

ITTO annual report 2020



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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 sustainable forest industries at both the community and industrial scales. Since it became operational in 1987, ITTO has funded more than 1200 projects, pre-projects and activities valued at more than USD 430 million. All projects are funded by voluntary contributions, the major donors to date being the governments of Japan and the United States of America.

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Front-cover photo: A mangrove ecosystem flourishes at Waicoka village, the site of an ITTO project in the Rewa Delta, Fiji. © Laisiasa Dave Lavaki, Tropic Beat Studio

Front-cover inserts: H. Schlottmann/Wikipedia Commons (left); A. Ramulo (centre); F.V. Gutierrez (right).

Back-cover inserts: ITTO project PD 723/13 Rev.2 (F) (left); P. Chai (centre); N.L. Soe (right).

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Abbreviations and acronyms

APEC	Asia-Pacific Economic Cooperation
BWP	Biennial Work Programme
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CSAG	Civil Society Advisory Group
EU	European Union
EUR	euro(s)
FAO	Food and Agriculture Organization of the United Nations
FLEGT	Forest Law Enforcement, Governance and Trade
FLR	forest landscape restoration
FTCS	Forest Traceability and Control System (Panama)
FY2020	fiscal year ended 31 December 2020
IMM	Independent Market Monitor
ITTO	International Tropical Timber Organization
JPY	Japanese yen
PNG	Papua New Guinea
SDG	Sustainable Development Goal
SFM	sustainable forest management
TAG	Trade Advisory Group
UNECE	United Nations Economic Commission for Europe
USD	United States dollar(s)
VPA	voluntary partnership agreement

A message from ITTO's Officer-in-charge

2020 was a challenging year for everyone worldwide, with the COVID-19 pandemic causing millions of deaths and widespread economic hardship. It was a reminder of how interconnected we all are and, therefore, how vital it is that we work together globally to address our common challenges.

There is no question that the pandemic had massive impacts on the tropical forest sector—people, industries and markets—in 2020. It is also clear that, through its complementary work to increase market transparency, provide policy guidance and encourage best practices on the ground, ITTO helped its member countries deal with the crisis as it related to the forest sector.

ITTO itself faced many challenges in 2020 due to the pandemic, including having to convene our first virtual session of the International Tropical Timber Council. Nevertheless, by working collaboratively, we achieved a great deal, as reflected in the pages of this annual report.

It is to be hoped that the worst of the pandemic is behind us, but the signals for this are mixed and it is impossible to foresee how the next few months and years will unfold. ITTO's work will continue regardless; among other things, we will be meeting virtually again in 2021 and hope to convene the Council physically in 2022. In the meantime, we will continue working cooperatively with our members and other stakeholders towards our common goals.

Steven Johnson

ITTO Officer-in-charge
August 2021



Photo: IISD

An ITTO Fellowship in the Brazilian Amazon helped doctoral researcher Ana Violato Espada organize a community exchange among users of six sustainable-use forests and promote social learning on community-based forest management.
Photo: Ana L. Violato Espada



1 International Tropical Timber Council

Due to the COVID-19 pandemic, the 56th session of the International Tropical Timber Council, which originally was scheduled to be held in ITTO's host city of Yokohama, Japan, was convened online in 2020, the first time in history that the Council has convened virtually.

The pandemic has reinforced the crucial roles played by healthy forests, indigenous peoples, smallholders and local communities but it has also increased pressure on tropical forests, tropical forest industries and forest-dependent people, according to Council chair, Björn Merzell, speaking at the opening of the session on Monday 9 November 2020. Global timber supply chains were reported to have been severely disrupted, he said, exposing their fragility; thousands of workers had been laid off and demand had plummeted. Citing ITTO-commissioned modelling,¹ Mr Merzell said that the sector may not return to pre-crisis production levels until 2026. Moreover, he said, the pandemic provided further impetus for ITTO to encourage the massive restoration of degraded forest ecosystems as part of the United Nations Decade on Ecosystem Restoration (2021–2030) and also to strengthen the Organization's efforts to promote wood as a material of choice for "building back better".

"ITTO is well placed to assist in the recovery of the tropical forest sector," said Mr Merzell. He listed the provision of sound information on tropical timber markets, the promotion of success stories on sustainable

¹ See www.itto.int/news/2020/11/05/itto_modelling_examines_recovery_timeframe_in_tropical_timber_sector



Council chair Björn Merzell opens the 56th session of the International Tropical Timber Council—the first ever session to be held virtually—from his office in Sweden.

forest management, landscape restoration and legal and sustainable supply chains, and the funding of country-driven projects as means by which ITTO could help tropical forest stakeholders recover from the crisis.

ITTO Executive Director Gerhard Dieterle, who also spoke on the opening day of the virtual session, echoed Mr Merzell's views on the pandemic. Dr Dieterle said the pandemic was the result of a breakdown in the relationship between human and natural systems, and responses to it should therefore encompass the protection of ecosystems and the maintenance of their functions.



Producer spokesperson Jorge Malleux (bottom) makes an intervention during the 56th session of the International Tropical Timber Council.

In his remarks to the Council, Yokohama Deputy Mayor Hayashi Takumi spoke about the close relationship that has developed over more than 30 years between the City of Yokohama and ITTO and the joint work they have done to promote public awareness about international engagement and environmental protection in tropical forests.

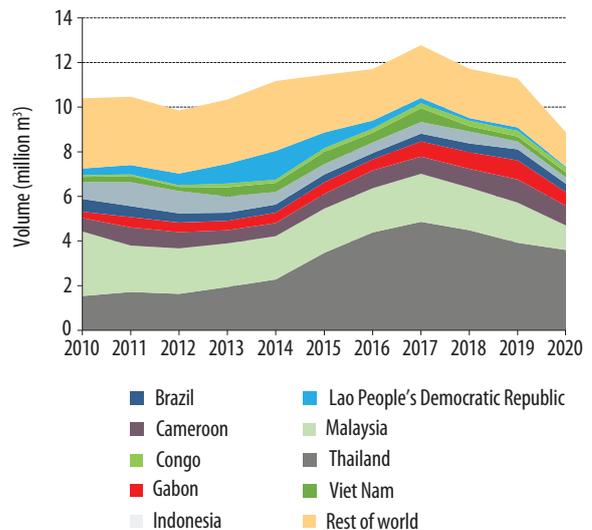
Tropical timber trade takes big hit from pandemic

The COVID-19 pandemic has had a drastic impact on tropical timber trade, with log exports plummeting by 28% in 2020 and sawnwood and plywood down by 16% and 8%, respectively, according to preliminary findings of a report presented by the ITTO Secretariat during the Council session. ITTO's Biennial Review and Assessment of the World Timber Situation provides data on the production and trade of tropical forest products and the status of tropical forests in ITTO member countries, as well as an overview of production and trade statistics for all timber products in these countries. The report for 2020 was still under preparation at the time of the Council session, but, as per usual practice, the Secretariat presented early results to delegates in advance of the final report to be released in mid-2021.

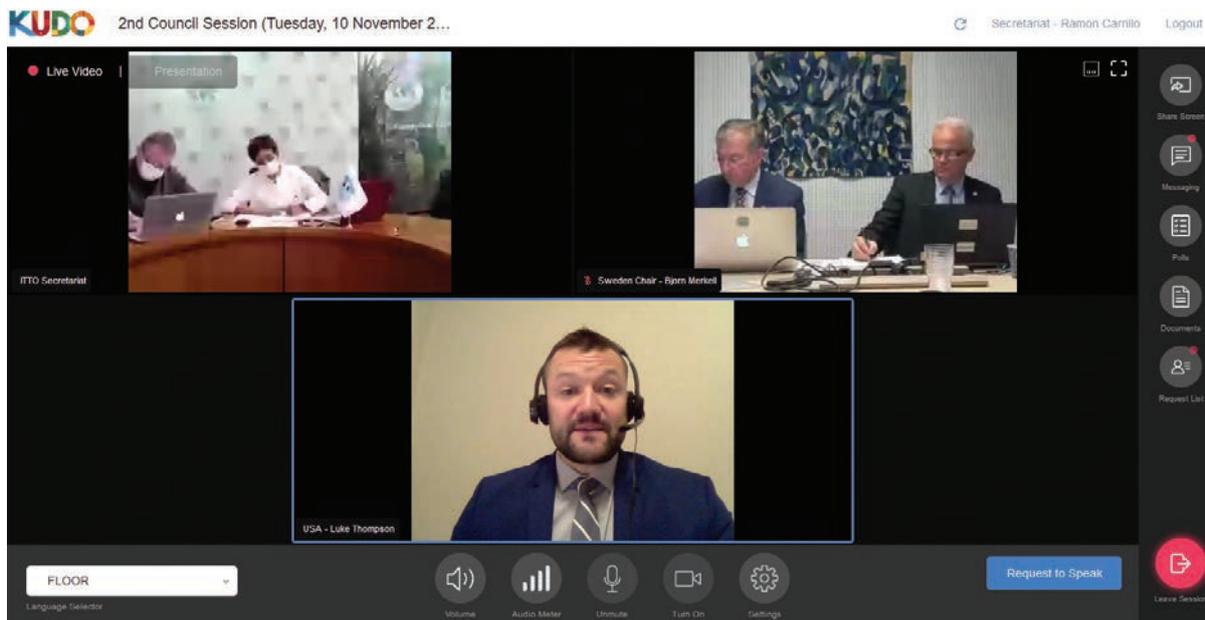
Review of ITTO's pilot programme lines

Dr Dieterle informed Council delegates during the session that a total of about USD 7 million had been pledged for 2019 and 2020 under ITTO's programmatic approach for a wide range of activities. He said that voluntary financial contributions to the work of the

Data presented at the Council session showing tropical sawnwood exports for major exporting tropical countries, 2010–2020



Organization had been on a declining trend for more than a decade, indicating a need to re-assess the mechanisms by which the Organization attracts funds. The programmatic approach, which is being piloted until 2022 under Council decisions, has four "lines": 1) Legal and Sustainable Supply Chains; 2) Conservation of Biodiversity and Ecosystem Services; 3) Forest Landscape Restoration and Resilient Livelihoods; and 4) Emerging Issues and Innovation.



Consumer spokesperson Luke Thompson (bottom) makes an intervention during the 56th Session of the International Tropical Timber Council.

Working group tables objectives for ITTO programme lines

The co-chairs of the ITTO Finance Architecture Ad Hoc Working Group, Ms Jennifer Conje (United States of America) and Mr John Leigh (Peru), presented the report of the working group during the session. Among other things, the working group developed draft objectives for ITTO's four programme lines at the request of the Council, with a view to guiding the development and financing of project proposals, streamlining the regular project cycle and developing the concept-note approach. Ms Conje outlined four funding scenarios to Council delegates and explained that the “virtual informed feedback loop”—put in place by the Council—would add transparency to the project cycle and enable members to provide feedback to the Secretariat before funding agreements are entered into with potential donors.

Council awards 20 Fellowships

The Council awarded 20 ITTO Fellowships at its 56th session (see Chapter 6).

Committees review policy and project work

The Council's four committees (Economics, Statistics and Markets; Finance and Administration; Forest Industry; and Reforestation and Forest Management) met virtually before and during the Council session to review project and policy work, among other things (see chapters 3 and 4).

Biennial Work Programme

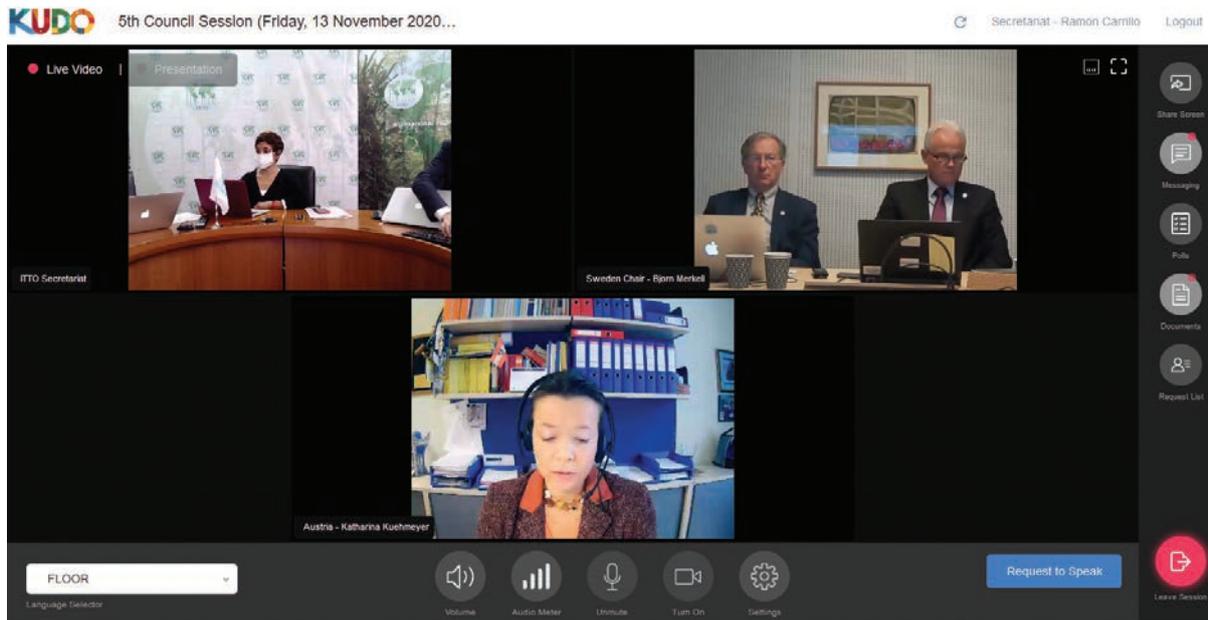
The Council discussed progress on the implementation of the current Biennial Work Programme (BWP) and a modified BWP for 2021–2022. The modified BWP comprises 24 activities in five areas: 1) field-oriented activities; 2) normative work; 3) collaboration; 4) communication and outreach; and 5) analytical, statistical and other recurring work. The total budget is USD 1.86 million in core operational costs and USD 4.35 million in voluntary contributions (of which about USD 3.8 million has been pledged).

Civil Society Advisory Group wants new status report

In a statement during the session, Civil Society Advisory Group (CSAG) coordinator Chen Hin Keong said CSAG was concerned that, in some ITTO producer member countries, the implementation of sustainable forest management (SFM) is failing.

“All of us in the Council have sat in many workshops, read reports that show the issues and problems facing SFM is not related to technical aspects of forest management,” he said. CSAG proposed a new report on the status of tropical forest management, which the Organization assessed most recently in 2011.

“CSAG would be more than willing to work with ITTO members, Council and the donor community to carry out the status assessment in an objective, open and transparent manner,” said Mr Chen, who also expressed CSAG's appreciation for ITTO's new programmatic approach.



Chair of the Committee on Finance and Administration, Katharina Kuehmayer (Austria, bottom), presents the committee's report during the 56th session of the International Tropical Timber Council.



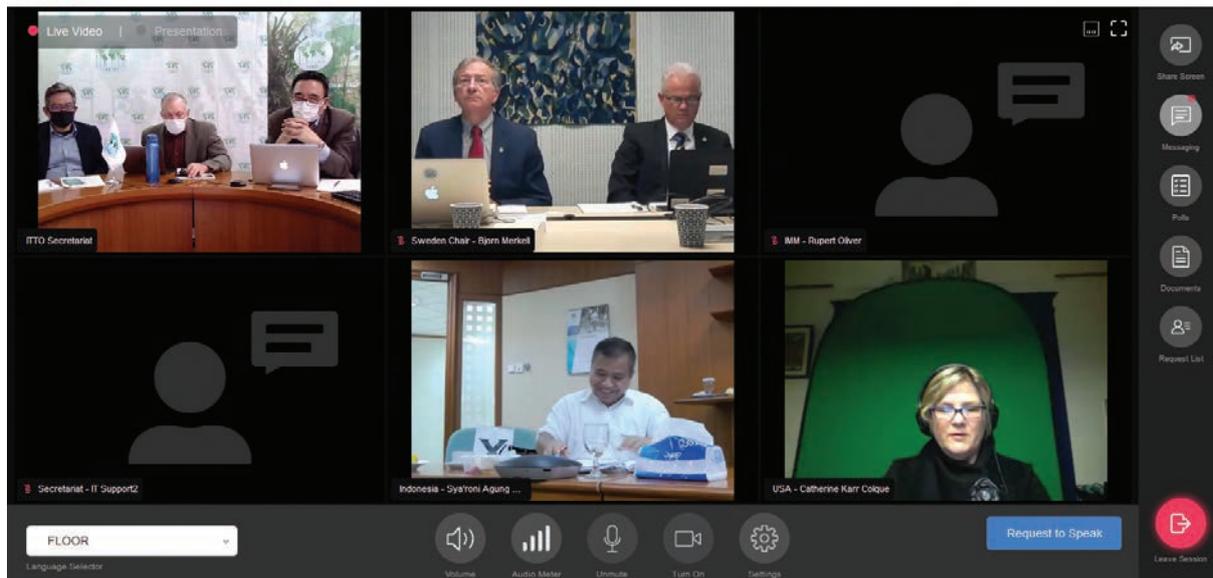
The delegate for Japan, Jun Fukuda (bottom), makes an intervention during a session of the Committee on Reforestation and Forest Management.

More than USD 4 million pledged for ITTO work

Council members and other donors announced pledges in 2020 (including those made intersessionally) totalling USD 4.14 million in voluntary contributions to support the Organization's work. Of this, Japan contributed about USD 3.1 million, the United States of America USD 480 000, the Netherlands about USD 230 000,

China USD 100 000, Sweden USD 23 000, the Food and Agriculture Organization of the United Nations (FAO) USD 148 000 and Soka Gakkai USD 93 000.² Among other things, these funds will support field projects in Cambodia, Ghana, Indonesia, Peru and Togo; work on legal and sustainable supply chains; ITTO's work to implement the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)'s provisions for tropical tree species; the development

² Note that the figures do not tally to USD 4.14 million due to rounding.



The delegate for Indonesia, Sigit Pramoto (lower middle), makes an intervention during a joint session of the Committee on Economics, Statistics and Markets and the Committee on Forest Industry.



ITTO Secretariat officers applaud the adoption of a decision at the 56th session of the International Tropical Timber Council. Photo: R. Carrillo/ITTO

Daily highlights of the 56th session of the International Tropical Timber Council, including presentations and links to Council documents, are available at www.itto.int/ittc-56. Daily coverage of the session by the Earth Negotiations Bulletin is available at <https://enb.iisd.org/forestry/itto/ittc56>

of education curricula on legal and sustainable supply chains and market access; the dissemination of ITTO's new guidelines on forest landscape restoration in the tropics; a global project on forest education; and the ITTO Fellowship Programme.

The Council adopted five decisions during the session, including one urging immediate funding for eight new projects and two new pre-projects. The other decisions were on the 2021–2022 BWP; the extension of the ITTO strategic action plan; phase 2 of the implementation of ITTO's new financial architecture; and the recruitment, selection and term of the Executive Director. The latter decision, made after extensive Council discussion during the session, requested the Secretariat to immediately advertise the Executive Director's position.

The Council elected Kheiruddin Rani (Malaysia) and Jesse Mahoney (Australia) as its chair and vice-chair, respectively, for its next session, scheduled for November 2021.



Image: K. Sato (koshino&smartboy10/stockphoto)

2 ITTO's response to COVID-19

The world was hit in early 2020 by the COVID-19 pandemic, a global health crisis that has resulted in widespread human mortality, disrupted the way of life of billions of people and affected economic sectors globally. ITTO worked with its partners in 2020 to help overcome the difficulties imposed by the pandemic on tropical forests, the tropical forest sector and tropical forest-dependent people.

Survey on the impact of the pandemic in tropical timber sector

The ITTO Market Information Service and the Trade Advisory Group (TAG) conducted a survey in early 2020 in nine tropical countries³—which together account for over 50% of the world trade in tropical primary wood products—on the impacts of the pandemic. Early responses were disseminated in mid-April⁴ and full responses were made available in May.⁵ The survey showed that measures taken to prevent the spread of COVID-19 were having substantial impacts on the tropical timber sector, with thousands of workers laid off and demand plummeting. A common concern was about when demand for tropical timber might recover, the prospect of which is closely linked to the speed of economic recovery in major importing markets.

³ Brazil, Gabon, Ghana, Indonesia, Malaysia, Myanmar, Peru, Thailand and Viet Nam.

⁴ www.itto.int/mis/id=6419

⁵ www.itto.int/news/2020/05/08/survey_shines_light_on_covid_19_impacts_on_tropical_timber_sector



Forest enterprises worldwide have been affected by COVID-19. Photo: R. Carrillo/ITTO

The Market Information Service reported regularly on these and other impacts of the pandemic in its bimonthly *Tropical Timber Market Report* in 2020.

COVID-19 Forestry Webinar Week

This webinar was convened by FAO on 22–25 June 2020. ITTO co-organized a technical session⁶ during the webinar and participated in a Sustainable Wood for Sustainable World (SW4SW) roundtable.⁷

The technical session heard views on the impacts of the pandemic and received suggestions on how to build a better post-COVID-19 forest sector. Panellists

⁶ "The Global Forest Sector and COVID-19: Navigating a Sustainable Future in an Economically and Socially Constrained World".

⁷ "COVID-19-related Impacts on Wood Products Value Chains and Contributions to Building Back Better".



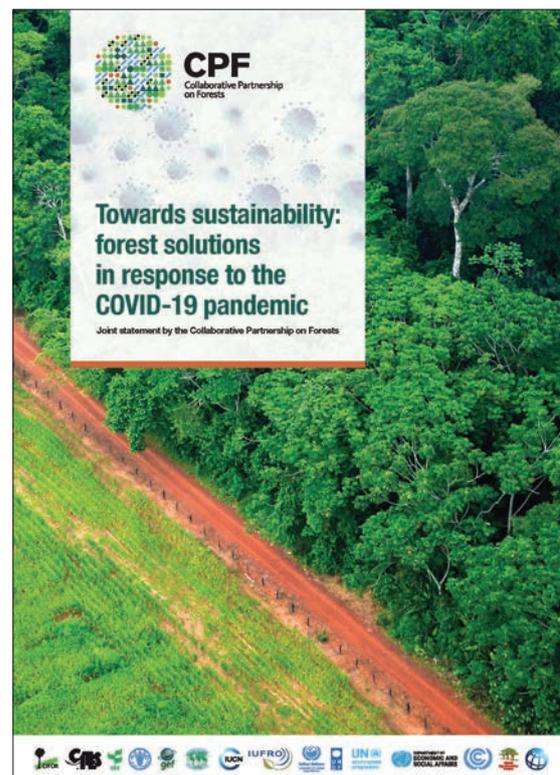
noted that forests, particularly in the tropics, had suffered a wide range of negative impacts, including a decrease in market demand for forest products, which were especially affecting small and medium-sized forest enterprises. Nevertheless, speakers recognized that the crisis was also creating opportunities, including a chance to increase the use of wood as a substitute for non-renewable, high-carbon-emitting materials and energy.

The SW4SW roundtable analyzed the results of surveys conducted by FAO and ITTO on the impacts of the pandemic on wood value chains and made recommendations on how to respond and build back better. Participants noted that the COVID-19 crisis had disrupted global supply chains, exposing their fragility and suggesting a need to strengthen local supply chains and markets and encourage local innovations to ensure the sustainability of forest-based enterprises. The pandemic was reinforcing the vital role played by indigenous peoples, smallholders and local communities in food production and nature protection. In its interventions, ITTO stressed that efforts to overcome the pandemic in the short to medium term should focus on SFM, governance and incentives to ensure a steady supply of wood and other forest goods and services for sustainable domestic and international consumption. Long-term commitments on SFM and forest landscape restoration need to be enhanced with fiscal or financial incentives and market access to stimulate and ensure sustainable bioeconomies,⁸ which in turn would strengthen community resilience and thereby help maintain the crucial role of forests in climate-change mitigation and adaptation.

See video recordings and presentations at www.itto.int/news/2020/07/07/build_back_better_webinar_explores_role_of_forest_sector_in_pandemic_recovery

Joint statement by the Collaborative Partnership on Forests

Members of the Collaborative Partnership on Forests, including ITTO, issued a joint statement, "Towards sustainability: forest solutions in response to the COVID-19 pandemic",⁹ in October 2020 as part of World Forest Week. The statement urged all actors to turn the pandemic into an opportunity to shift to green, inclusive societies to ensure a sustainable future for people and the planet.



⁸ The European Commission defines a bioeconomy as the production of renewable biological resources and the conversion of these resources and waste streams into value-added products, such as food, feed, bio-based products and bioenergy.

⁹ www.cpfweb.org/97404/en



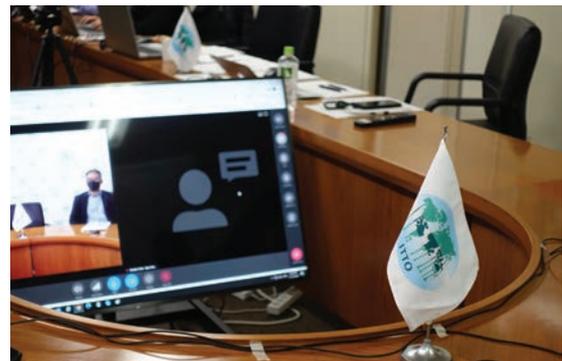
This wood flooring factory in Huzhou, China, is a significant consumer of tropical timber. Photo: R. Carrillo/ITTO

Modelling the recovery of the tropical timber sector

An ITTO-commissioned study on incentives to promote SFM in tropical countries conducted in 2020 included the development of a model for forecasting trends in tropical timber supply and demand with a view to predicting regional surpluses and deficits of timber supply that incentives might help address. The study examined the impacts of the COVID-19 pandemic on tropical timber supply and trade and estimated the likely time required for the sector to recover to pre-pandemic levels. According to preliminary findings,¹⁰ the tropical timber sector is unlikely to recover to pre-crisis trade levels before 2026. The full report of the study, which was published in mid-2021, is available at www.itto.int/technical_report.

Virtual presence

ITTO increased its use of online meeting facilities in 2020 in response to the pandemic. For example, the European Union (EU)-funded ITTO-led Independent Market Monitor (IMM—see Chapter 3) project hosted a webinar in October 2020¹¹ to unveil the updated IMM Data Dashboard¹² and the new Sustainable Timber Information Exchange.¹³ As noted earlier, the 56th session of the International Tropical Timber Council



ITTO increased its use of online meeting facilities in 2020 in response to the pandemic. Photo: R. Carrillo/ITTO

was convened virtually; in the absence of regularly scheduled field visits, project monitoring functions were also carried out largely online. ITTO participated in and contributed to several international meetings and webinars organized by partners and others during the year.

¹⁰ www.itto.int/news/2020/11/05/itto_modelling_examines_recovery_timeframe_in_tropical_timber_sector

¹¹ www.itto.int/news/2020/11/07/popular_webinar_unveils_timber_trade_platforms

¹² www.stats.flegtimm.eu

¹³ www.stix.global



Teak logs at a community sawmill in Luang Prabang, Lao PDR. An ITTO activity is helping improve natural teak forest management, production and marketing in the Greater Mekong subregion. Photo: T. Yanuariadi/ITTO

3 Field work

This chapter presents examples of ongoing or recently completed ITTO projects and other activities, categorized according to the strategic priorities of the ITTO Strategic Action Plan.¹⁴

Strategic priority 1: Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment

ITTO is assisting its members' efforts to ensure that forest laws, rules and regulations are complied with during the harvesting, transport, processing and trade of forest products and to address non-compliance with subnational, national and international laws concerning forests and forestry.

Timber tracking in Panama

<i>Project title</i>	Strengthening ANAM's management capacity to reduce illegal logging and trade in the eastern region of Panama (Bayano and Darién) through monitoring and control mechanisms
<i>Identifier</i>	TFL-PD 044/13 Rev.2 (M)
<i>Status</i>	Completed in 2020
<i>ITTO cost</i>	USD 412 556
<i>Implementing agency</i>	WWF Panama
<i>Funding</i>	FLEGT thematic programme
<i>Relevant SDGs</i>	    

Building on the outputs of another ITTO project,¹⁵ this project piloted Panama's Forest Traceability and Control System (FTCS), which enables the tracking of harvested trees using electronically readable bar codes from the moment they are identified in the preparation of forest management plans to the point at which the timber reaches a mill or trading company.

¹⁴ For more information on the ITTO Strategic Action Plan, visit www.itto.int/council_committees/action_plans.

¹⁵ PD 602/11 Rev.3 (F)

The implementation of the FTCS has improved forest management practices, reduced times for the approval of forest management plans and the processing of timber shipments, and brought greater transparency to the timber trade. It involves:

- The identification of harvestable, seed and retained trees in forest inventories.
- Attaching electronically readable bar codes to each tree and to the stumps of harvested trees.
- The input of other data (e.g. general information on the permit holder and the necessary approvals).
- The registering and monitoring of company supply plans.
- The production of waybills for the transport of logs and pieces (e.g. blocks and dimensioned timber).
- The recording of geospatial information to provide a centralized tool for forest law enforcement and governance.

The FTCS works with mobile devices, thereby facilitating the recording of information directly in the field, online approvals by the forest authority, and the verification of timber consignments at checkpoints; moreover, the system generates statistical information for use in decision-making. The implementation of the FTCS is supported by an outreach and marketing campaign with coverage on radio, television and digital media

targeting civil society and consumers. The country's Ministry of Environment has submitted a follow-up project to ITTO to facilitate the expansion of the FTCS to other regions of the country.

Monitoring forest stock in Philippines

<i>Project title</i>	Development and testing of national forest stock monitoring system with improved governance capabilities at all levels of the forest administration
<i>Identifier</i>	PD599/11 Rev.1 (M)
<i>Status</i>	Completed in 2020
<i>ITTO cost</i>	USD 497 930
<i>Implementing agency</i>	Philippines Forest Management Bureau
<i>Funding</i>	Australia, Japan, Republic of Korea, United States of America
<i>Relevant SDGs</i>	



A field-officer scans a tag attached to a tree in a forest in Darién, Panama. Panama's new timber traceability system, developed as part of an ITTO project, enables the tracking of timber from the forest to the mill and beyond. Photo: R. Carrillo/ITTO



A handheld reader is used to scan QR codes attached to lumber produced from inventoried trees as part of a tracking system developed for timber traceability in the Philippines under an ITTO project. Photo: Forest Management Bureau

The Philippines' first timber-tracking system was the Log Control Monitoring System developed in the mid-1990s; it had limited reporting capabilities, however, and was difficult to implement.

Under this ITTO project, the Forest Management Bureau developed and tested the National Forest Stock Monitoring System (NFSMS), which includes a "back to the stump" traceability system that can track logs in the forest through primary processing into lumber. The system can be used to demonstrate chain of custody, among other things.

The NFSMS, which involves the use of QR codes, enables the issuance of "verification of legal origin" certificates attesting that timber shipments are legally sourced and harvested from verifiable sources. The NFSMS can serve as a legality assurance mechanism by demonstrating that traded wood and wood products nationwide are legally sourced.

The Philippines Department of Environment and Natural Resources plans to adopt the system at the national scale and the Forest Management Bureau intends to expand it to encompass plywood, veneer and imported logs and lumber.

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

ITTO recognizes the potential for the expansion and diversification of trade in products originating from sustainably managed tropical forests to contribute to sustainable development. The Organization encourages sustainable tropical-forest-based industries and trade through dialogue, partnerships, policy and market development, and projects.

Improving teak management

<i>Activity title</i>	Enhancing conservation and sustainable management of teak forests and legal and sustainable wood supply chains in the Greater Mekong Subregion
<i>Identifier</i>	PP-A/54-331
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 1 236 250
<i>Implementing agency</i>	ITTO
<i>Donor</i>	German Federal Ministry of Food and Agriculture
<i>Relevant SDGs</i>	

With its outstanding physical and aesthetic qualities, teak (*Tectona grandis*) is one of the world's most valuable hardwoods. Natural teak forests covering an area of about 29 million hectares occur in central and southern India, the Lao People's Democratic Republic (Lao PDR), Myanmar and Thailand. Native teak forests are under threat, however, from overexploitation, agricultural expansion and shifting cultivation.

The aim of this ITTO activity is to assist governments, local communities and smallholders to improve natural teak forest management, production and marketing to facilitate the establishment of legal and sustainable teakwood supply chains while improving national economies and the livelihoods of local communities in the Greater Mekong Subregion.

As part of the activity, the Lao Teak Forum: Sustainable Teak Value Chains for Sustainable Local Development was convened in Vientiane and Luan Prabang, Lao PDR, on 19–20 February 2020. The forum reviewed opportunities and challenges for sustainable teak value chains in Lao PDR and concluded that smallholder teak plantations have the potential to be a driver of sustainable development in the lower Mekong by improving the livelihoods and landscapes of rural communities. Know-how, high-quality planting material and a little financial support are keys for realizing such potential. According to forum participants, the creation of smallholder teak groups will enable the integration of farmers into supply chains for higher-value-added teak products.

Also as part of the activity, six editions of the *Teak Mekong Newsletter*¹⁶ were published in 2020, providing regular updates on the activity and facilitate networking among teak stakeholders.

For more, visit www.itto.int/news/2020/03/03/smallholder-teak-plantations-could-be-a-driver-of-sustainable-development-in-the-lower-mekong



A commercial teak plantation in Bago Yoma, Myanmar. An ITTO activity is helping improve natural teak forest management, production and marketing. Photo: Yongyut Trisurat/Faculty of Forestry, Kasetsart University

¹⁶ teaknet.org/itto-teak-mekong



Community members plant an open area in a coastal wetland at Cayo Quemado, Izabal, Guatemala. Photo: © Angela López

Strategic priority 3: Enhance the conservation and sustainable use of biodiversity in tropical timber-producing forests

Natural tropical forests are rich in biodiversity and play crucial roles in economies at the local to national scales, yet they are under immense pressure and need protecting. Through projects and policy development, ITTO is assisting producer member countries to implement strategies for the protection and sustainable management of these vital resources.

Mangrove ecosystems are vitally important for coastal areas because they provide many ecosystem services and are a source of livelihoods. Guatemala has more than 25 000 hectares of mangroves, but much of the resource has become degraded due to land-use change and illegal exploitation. This project formulated a national strategy for the conservation and sustainable management of mangrove ecosystems, which enabled the development of a national regulation on sustainable mangrove management in 2019. The project also strengthened and consolidated a sustainable community forest management model and assisted in the restoration of about 535 hectares of mangroves in 15 sites and the building of local capacity among more than 1000 people. Nine roundtables on mangrove conservation were established, with the active participation of local communities and other stakeholders. Thanks to the project, the pilot areas are now operating under sustainable management plans.

Technical guidelines were developed for implementing the regulation in the field, specifying the activities that can be implemented in mangrove forests to ensure their sustainable management. These two instruments—the regulation and guidelines—open up many opportunities for the sustainable use of mangroves by communities.

Saving Guatemala's mangroves

<i>Project title</i>	Strengthening the governance and sustainable management of mangrove ecosystems in Guatemala as a climate-change adaptation measure
<i>Identifier</i>	RED-SPD 079/12 Rev.1 (F)
<i>Status</i>	Completed in 2020
<i>ITTO cost</i>	USD 146 750
<i>Implementing agency</i>	Guatemala's National Forest Institute
<i>Funding</i>	REDES thematic programme
<i>Relevant SDGs</i>	

Promoting transboundary conservation between Myanmar and Thailand

<i>Project title</i>	Capacity building for strengthening transboundary biodiversity conservation of the Tanintharyi Range in Myanmar, phase I, stage I
<i>Identifier</i>	PD 723/13 Rev.2 (F)
<i>Status</i>	Completed in 2020
<i>ITTO cost</i>	USD 140 000
<i>Implementing agency</i>	Forest Department, Ministry of Natural Resources and Environmental Conservation, Government of Myanmar
<i>Funding</i>	Republic of Korea, United States of America
<i>Relevant SDGs</i>	

Myanmar has long been regarded as biodiversity-rich, and the Tanintharyi Range on the border between Myanmar and Thailand is recognized as a globally important terrestrial ecoregion that contains very high diversities of bird and mammal species. Limited capacity and resources for biodiversity conservation, management and monitoring in Myanmar, however, means that transboundary cooperation on biodiversity conservation is minimal.

This project improved the capacity of Myanmar’s Forest Research Institute to design and implement biodiversity conservation, monitoring and research programmes in the Tanintharyi Range; it also strengthened the participation of local stakeholders in such programmes and the livelihoods of forest-dependent local communities. The project worked with the local forest department, local civil-society and other non-governmental organizations, and communities to prepare them for transboundary biodiversity conservation work in cooperation with cross-border partners.

Training was conducted on SMART (“Spatial Monitoring and Reporting Tool”)¹⁷ patrolling for Forest Department staff and on the development of community-based ecotourism for local communities. These technical training courses helped increase the capacity of project staff, rangers, border patrol police and local communities.

¹⁷ SMART is a suite of best practices aimed at helping protected-area and wildlife managers better monitor, evaluate and adaptively manage patrolling activities.



Young women make bamboo-based handicrafts for sale in Tanintharyi township after training conducted under an ITTO project. Photo: N.L. Soe

In addition, protected-area and local staff were equipped with global positioning systems, hand compasses, cameras and camera traps to strengthen monitoring.

Forest Research Institute staff conducted forest inventories and flora and fauna surveys as part of the project. Capacity in biodiversity research has increased at the Institute through the formulation and implementation of long-term research plans focused on biodiversity conservation, especially plant diversity.

The project has increased the capacity of forest-dependent local communities to pursue sustainable livelihoods. It helped strengthen local community organizations and networks; held training courses for local communities on agroforestry and livelihood development; undertook a socioeconomic assessment in seven villages in border areas; and assessed the potential in six villages for the commercialization of non-timber forest products, including fuelwood and charcoal.

The project made several contributions to the development of national biodiversity policies. For example, the Nature and Wildlife Conservation Division of the Myanmar Forest Department will update the National Biodiversity Strategy and Action Plan in light of lessons learnt from the project. It has also started a programme, “Reintroducing Natural Habitats in Protected Areas” (spanning 2019–20 to 2028–29), which includes transboundary biodiversity conservation. The Forest Department’s Planning and Statistics Division will update the National Forest Master Plan (2000–01 to 2029–30), incorporating biodiversity conservation and social safeguards based on project experiences.



Under ITTO project PD 754/14 Rev.3 (F), 162 hectares were enriched with 15 300 seedlings of indigenous species in 42 sacred forests in Benin. Here, local men plant the Wlenanzoun sacred forest with seedlings of *Garcinia kola*, a medicinal plant. Photo: B. Bossou/CESAREN

Conserving biodiversity in Benin's sacred forests

<i>Project title</i>	Rehabilitation and sustainable management of sacred forests on Ramsar sites 1017 and 1018 in Benin
<i>Identifier</i>	PD 754/14 Rev.3 (F)
<i>Status</i>	Completed in 2020
<i>ITTO cost</i>	USD 541 031
<i>Implementing agency</i>	Cercle pour la Sauvegarde des Ressources Naturelles
<i>Donor</i>	Japan
<i>Relevant SDGs</i>	

Sacred forests are forests maintained by local communities for religious reasons. They may only be small in area but are often rich in biodiversity and play important ecological, cultural and spiritual roles. Benin has at least 2940 sacred forests covering a total area of 18 360 hectares. Many have become degraded, however, by uncontrolled exploitation, conversion to agriculture, urban pressures, strong demand for woodfuel, rural poverty, and the loss of religious beliefs.

Under the project, 42 sacred forests have been legally recognized and demarcated, and simple forest management plans have been developed to enable forest communities to better manage their natural resources. More than 150 hectares of sacred forests have

been enriched with seedlings of valuable tree species (some of them listed as vulnerable on the International Union for Conservation of Nature's Red List of Threatened Species), such as African mahogany (*Khaya senegalensis*), iroko (*Milicia excelsa*), limba (*Terminalia superba*), ayous (*Triplochiton scleroxylon*) and baobab (*Adansonia digitata*). These trees provide habitat for rare animal species, including some listed in CITES Appendix II.

Awareness-raising activities with local communities have enabled the reintroduction of more than 1100 individuals of fauna species in eight sacred forests, including the ball python (*Python regius*)—considered a deity; the savannah and Nile lizards (*Varanus exanthematicus* and *Varanus niloticus*); chameleons (*Chamaeleo gracilis* and *Chamaeleo senegalensis*); and nagapies (*Galago* spp.). Other species, such as the red-bellied monkey (*Cercopithecus erythrogaster*), have reappeared in some restored sacred forests.

Local people have welcomed the restoration of the sacred forests because it has increased the biological, cultural and spiritual values of the forests. They are also benefiting from income-generating ventures introduced through the project, such as agroforestry; beekeeping; the raising of goats, pigs, poultry and rabbits; fish farming; and the production and trade of non-wood forest products. Parts of the buffer zones of the sacred forests have been planted with teak (*Tectona grandis*), acacia (*Acacia auriculiformis*) and other exotic species to help satisfy local needs for timber and wood energy.

As their livelihoods improve, local people have less need to encroach on the sacred forests.



Forestry Administration officials, community forestry management committee members and local authorities discuss field work to update land-use maps in Veal Okdey, Santuk District, Kampong Thom Province, Cambodia, as part of an ITTO project. Photo: Chhorn Vireak

Strategic priority 4: Reduce tropical deforestation and forest degradation and enhance the provision of ecosystem services

Large areas of tropical forest have been degraded or lost, with an associated loss of ecosystem services. ITTO is assisting its members to restore forests with the aim of increasing the provision of ecosystem services and generating new sources of revenue and employment for individuals, enterprises and governments.

Fire prevention and management in tropical timber-producing forests

<i>Project title</i>	Prevention and management of fire in tropical timber-producing forests
<i>Identifier</i>	PP-A/56-340-1 and PP-A/56-340-2
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 2 210 526
<i>Implementing agencies</i>	Directorate of Forest and Land Fire Management in the Ministry of Environment and Forestry in Indonesia and the National Forest and Wildlife Service in Peru
<i>Donor</i>	Japan
<i>Relevant SDGs</i>	



A fire brigade fights a fire in Riau Province, Indonesia. Photo: Directorate General of Climate Change, Indonesian Ministry of Environment and Forestry.

Over the years, ITTO work on the development of integrated forest fire management has included community participation in fire protection; fire pre-suppression measures (e.g. weather and fire-danger forecasts and early-warning and reporting systems); and training, extension and public awareness-building. As part of these long-running efforts, ITTO financed two new projects¹⁸—in Indonesia and Peru—in September 2020 aimed at addressing the threat of wildfire through integrated approaches to fire management.

The uncontrolled use of fire—aggravated by drought conditions and heatwaves—is a major cause of forest loss and degradation in Borneo and the Amazon. The two new projects will use integrated participatory approaches to build capacity in fire prevention and management and help improve early-warning systems. Both projects, with a combined value of USD 2.2 million, are being funded as part of the Japanese Government’s emergency assistance for the effective management of forest fires in the tropics.

¹⁸ The two projects are: PP-A/56-340-1: “Capacity building on forest and land fire management in Indonesia”; and PP-A/56-340-2: “Forest fire prevention and response in tropical forests and forest plantations in Peru”. Note that the former is formally an activity under the BWP and the latter is a modified version of a project, the proposal for which was submitted and approved previously through the ITTO project cycle.

The projects will target regions that are especially vulnerable to forest fire—the provinces of South Sumatera and Central and South Kalimantan in Indonesia and the departments of Cajamarca, Huanuco, Junin, Pasco and Ucayali in Peru. Expected outputs include a reduction in the incidence of forest fire and associated forest loss; improved agricultural and silvicultural practices; improved fire prevention and management and early-response protocols; improved firefighting capacity; the installation of efficient early-warning and fire monitoring systems; effective coordination and synergies among stakeholders in combating and preventing forest fires; and increased public awareness of fire management.

Local communities, indigenous groups, farmers, fire brigades, forest enterprises, non-governmental organizations and local and national agencies are all expected to benefit from the project. Additional expected outcomes include a reduction in greenhouse-gas emissions and improved biodiversity conservation.

The projects build on the successes of previous fire-related ITTO projects and the ITTO Guidelines on Fire Management in Tropical Forests, which were published in 1997.

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

ITTO works to improve market intelligence and increase transparency in international timber markets, recognizing that the expansion and diversification of trade in products originating from sustainably managed tropical forests can contribute substantially to sustainable development.

Independent market monitoring of FLEGT-licensed timber

<i>Activity title</i>	Independent market monitoring of FLEGT-licensed timber
<i>Identifier</i>	PP-A/49-291
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 4 499 438 ¹⁹
<i>Implementing agency</i>	ITTO
<i>Donor</i>	European Union
<i>Relevant SDGs</i>	



The IMM was established under an EU-funded ITTO activity to support the implementation of bilateral voluntary partnership agreements (VPAs) between the EU and timber-supplying countries as part of the EU’s Forest Law Enforcement, Governance and Trade (FLEGT) programme and to analyze their market impacts.

Work undertaken by the IMM in 2020 included the ongoing improvement of a data “dashboard” for user-friendly downloads and the visualization of trade data. Pages with detailed information on forest resources, the forest and timber industry, and trade relationships for each VPA-implementing partner country were added in 2020. IMM studies on the furniture sector (with a focus on key Asian suppliers) and the impact of the FLEGT programme on forest-sector investment (with a focus on Indonesia and Viet Nam) were published in 2020.

For more, visit www.flegtim.eu



Sawmill workers in Ghana pack a timber consignment for the European market. Photo: IMM

¹⁹ Grant agreement for EUR 4 million.



Customary landowners inspect a teak plantation intercropped with pineapple in Rigo District, PNG. Photo: S. Rollinson

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

ITTO has a strong focus on enabling local communities and industries to sustainably use forest resources. Working closely with local people and building their capacity to engage in forest-based enterprises and decision-making helps ensure the sustainability of ITTO projects and activities after their official completion. Working with industry is also crucial for ensuring SFM, wood-processing efficiency, and the sustainability of international trade.

Increasing landowner awareness and technical capacity for community forest management

<i>Project title</i>	Enabling customary landowners to participate effectively in community forest management schemes within six pilot areas of PNG
<i>Identifier</i>	PD 764/14 Rev.3 (F)
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 606 313
<i>Implementing agency</i>	Papua New Guinea Forest Authority
<i>Donor</i>	Japan
<i>Relevant SDGs</i>	

In Papua New Guinea (PNG), most land is held under customary ownership, with only 27% of the land area occupied by people. PNG's social context is equally diverse, with over 800 tribal groups and languages. Each tribe comprises several clans, with each clan sharing a common ancestor (either male or female). Important land-use decisions are usually made at the clan level.

The aim of this ITTO project is to establish a model community-based land ownership mapping and forest resource assessment system that supports community forest management schemes. Participating landowner groups will increase understanding about the goods and services their forests provide, increase capacity to participate in feasible community-based schemes, and improve forest management practices and security over their resources in the long-term.

Five project partners have been engaged for the implementation of the project: 1) Research and Conservation, Eastern Highlands Province; 2) Organisation for Industrial, Spiritual, Cultural Advancement, East New Britain Province; 3) Foundation for People and Community Development, Madang Province; 4) Milne Bay Provincial Administration, Milne Bay Province; and 5) Forest Management and Product Certification Service, West New Britain Province.

Data collection is underway on land tenure boundaries, clan membership, forest biomass, land cover and land use, and biodiversity. The collected data will be posted on an online platform.



A healthy forest landscape in the Alto Vale do Itajaí region, Brazil. Photo: © Wigold Schaffer

4 Policy, analytical and normative work

This chapter highlights the Organization's policy work in 2020.

Guidelines for restoring degraded tropical forest landscapes

Forest landscape restoration (FLR) is an inclusive approach that uses trees and other forest elements to build healthy and resilient ecosystems in which people and nature exist in harmony. It is a fast-developing science and practice, and there is an urgent need for easy-to-use guides to assist decision-makers and practitioners in putting it into practice.

ITTO published *Guidelines for Forest Landscape Restoration in the Tropics* in October 2020 after a process involving members of the Collaborative Partnership on Forests, the Asian Forest Cooperation Organization and many other partners²⁰ working in tropical forest landscapes. The aim of the guidelines is to help stakeholders—from policymakers to foresters and farmers—to restore degraded forest landscapes, thereby providing vital goods and ecosystem services and creating sustainable rural livelihoods and employment.

The guidelines complement and build on *ITTO Guidelines for the Restoration, Management and*

Rehabilitation of Degraded and Secondary Tropical Forests, published in 2002. The new guidelines take a broad landscape view and are structured around six principles of FLR developed by the Global Partnership on Forest and Landscape Restoration. ITTO is supporting several countries to implement FLR, taking the new guidelines into account.

Guidelines for Forest Landscape Restoration in the Tropics and an accompanying policy brief can be found at www.itto.int/guidelines

Tropical Timber Market Report

Twenty-three editions of ITTO's *Tropical Timber Market Report* were published and distributed to over 18 000 readers worldwide in 2020, providing news and information on tropical timber market trends and trade from around the world.

The report can be subscribed to (on free registration) at www.itto.int/market_information_service

Enhancement of statistical work and databases on statistics

The ITTO online statistical database was updated in July 2020 with the most current production and trade figures for primary wood products and data on the trade of secondary wood products for the period 1990–2019.

²⁰ The guidelines are a joint effort of ITTO, members of the Collaborative Partnership on Forests, particularly the Center for International Forestry Research, the Food and Agriculture Organization of the United Nations, the Global Environment Facility, the International Union for Conservation of Nature, the International Union of Forest Research Organizations and the United Nations Environment Programme, and other institutions, especially the Asian Forest Cooperation Organization, RECOFTC, WeForest and the World Resources Institute.



Azobe boards are planed in a plant in Gabon. Photo: © Precious Woods

ITTO participated in the 2020 meeting of the Inter-secretariat Working Group on Forest Statistics, held in Geneva, Switzerland. Discussions focused on the continuous improvement of the Joint Forest Sector Questionnaire; the inclusion of new forest product conversion factors in the statistical systems of participating organizations; and the implementation of automated procedures for reducing trade discrepancies.

The ITTO statistical database is available at www.itto.int/biennal_review



Participants listen at a national consultation in Port Moresby, PNG, as part of an ITTO project on forest governance. Photo: T. Maraseni, University of Southern Queensland

Forest product conversion factors

ITTO, FAO and the United Nations Economic Commission for Europe (UNECE) co-published *Forest Product Conversion Factors* in March 2020, providing the most up-to-date and comprehensive set of conversion factors from primary to secondary and tertiary products in forestry. Conversion factors are used primarily for measuring the efficiency and technical progress of forest industries, and this publication will support the work of analysts, policymakers, forest practitioners and manufacturers worldwide.

To download the publication visit: www.itto.int/other_technical_reports





A forest worker in Central Africa measures tree diameter. Photo: © J.L. Doucet

Monitoring forest certification

The Committee on Economics, Statistics and Markets reviewed progress on forest and timber certification (to 2019) at its annual session in 2020. The two main schemes adopted in ITTO producer countries are those of the Forest Stewardship Council and the Programme for the Endorsement of Forest Certification.

The total area of certified forests in ITTO producer countries was 32.2 million hectares in 2019, which was 6.1% of the global area of certified forests (527 million hectares). A total of 4154 chain-of-custody certificates were current in ITTO producer member countries, which was 7.9% of the total number of such certificates worldwide.

For more, visit www.itto.int/itc-56/presentations

Market access for tropical timber and tropical timber products

Also at its annual session in 2020, the Committee on Economics, Statistics and Markets reviewed the situation on market access for tropical timber and tropical timber products. Five major legislative instruments related to market access for timber—the EU Timber Regulation, the Lacey Act amendments of the United States of America, Australia’s Illegal Logging Prohibition Act,

Japan’s Clean Wood Act, and the Korean Revised Sustainable Use of Timber Act—were in force in 2019. The committee noted legislative developments in other important timber markets, such as the Chinese Forest Law Amendment and Viet Nam’s EU VPA/FLEGT Agreement, as well as developments in CITES.

For more, visit www.itto.int/itc-56/presentations



Containers of timber and timber products in Guatemala ready for shipment to international markets. Photo: INAB



A forest auditor attaches a tag in a log yard in Darién, Panama. Panama's new timber traceability system, developed as part of an ITTO project, enables the tracking of timber from the forest to the mill and beyond. Photo: B. García

5 Collaborative work

This chapter presents examples of collaborative work undertaken by the Organization in 2020.

Asia-Pacific Economic Cooperation Experts Group on Illegal Logging and Associated Trade

ITTO participated in the 17th meeting of the Asia-Pacific Economic Cooperation (APEC) Experts Group on Illegal Logging and Associated Trade (EGILAT), held virtually in February 2020 (hosted by the Government of Malaysia). During the meeting, which focused on promoting trade in legally harvested forest products in APEC economies, ITTO was accepted as a permanent observer at future APEC EGILAT meetings.

ITTO and Soka Gakkai empower women in Togo through forest restoration

ITTO and Soka Gakkai²¹ agreed to join forces to support FLR in Togo with the aim of empowering women to improve their livelihoods and increase the resilience of local landscapes in the face of climate change. The two organizations signed a memorandum of understanding on 1 July 2020, under which Soka Gakkai will provide 10 million Japanese yen (approximately USD 93 000) for the implementation of a pilot ITTO project, “Support for women’s groups with the restoration of forest landscapes in the prefectures of Blitta and Lacs, Togo”.

²¹ Soka Gakkai is a global community-based Buddhist organization that promotes peace, culture and education.



Women tend a community nursery created as part of a completed ITTO project to assist FLR in Togo. Photo: ODEF

The project is now underway, led by the African Women’s Network for Community Management of Forests (REFACOF)—a non-governmental organization and a member of ITTO’s Civil Society Advisory Group.

FAO's Committee on Forestry and Seventh World Forest Week

ITTO participated in the 25th session of FAO's Committee on Forestry and the Seventh World Forest Week, which were held virtually in October 2020. Among other things, ITTO contributed to discussions on the need to "build back better" after the pandemic, the Global Forest Resources Assessment 2020, the Global Forest Education Project, and the Collaborative Partnership on Forests.



International Forestry Students' Association

ITTO collaborated with the International Forestry Students' Association (IFSA) through its work on the Global Forest Education Project; a member of the ITTO Secretariat also gave a lecture on forest optimization at an IFSA webinar in December 2020.



The Deputy Major of the City of Yokohama Hayashi Takumi (left) receives an ecobag containing ITTO publications from ITTO Director of Operations Sheam Satkuru. Photo: R. Carrillo/ITTO

Collaboration with Japan, ITTO's host country

Japan's Forestry and Forest Products Research Institute, the Japan International Cooperation Agency, the Japan Public-Private Platform for REDD+ and ITTO jointly convened a seminar in Tokyo on 21 January 2020 to explore opportunities for REDD+, including for the private sector, in support of national-level activities.

ITTO participated in the Yokohama [Kokusai] International Forum held in February 2020, with a member of the Secretariat presenting a lecture on the contributions of tropical forests and ITTO to the Sustainable Development Goals.

In a memorandum of understanding signed on 25 February 2020, ITTO and Soka University agreed to collaborate with the aim of increasing the knowledge and exposure of Soka University students to global environmental issues through the exchange of publications and other information materials, speakers, the joint organization of seminars, and internships at ITTO.

Yokohama's Deputy Mayor Hayashi Takumi welcomed delegates to the 56th session of the International Tropical Timber Council on the opening day of the session. Mr Hayashi also had a courtesy call with ITTO's Director of Operations in July 2020.

For more, visit www.itto.int/activities_in_japan



Speakers and moderators at the REDD+ Start-up Year 2020 Seminar, held in Tokyo in January 2020. Photo: FFPRI

ITTO and the Collaborative Partnership on Forests

ITTO participated in several meetings of the Collaborative Partnership on Forests in 2020, most of which were held virtually. The focus of the meetings was on providing updates on organizational work, including on post-COVID-19 recovery measures and data on the impacts of the pandemic on the forest sector gathered through ITTO and TAG surveys. ITTO contributed to the development of the new Collaborative Partnership on Forests workplan for 2021–2024 and the Collaborative Partnership on Forests' Joint Initiative on Forest Education, to be launched at the 16th session of the United Nations Forum on Forests in April 2021.



*Felipe Veluk Gutierrez (Brazil) was awarded an ITTO Fellowship to pursue professional development in social innovation, collective action and biocultural diversity conservation in the Brazilian Amazon.
Photo: © F.V. Gutierrez*

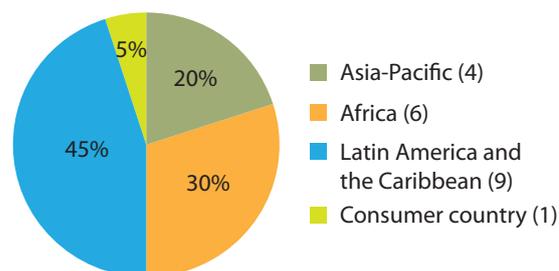
6 Fellowships

The ITTO Fellowship Programme promotes human-resource development in member countries and strengthens professional expertise in tropical forestry and related disciplines. Since its establishment in 1989, the programme has enabled more than 1400 young and mid-career professionals from 50 countries to pursue professional development opportunities and improve their career prospects. The total value of Fellowship awards is nearly USD 8 million, of which Japan has contributed 69%, the United States of America 17%, the Netherlands 8% and Australia 3%, with the remainder obtained from various sources, including the private sector.

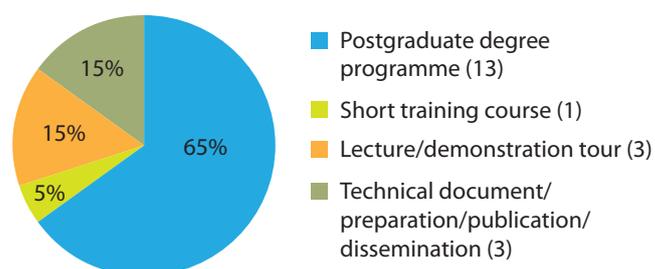
In 2020, the International Tropical Timber Council awarded 20 Fellowships to professionals in 13 producer member countries and one consumer member—including nine women, or 45% of the awards—at a total value of USD 150 344, based on the recommendations of a selection panel convened as part of the Council's 56th session. The charts show how these Fellowships are distributed by region and purpose.

Accounts of recent Fellowships are featured regularly in the Tropical Forest Update at www.itto.int/tropical_forest_update

ITTO Fellowships awarded in 2020, by region



Purpose of ITTO Fellowships awarded in 2020



Media visit a mangrove restored area in Guatemala, thanks to an ITTO project.
Photo: C. Zacarías/INAB



7 Outreach

The aims of ITTO's outreach are to:

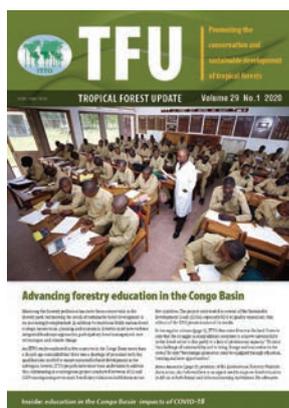
- 1) Enhance knowledge-sharing and dissemination.
- 2) Leverage knowledge through partnerships.
- 3) Enable knowledge use.
- 4) Deliver key messages on ITTO's work to the international community.

Much of ITTO's outreach is achieved through field projects, activities and collaborative work, as outlined in other sections of this report. This section presents outreach activities conducted mainly by the ITTO Secretariat.

Tropical Forest Update

ITTO published four editions of the *Tropical Forest Update* (TFU)—a newsletter promoting the conservation and sustainable use of tropical forests—in 2020.

Hard copies of the TFU are distributed free of charge to about 14 000 individuals and organizations in more than 160 countries. The TFU is also available electronically on the ITTO website²² and via the TFU app (which can be obtained from App Store and Google Play²³).



²² www.itto.int/tfu

²³ Keywords = TFU ITTO

Tropical Forest News

ITTO published 12 editions of its e-newsletter, *Tropical Forest News*, in 2020, providing subscribers with insights into ITTO's work and other relevant news and events. *Tropical Forest News* can be subscribed to via "Quick links" on the ITTO website.

Report of the Global Green Supply Chains Forum



The International Forum: Together Towards Global Green Supply Chains—A Forest Products Industry Initiative, which was held in Shanghai in October 2019, brought together 350 key players in the tropical forest products sector. Co-organized by ITTO, the forum established the Global Green Supply Chain Network with the aim of incentivizing the responsible production and consumption of tropical wood products. ITTO published the report of the forum in May 2020.

To download the report, visit: www.itto.int/other_technical_reports

ITTO website

The ITTO website (www.itto.int), which is available in English, French and Spanish and also offers extensive coverage in Japanese, received nearly 400 000 views in 2020. The website contains a wide range of information on ITTO's work, including news; calls for proposals; information on and for the International Tropical Timber Council and its committees; publications, including the TFU and the Policy Development and Technical series; a statistical database; the Market Information Service; information on ITTO Fellowships; a list of forthcoming events; outputs of project work (with a comprehensive search facility); a photo gallery; and quick links to various areas of the website. It is continually updated with new content.

Social media

ITTO has a presence on Facebook,²⁴ Instagram,²⁵ Twitter,²⁶ YouTube,²⁷ and LinkedIn²⁸ (see graphic next page).

Videos

As of December 2020, 115 videos were available on ITTO's YouTube channel showing various aspects of the Organization's work. Additions in 2020 included videos on ITTO's work on the sustainable management of tropical dry forests in Peru and the empowerment of women for forest restoration in the Chimbo River basin in Ecuador.

Coverage of the 56th session of the International Tropical Timber Council

A dedicated webpage²⁹ provides comprehensive reporting of the 56th session of the International Tropical Timber Council, which was held virtually in November 2020, including daily news and developments, presentations, photos and insights.

²⁴ www.facebook.com/ittosfm

²⁵ www.instagram.com/itto_sfm

²⁶ twitter.com/itto_sfm

²⁷ www.youtube.com/user/ittosfm/videos

²⁸ www.linkedin.com/company/itto-sfm

²⁹ www.itto.int/ittc-56

Twitter—the top tweet of each month of 2020 produced a combined total of 7830 “impressions” (or individual views on Twitter)

Facebook—the ten most popular posts in 2020 had a combined reach of about 12 000 views



YouTube—the ten most popular videos had a combined total of about 14 000 views in 2020

Instagram—the total number of accounts reached by the top monthly posts combined was about 3800*

* Number of accounts reached as of January 2021.

ITTO in outside media

The results of ITTO’s work were disseminated via various media in 2020, as illustrated by the following examples.

- Brazil’s Observatório Manejo Florestal Comunitário e Familiar
- UNECE’s Forest Information Billboard
- CBFP Flash News newsletters
- Unasyuva
- International Wood Magazine & Buyers Guide
- Revista Forestal de Guatemala
- FEDEMADERAS (Colombia)
- ATIBT newsletters
- International Forest Review
- Remote Sensing and GIS Association of Thailand Journal
- Conservation Genetics journal
- Malaysian Timber Council newsletter Timber Malaysia, Nov–Dec 2020



Community members discuss a participatory map created during a training workshop on agroforestry at Tanintharyi Township, Myanmar, as part of an ITTO project. Photo: N.L. Soe



Photo: ITTO/Royal Forest Department (Thailand)

8 Financial highlights

This chapter consists of two main sections: an executive summary of ITTO's financial statements prepared by the ITTO Secretariat, and an extract of ITTO's audited financial statements. Both sections are part of the financial reports prepared in accordance with ITTO's Financial Rules and Procedures to be considered by the International Tropical Timber Council at its 57th session.

Executive summary of ITTO's financial statements for the year ended 31 December 2020, prepared by the ITTO Secretariat

The audited financial statements provide information on the financial position and performance of ITTO for the fiscal year ended 31 December 2020 (FY2020).

For ITTO's project accounts in FY2020, new voluntary contribution pledges of USD 4.1 million were announced at the 56th session of the International Tropical Timber Council, and total project expenses during this period were USD 3.0 million for projects mostly funded prior to FY2020. Total Administrative Account assessed contribution revenues were USD 7.1 million, of which USD 1.6 million was not received during FY2020 and was accounted for as assessed contributions receivable (arrears). Actual costs for the FY2020 Administrative

Account budget were USD 6.1 million, therefore creating a cash deficit of USD 0.6 million for the Administrative Account budget for the year. The International Tropical Timber Council adopted Decision 2(LV.1) "Management of the Administrative Budget for 2019-2020" in June 2020 to address this issue, allowing ITTO to use the Working Capital Reserve to cover the deficit and to enable the Secretariat to continue functioning during the ongoing COVID-19 pandemic and anticipated economic downturn in many countries, which may result in delays in receipt of Administrative Account assessed contributions.

The Council adopted Decision 5(LIV) at its 54th session in November 2018 to enhance the financing architecture and fundraising of the Organization. In accordance with operative paragraph 8 of that decision, the Secretariat is including here the revenue and direct and indirect costs associated with implementing the pilot of "an additional fundraising approach focused on pro-active development of proposals with potential sources of funding and/or participate in tenders which address/ contribute to the objectives of the International Tropical Timber Agreement and the strategic priorities of the Organization, taking into consideration the need for transparency, and opportunities for member engagement".

Required financial disclosures in accordance with Decision 5(LIV)

(USD)

<i>Pledges associated with implementing the pilot</i>	<i>2020</i>
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Pledges in Council Decision 1(LVI) associated with implementing the pilot

Pledge by FAO for PP-A/53-323C "Regional assessment of forest education in the Asia and Pacific Region and Online Learning Course for Legal and Sustainable Supply Chains (LSSC)"	123 848
Pledge by Japan for PP-A/56-340-1 "Capacity building on forest and land fire management in Indonesia"	1 105 263
Pledge by Japan for PP-A/56-340-2 "Forest fire prevention and response in tropical forests and forest plantations in Peru"	1 105 263
Pledge by Soka Gakkai for PP-A/56-341 "Support for women's group with the restoration of forest landscapes in the Prefectures of Blitta and Lacs, Togo"	93 240

Total pledges	2 427 614
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(USD)

<i>Costs associated with implementing the pilot</i>	<i>2020</i>
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Costs charged to the Administrative Budget

Staff time*	300 000
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Subtotal	300 000
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Costs charged to the Working Capital Reserve in accordance with Council Decision 9(LIII) and Decision 5(LIV)

Consultancies	23 228
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Ad hoc Finance Working Group	1 110
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Subtotal	24 338
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Total costs	324 338
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* Estimated based on time spent on brainstorming, meetings and implementing fundraising initiatives as well as time spent on implementing the resulting activities not explicitly budgeted for in those activities.

The Council adopted Decision 4(LVI) "Implementing ITTO's New Financing Architecture – Phase II" in November 2020, building on Decision 8(LV) by adopting the goals and objectives of each of the four Programmatic Lines and the project concept note. Specific activities include, among others, issuing a first open call for concept notes, continuing to periodically convene the Advisory Board and engaging with funding mechanisms, including the Global Environment Facility and its partners ahead of its eighth replenishment process. Accordingly, the staff time associated with the pilot will continue to be substantial in 2021.

The 2020 financial statements have, for the fifth successive year, been prepared based on the International Public Sector Accounting Standards and in accordance with the Financial Rules and Procedures adopted by the Council, disclosing additional information on actual assets and liabilities and enabling the improved management of ITTO's resources and internal control. Highlights include the following:

- 1) The surplus for the FY2020 Statement of Financial Performance was USD 0.8 million due to differences in the timing of recognizing revenue and expenses (e.g. the entire Administrative Budget is recognized as revenue in the year that the assessments are due, but expenses incurred during the same year are recognized as expenses from that year's budget).

- 2) Project expenses decreased by USD 2.7 million between 2019 and 2020. This was due mainly to projects making significantly less progress in 2020 due to the COVID-19 pandemic.
- 3) Advance transfers to projects increased by USD 0.3 million between 2019 and 2020. This was also mainly because of projects making significantly less progress in 2020 due to the COVID-19 pandemic and a reduction in the spending rate for advance transferred funds to executing agencies.

ITTO is committed to enhancing its solid foundation for transparent and effective financial management and reporting. In addition to the best practices for internal control previously implemented under the Financial Rules adopted in 2016 and further revised in 2019, the Council adopted a new project audit framework in 2020 to increase the timeliness and transparency of the reporting of project fund expenses. ITTO will continue to implement and strengthen its internal controls and accountability measures by proactively evaluating and improving its systems where appropriate by adopting best practices from organizations that are similar in nature. Simultaneously, the Council will play a crucial role as the governing body, receiving regular reports of the Organization's finances and providing oversight of these.

Extract of ITTO's audited financial statements for the year ended 31 December 2020

Statement of financial position as of 31 December (USD)

	31 December 2020	31 December 2019
Assets		
Current assets		
Cash and cash equivalents	18 658 085	16 405 795
Investments	–	–
Assessed and voluntary contributions receivable, net	5 129 987	6 257 753
Other accounts receivable, net	232	39 218
Advance transfers - Projects	770 836	518 827
Advance transfers - Others	235 932	173 674
Total current assets	24 795 072	23 395 267
Non-current assets		
Property and equipment	199 550	235 858
Intangible assets	6 847	9 595
Other assets	–	–
Total non-current assets	206 397	245 452
Total assets	25 001 469	23 640 719
Liabilities		
Current liabilities		
Accounts payable - Members	65 133	157 528
Voluntary contributions advance receipts - allocated	724 907	400 880
Voluntary contributions advance receipts - unallocated	859 466	414 546
Assessed contributions advance receipts	442 547	326 398
Other liabilities	740 038	784 421
Total current liabilities	2 832 090	2 083 773
Non-current liabilities		
Voluntary contributions advance receipts - allocated	10 715 010	11 018 880
Other liabilities	1 107 751	984 036
Total non-current liabilities	11 822 760	12 002 916
Total liabilities	14 654 851	14 086 689
Net of total assets and total liabilities	10 346 618	9 554 030
Net assets		
Accumulated surplus - Restricted	6 279 329	5 857 336
Accumulated surplus - Unrestricted	1 567 289	1 196 694
Reserves	2 500 000	2 500 000
Total net assets	10 346 618	9 554 030

Statement of financial performance for the year ended 31 December (USD)

	2020	2019
Revenue		
Administrative Account		
Assessed contributions	7 091 488	7 170 242
Other voluntary contributions	1 140 215	884 755
Financial revenue	2 582	12 014
Other income	230	890
Project Accounts		
Member States voluntary contributions	3 018 554	5 401 501
Other voluntary contributions	–	–
Programme support revenue	478 948	496 990
Ex-post evaluation revenue	28 365	163 005
Financial revenue	2 714	15 631
Other income	135 337	–
Total revenue	11 898 432	14 145 027
Expenses		
Administrative Account		
Employee benefits	5 237 814	4 889 230
Operating expenses	1 944 678	2 501 333
Project Accounts		
Project expenses	2 964 781	5 618 924
Depreciation and amortization	64 060	66 699
Other expenses	894 511	558 068
Total expenses	11 105 844	13 634 253
Surplus/(deficit) for the year	792 588	510 774

Statement of cash flows for the year ended 31 December (USD)

	2020	2019
Cash flows from operating activities		
Surplus/(deficit) for the year	792 588	510 774
Adjustments to reconcile deficit/surplus to net cash flows		
Increase/(decrease) in allowance for doubtful receivables	911 011	499 547
Depreciation and amortization	64 060	66 699
Unrealized (gain)/loss on foreign exchange	(22 344)	18 797
Changes in assets		
(Increase)/decrease in Assessed contributions receivable	(815 337)	(1 042 492)
(Increase)/decrease in Voluntary contributions receivable	1 032 092	454 578
(Increase)/decrease in Other accounts receivable	40 222	5 048
(Increase)/decrease in Advance transfers - Projects	(252 009)	996 966
(Increase)/decrease in Advance transfers - Others	(62 258)	148 834
Changes in liabilities		
(Decrease)/increase in Accounts payable - Members	(92 395)	95 881
(Decrease)/increase in Other liabilities	118 564	167 849
(Decrease)/increase in Voluntary contributions advance receipts - allocated	20 157	(1 221 431)
(Decrease)/increase in Voluntary contributions advance receipts - unallocated	444 920	(29 397)
(Decrease)/increase in Assessed contributions advance receipts	116 149	(107 284)
Net cash flows from operating activities	2 295 421	564 369
Cash flows from investing activities		
Purchases of property and equipment	(25 005)	(9 155)
Purchases of intangible assets	-	-
Net cash flows from investing activities	(25 005)	(9 155)
Cash flows from financing activities		
Net proceeds from/(payment of) finance lease liabilities	(39 233)	(38 311)
Net cash flows from financing activities	(39 233)	(38 311)
Effect of exchange rate changes on cash and cash equivalents	21 108	(19 157)
Net (decrease) in cash and cash equivalents	2 252 291	497 746
Cash and cash equivalents — beginning of year	16 405 795	15 908 049
Cash and cash equivalents — end of year	18 658 085	16 405 795



Attendees at the first ITTO Project Financial Reporting and Audit Workshop, held in Jakarta, Indonesia, discuss ITTO's new project auditing framework. Photo: S. Kawaguchi/ITTO

Audit report of the Anti-Money Laundering and Counter Terrorism Financing Programme, in accordance with Decision 3(LIV) of the International Tropical Timber Council

Takeshi Tanaka, a certified public accountant licensed in Japan, performed the relevant internal audit procedures on ITTO's implementation of its Anti-Money Laundering and Counter Terrorism Financing (AML/CFT) Programme ("the Programme") as part of ITTO's internal audit programme.

The objective of the internal audit was to assess whether ITTO had complied with the Programme in the period from 1 January 2020 to 31 December 2020.

As a result of the procedures performed in the internal audit, significant issues were not detected that might lead to doubt that ITTO is not compliant with the Programme.

ITTO's new project audit framework

The International Tropical Timber Council adopted a new project audit framework for ITTO at its 56th session in November 2020. The new framework provides detailed terms of reference for auditors based on relevant international standards to perform agreed-upon procedures using a unified reporting format, with the aim of increasing the transparency and timeliness of project financial reporting. The framework also allows ITTO to directly select auditors to better coordinate the timing and efficiency of audits across projects and regions. The new rules will be applied prospectively to new project agreements, and the cooperation and understanding of project executing agencies will be essential for its success. Once the framework is fully implemented, ITTO envisions an increase in the reliability and timeliness of financial reporting by projects, which will benefit members, donors and the public.

For more, see document CFA(XXXV)/7 Rev.1, which is available at www.itto.int/council_committees/documents/?pageID=3; see also an article in TFU 30/1 (page 19) at www.itto.int/tfu/2021/03/31/tough_climb_up_for_biodiversity



ITTO Fellow Talía Lostaunau García spent time documenting and communicating conservation efforts in the Alto Mayo conservation reserve, Peru. Photo: G. Herrera

9 Membership

Producer members

Africa

Benin, Cameroon, Central African Republic, the Congo, Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Ghana, Liberia, Madagascar, Mali, Mozambique and Togo

Asia and the Pacific

Cambodia, Fiji, India, Indonesia, Malaysia, Myanmar, Papua New Guinea, the Philippines, Thailand and Viet Nam

Latin America and the Caribbean

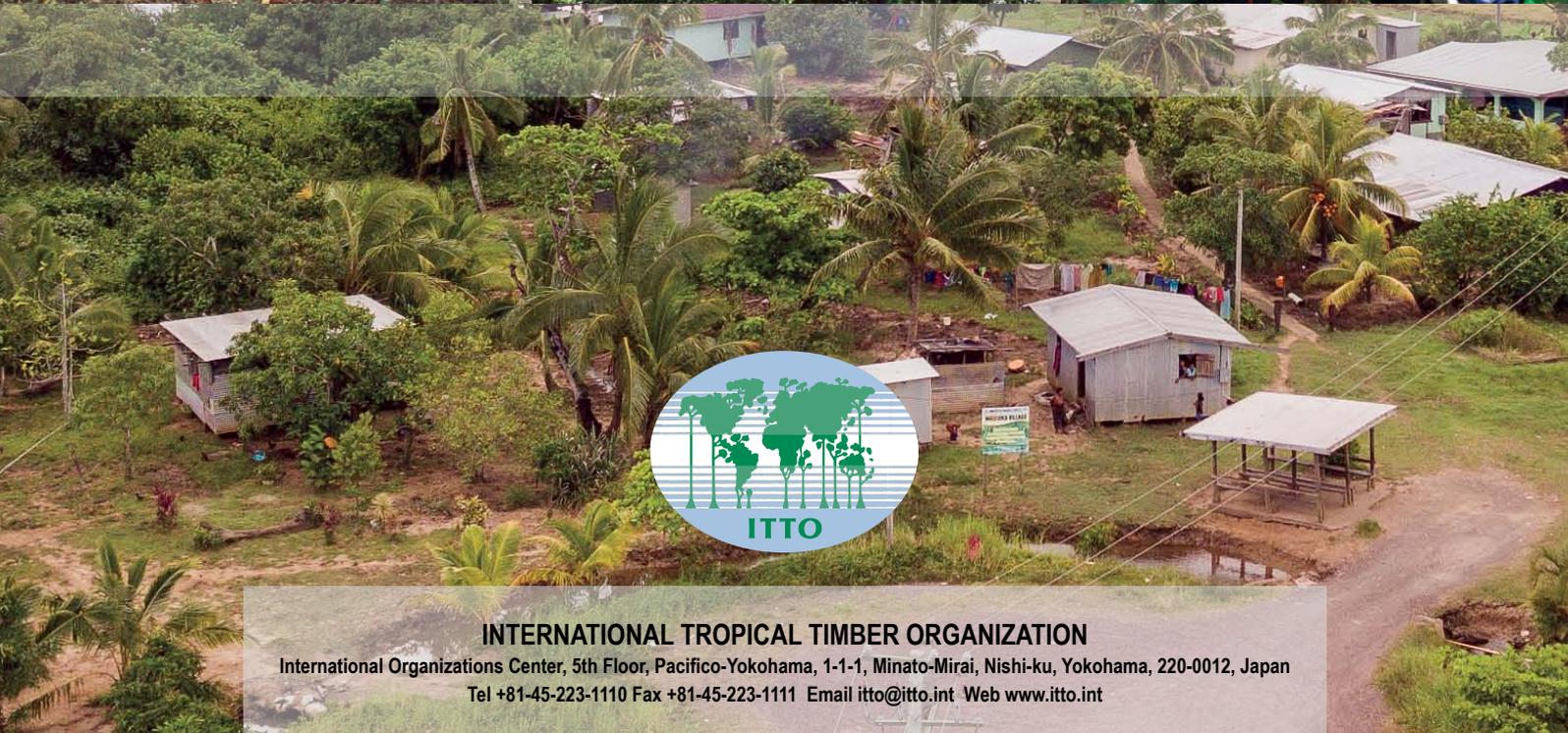
Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Guyana, Honduras, Mexico, Panama, Peru, Suriname, Trinidad and Tobago, and Venezuela (Bolivarian Republic of).

Consumer members

Albania, Australia, China, European Union [Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom of Great Britain and Northern Ireland³⁰], Japan, New Zealand, Norway, Republic of Korea, Switzerland and United States of America

Membership is as of 31 December 2020, under the International Tropical Timber Agreement, 2006.

³⁰ The United Kingdom of Great Britain and Northern Ireland became a non-EU member in early 2021.



INTERNATIONAL TROPICAL TIMBER ORGANIZATION
International Organizations Center, 5th Floor, Pacifico-Yokohama, 1-1-1, Minato-Mirai, Nishi-ku, Yokohama, 220-0012, Japan
Tel +81-45-223-1110 Fax +81-45-223-1111 Email itto@itto.int Web www.itto.int