic of Korea (US\$40 000), as well as by the European Commission (US\$1 621 443), APFNet (US\$460 000), the Japan Lumber Importers' Association (US\$49 651) and Sumitomo Forestry (US\$27 535—indicative). A total of US\$460 000 was allocated from Sub-Account B of the Bali Partnership Fund, the Working Capital Account in the Administrative Account, and other unearmarked funds.

# Summary of funding pledged for projects, pre-projects and approved activities, 2014

	Newly funded				Additional funding for ongoing				
		Projects	Pre-projects		Activities		projects/activities	US\$	
	NO.	ITTO funding	NO.	ITTO funding	NO.	ITTO funding	ITTO funding	NO.	ITTO funding
Economic Information and Market Intelligence	2	249 341					243 506	2	492 847
Reforestation and Forest Management	5	1 679 019						5	1 679 019
Forest Industry	1	656 630					432 094	1	1 088 724
Thematic programmes							100 000		100 000
Council					19	2 627 827	2 326 903	19	4 954 730
Total	8	2 584 990	0	•	19	2 627 827	3 102 503	27	8 315 320

#### Thematic programmes (additional funding)

US\$

TFLET	100 000
REDDES	nil
CFME	nil
ТМТ	nil
IDE	nil
Total (included above)	100 000

Voluntary contributions
Funds received in 2014 for the Special Account and the Bali Partnership Fund

US\$

Government of Japan	5 359 452.00
Government of USA	900 000.00
Government of the Netherlands	855 298.00
Government of Germany	808 030.86
Government of China	100 000.00
Government of Republic of Korea	40 000.00
European Commission	2 478 123.00
Common Fund for Commodities	85 086.07
Administrative Account (Working Capital Account)	65 000.00
Total	10 690 989.93

# Projects, pre-projects and other approved activities funded by ITTO, 1987-2014 [ITTC (II)-ITTC (L)]

US\$

	STATUS	NO.	ITTO funding
	Completed	486	244 294 370.10
Duningto	Operational	62	39 521 725.47
Projects	Pending contract	5	1 701 142.00
	Subtotal	553	285 517 237.57
	Completed	207	18 421 228.03
D	Operational	3	213 196.00
Pre-projects	Pending contract	0	0.00
	Subtotal	210	18 634 424.03
	Completed	243	39 371 314.70
Approved activities*	Operational	62	45 689 222.36
	Subtotal	305	85 060 537.06
Total		1 0 6 8	389 212 198.66

#### \*Approved activities included ITTO thematic

programmes, the status of which is as follows.	Budget (US\$)	Pledges (US\$)
TFLET	15 000 000	6 801 711
REDDES	18 000 000	9 232 742
CFME	10 000 000	1 100 000
TMT	5 000 000	1 263 625
IDE	10 000 000	nil
Total	58 000 000	18 398 078

### Allocations/pledges by donors to the Special Account and the Bali Partnership Fund

(Pledges on thematic programmes are shown separately)

D			US\$	
	oject sub-account  projects and activities)	2014	2013	2012
Germ	any	675 460.00		411 442.57
Japar	١	1 450 640.63	150 000.00	197 443.00
Nethe	erlands	180 000.00		250 000.00
Repu	blic of Korea	40 000.00	40 000.00	20 000.00
Switz	erland		230 000.00	430 000.00
USA		550 000.00	593 944.00	550 968.00
EU		1 297 154.34	1 242 322.34	1 425 419.70
BPF-E	3 <sup>4</sup> , Programme Support, WCA <sup>5</sup> and other unearmarked funds	460 000.00	275 793.57	155 626.00
	1. Abott-Solvay			80 000.00
ate	2. INDENA SAS		40 004.33	
Private	3. Japan Lumber Importers' Association	49 651.32		
	4. Sumitomo Forestry	27 535.00		
		4 730 441.29	2 572 064.24	3 520 899.27

Subtotal

#### Project sub-account

(Projects) 100 000.00 China 220 751.00 Germany 1772745.20 5 162 582.00 3 422 723.80 Japan 20 000.00 Republic of Korea 232 094.00 Netherlands 10 000.00 Sweden 224 760.00 Switzerland 375 000.00 306 056.00 349 032.00 USA 460 000.00 **APFNet** 210 000.00 88 961.41 1. Marubeni 1 207.73 2. Delta International 50 000.00 3. Japan Lumber Importers' Association 3 160 590.20 5 557 599.41 4 287 723.53 Subtotal

<sup>&</sup>lt;sup>4</sup> BPF-B = Bali Partnership Fund, Sub-Account B

<sup>&</sup>lt;sup>5</sup> WCA = Working Capital Account

Thematic programme sub-account	S		US\$		
Sub-account	Cumulative pledges 2012-2014	2014	2013	2012	
Australia	2 137 705.44		1 941 097.49	196 607.95	
Finland	63 625.00			63 625.00	
Japan	200 000.00			200 000.00	
Switzerland	300 000.00			300 000.00	
USA	150 000.00	100 000.00		50 000.00	
EU-CITES Programme to TMT	987 774.09	324 288.58	307 130.58	356 354.93	
Total	3 839 104.53	424 288.58	2 248 228.07	1 166 587.88	

# Bali Partnership Fund unearmarked income

Interest receipts	466 997.00	290 356.95	104 045.77
Subtotal	466 997.00	290 356.95	104 045.77
Grand total	8 782 317.07	10 668 248.67	9 079 256.45

#### ITTO thematic programmes

	Budget	Cumulative pledges 2007-2014			
TFLET	15 000 000.00	9 089 416.44		1 941 097.49	446 607.95
REDDES	18 000 000.00	9 532 742.02			300 000.00
CFME	10 000 000.00	1 100 000.00			
TMT	5 000 000.00	2 351 399.09	424 288.58	307 130.58	419 979.93
IDE	10 000 000.00	0.00			
Total	58 000 000.00	22 073 557.55	424 288.58	2 248 228.07	1 166 587.88

Note: Contributions are based on pledges except for the EU, which are paid in installments and in non-US\$ currency. Contributions from the EU represent the amount received during the fiscal year converted to US\$ at the prevailing rate of exchange.

## Member states and votes

#### (as of 31 December 2014 under the ITTA 2006)

Three countries—the Central African Republic, Suriname and Viet Nam—acceded to the ITTA 2006 in 2014, thus increasing ITTO membership to 70, the largest ever.

Africa  Benin Cameroon	23 24 23	<ul><li>Albania</li><li>Australia</li></ul>	10	
	24	Australia		
Cameroon			16	
— Cameroon	23	China	253	
Central African Republic				
Congo	24	European Union		
Côte d'Ivoire	24	Austria	11	
Democratic Republic of the Congo	24	■ ■ Belgium	15	
<b>Gabon</b>	24	<b>B</b> ulgaria	11	
<b>≖</b> Ghana	24	Cyprus	10	
Liberia	23	Czech Republic	12	
■ Mali	23	<b>■</b> Denmark	12	
Mozambique	24	Estonia	10	
<b>≔</b> Togo	23	<b>→</b> Finland	10	
		■ France	32	
Asia and the Pacific		Germany	19	
Cambodia	19	<b>≔</b> Greece	11	
<b>™</b> Fiji	16	Hungary	10	
	30	■ Ireland	14	
Indonesia	80	■ ■ Italy	28	
Malaysia	123	<b>=</b> Latvia	10	
Myanmar	50	Lithuania	10	
Papua New Guinea	39	Luxembourg	10	
➤ Philippines	16	°■ Malta	11	
✓ Viet Nam	18	Netherlands	32	
- Vice Hairi	10	Poland	11	
Latin America		Portugal	15	
and the Caribbean		Romania	10	
Brazil	138	Slovakia	11	
Colombia	25	Slovenia	10	
Costa Rica	12	■ Spain	23	
Ecuador	18	Sweden	11	
Guatemala	12	United Kingdom	26	
➤ Guyana	16			
- Honduras	12	<ul> <li>Japan</li> </ul>	157	
■ Mexico	25	New Zealand	11	
- Panama	12	— Norway	10	
Pariama Peru		Republic of Korea	66	
Suriname	30 15	• Switzerland	12	
<ul><li>Trinidad and Tobago</li></ul>		United States of America	70	
Irinidad and Tobago	11	Gritica states of Africanca	, 0	
Total:	1 000	Total:	1 000	

 $<sup>^{\</sup>rm 6}\,{\rm The}$  37 consumer members comprise 36 countries, as listed, plus the European Union.

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## Acronyms and abbreviations

ABIMCI Brazilian Association for Mechanically Processed Timber

ACTO Amazon Cooperation Treaty Organization

AIDER Asociación para la Investigacion y Desarrollo Integral (Association for Integral Investigation and Development)

APFNet Asia-Pacific Network for Sustainable Forest Management and Rehabilitation

ASEAN Association of South East Asian Nations

ATIBT Association Technique Internationale des Bois Tropicaux

BPF-B Bali Partnership Fund, Sub-Account B
CBD Convention on Biological Diversity
CBPF community-based plantation forest

C&I criteria and indicators

CERFLOR Brazilian Forest Certification Programme

CFME (Thematic Programme on) Community Forest Management and Enterprises
CITES Convention on International Trade in Endangered Species of Wild Fauna and Flora

CoC chain of custody

COMIFAC Central African Forest Commission
CONAFOR National Forestry Commission (Mexico)

COP Conference of the Parties

EU European Union

FAO Food and Agriculture Organization of the United Nations

FLEGT Forest Law Enforcement, Governance and Trade

FORIG Forestry Research Institute of Ghana

FSC Forest Stewardship Council

IDE (Thematic Programme on) Industry Development and Efficiency

IMM Independent Market Monitoring

IPSI International Partnership for the Satoyama Initiative

ITTA International Tropical Timber Agreement
ITTO International Tropical Timber Organization
IUCN International Union for Conservation of Nature
IUFRO International Union of Forest Research Organizations

JICA Japan International Cooperation Agency

LEI Indonesian Ecolabeling Institute
MOU memorandum of understanding
MTCC Malaysian Timber Certification Council
NGO non-governmental organization
NTFP non-timber forest product

PEFC Programme for the Endorsement of Forest Certification

PES payments for environmental services

REDD+ reducing emissions from deforestation and forest degradation, including the role of

conservation, sustainable management of forests and enhancement of forest carbon stocks

REDDES (Thematic Programme on) Reducing Deforestation and Forest Degradation and Enhancing

**Environmental Services in Tropical Forests** 

SFM sustainable forest management

TFLET (Thematic Programme on) Tropical Forest Law Enforcement Governance and Trade

TMT (Thematic Programme on) Trade and Market Transparency UNFCCC United Nations Framework Convention on Climate Change

US\$ United States dollar(s)
USA United States of America
VPA voluntary partnership agreement

WCA Working Capital Account

YOKE Yokohama Association for International Communications and Exchanges

