TWENTY-FIFTH SESSION
13 – 18 December 2010
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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COMMITTEE ON FINANCE AND ADMINISTRATION

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Item 1: Opening of the Session

1. The Chairperson, Dr. David Brooks of the United States of America, welcomed all delegates to the Twenty-fifth Session of the Committee.

Item 2: Adoption of Agenda and Organization of Work

2. The Chairperson suggested that the Committee takes up discussions agenda item by item in the order listed in document CFA(XXV)/1. He also informed the Committee that the Chairperson of the Council had requested the CFA to deliberate on some issues to assist the Council to advance in the decision making process for those; and these would be taken up in Item 14 (other business) at this Session. These include: (i) financing of Council Sessions to be held outside headquarters; (ii) extension of the tenure of one of the Assistant Directors; (iii) draft decision on cooperation between ITTO and non-ITTO member donors, and responding to calls for proposals; and (iv) an illustrative administrative budget for operation of the Organization under the ITTA, 2006. The Vice-Chairperson of the Committee, Dr. Agus Sarsito of Indonesia was requested by the Chairperson to lead the discussion of the Committee on a number of the agenda items.

3. The Chairperson drew the attention of the Committee to the work of the Panel on Sub-Account B of the Bali Partnership Fund (BPF) for the allocation of funds under Sub-Account B of the BPF, created under Council Decision 4/(XXX). This Panel will be chaired by the Chairperson of the Committee and will report directly to the Council. It will convene its first meeting on Thursday, 16 December 2010. He informed that the selection of the members of the Panel is to be finalized shortly with a view to commence its work.

Item 3: Admission of Observers

4. The Chairperson advised the Committee that the Council had admitted all applicants as shown on document ITTC(XLVI)/Info.3 which listed states, inter-governmental and non-governmental organizations applying for Observer status. The Committee concurred with the decision of the Council in this matter.


Item 5: Draft Administrative Budget for the Year 2011

6. The Secretariat introduced document CFA(XXV)/2, which had been distributed to Members in September 2010 in accordance with Rule 3 of the ITTO’s Financial Rules and Rules Relating to Projects which was amended by the Council at its Thirty-fourth Session in May 2003 [Decision 7/(XXXIV)], for the preparation of the draft administrative budget for a biennial period, instead of an annual period, applying the exchange rate of JPY84.69 to USD.1, which was the rate for the month of August 2009. At the Twenty-second Session of the Committee in November 2008, and as approved by the Council at its Forty-third Session, the proposed budget will not be revised for any further subsequent change in the exchange rate.

7. The Secretariat further added that the Biennial Administrative Budget for 2010-2011 was prepared for the consideration of the Committee at its Twenty-fourth Session (November 2009) but due to the fact that the
ITTA, 2006, had not entered into force at that time, the Committee decided to consider and approve the Administrative Budget for 2010 which was prepared for the operation of the Organization under the ITTA, 1994. As at September 2010, the ITTA, 2006, still had not entered into force, the Secretariat, therefore, prepared the Administrative Budget for 2011 for operation under the ITTA, 1994, for consideration of the Committee at this Session.

8. The Secretariat explained that the proposed budget for 2011 amounts to US$7,312,286 against the approved budget for 2010 of US$6,465,756, representing an increase of US$846,530 or 13.09%, due mainly for the following reasons:

(a) An increase of 11.32% due to the change in exchange rate (from JPY 95.50 to USD 1 used in 2010 to JPY84.69);

(b) An increase of 1.30% due to annual salary increment of staff members and other changes in entitlements in accordance with the staff regulations and rules; and

(c) A minor increase to take account of the cost for the proposed replacement of the official car to replace the current vehicle which will have been in use for six years by 2011.

9. A number of members were concerned about the large increase in the administrative budget for 2011 and suggested some areas that could be reduced, particularly in the cost of personnel including staff restructuring, to decrease the budget. Some members commented that the main reason for the increase in the budget was due to the fluctuation in the strength of the Japanese Yen and suggested that the budget be prepared in Japanese Yen and members could be assessed in that currency. The Secretariat noted that the Committee had discussed the same matter in the past and recognized that Members may have greater difficulties in obtaining Japanese Yen for payment of their assessed contributions to the budget.

10. Suggestions were made that to achieve savings in the budget, recruitment of new staff members to the positions which are currently vacant could be made at a lower level and new staff should start their appointment from step I of the grade instead of a similar level and step as the previous incumbent.

11. The Chairperson, after noting the deliberations at the meeting, requested the Secretariat to make revisions in the budget for the year 2011 to reduce the budget, taking into consideration the comments made by members at this meeting. The secretariat presented a revised budget with total expenditures in the amount of US$7,111,723 which is a reduction of US$200,563 from the original proposal made in document CFA(XXV)/2. This was achieved by revising the step of the vacant post of Assistant Director to step I and delaying his recruitment for a few months; as well as reduction in some of the budget items.

12. While appreciating the efforts made by the Secretariat and the Executive Director to reduce the budget for 2011, some members requested that the budget be further reduced by taking measures like postponement of the recruitment of the currently vacant positions to later in the year. Some members remarked that the work of the Secretariat could be hampered if some staff members, particularly the ones in senior positions, are not on board to carry out their duties. The Secretariat, following the request of the Chairperson, presented another revision to the budget in the total amount of US$7,058,902 (a further reduction of US$52,821) for consideration of the Committee.

13. After additional discussions and further consultations among members, the Committee recommended that the Council approve the Administrative Budget for the Financial Year 2011 as presented in document CFA(XXV)/2/Amend.1 in the amount of **US$7,058,902**. This amount will be further increased by US$187,772 to take account of the discount to be granted to Members for prompt payment of their contributions in 2010 (in accordance to Rule 4, paragraph 3, of the Financial Rules and Rules relating to Projects). As in previous years, an amount of US$674 in bank interest earned in 2010 would also be used to square out the net amount to be assessed from Members. Accordingly, the net amount to be assessed from Members towards the Administrative Budget for the Financial Year 2011 is therefore **US$7,246,000**. The assessed contribution from Members to the budget for 2011 is shown in document CFA(XXV)/2/Amend.1; and the Secretariat will be sending invoices to Members for payment in accordance with the Financial Rules.
Item 6: Review of Contributions to the Administrative Budgets

14. The Secretariat introduced document CFA(XXV)/3, dated 29 November 2010. This document detailed the history of Members’ contributions to the Administrative Budgets for the financial years from 1986 to 2010, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed the Committee that, as shown in the document, in 2010, $1,906,188.91 had been received from Producing Members out of the total net assessment of $3,108,654.00; and $3,024,821.00 had been received from Consuming Members out of the net assessed amount of $3,056,371.00. The Secretariat informed the Committee that a cheque was received at this Session from the delegation from Liberia in the amount of $82,030.00 in payment of its arrearages in contribution to previous year (later was confirmed that this is Liberia’s payment for 2010). Notification was also received from Panama that action had been taken to settle the balance of its contribution for 2010 of $7,360.00. Later in the Session, the delegate from Brazil advised that the steps for payment of its contribution to the Administrative Budget for 2010 is being finalized and the payment is expected to reach the account of ITTO soon.

15. As shown in the document, arrearages in contributions to previous years’ budgets from Producing Members amount to $4,536,804.88; and arrearages from Consuming Members amount to $111,245.00. Furthermore, the outstanding payment of interest charges levied on late contributions under the ITTA, 1983, amount to $121,229.11. The document also includes information on the status of arrearages in contribution of four members which affects the eligibility to submit project proposals; as well as the arrearage of a former member (Russian Federation) of $24,720.00 and interest charge of $116.72. A contribution of $150,940.16 was recorded as an advance payment from Togo.

16. The Committee took note of the report.

Item 7: Current Status of the Administrative Account

17. The Secretariat introduced document CFA(XXIV)/4 dated 29 November 2010 together with estimated expenditures for the current year. The Secretariat advised the Committee that in spite of the weaker strength of the U.S. dollar which would have increased the expenditures in 2010, the estimated expenditures for the current year would amount to $6,192,271 (i.e. $273,485 less than the total amount approved in the budget for 2010 of $6,465,756).

18. The Secretariat further informed the Committee that the total contributions received to-date is $4,931,010, and together with contributions expected to be paid by members before the end of 2010 (of $158,160), it is anticipated that a deficit in the amount of $1,102,370 might be incurred in 2010. This deficit is higher than the amount of $800,000 already authorized by the Council at the last Session to be withdrawn from the Working Capital Account to cover the short-fall in the budget for 2010.

19. The Secretariat also informed the Committee that the resources of the Working Capital Account had been slightly increased from the balance of US$3,123,736 at the beginning of 2010 to $3,329,703 as at 29 November 2010. The Committee was advised that additional resources from the WCA would be required to cover the anticipated deficit as mentioned above.

20. The Committee took note of the report.

Item 8: Resources of the Special Account and the Bali Partnership Fund

21. The Chairperson introduced the document CFA(XXV)/5, stating that it contained historical financing information on projects, pre-projects and activities of the Organization, and requested the Secretariat to explain further.

22. The Secretariat informed the Committee that the document showed a comprehensive listing of expenditures on, and contributions to, the two sub-accounts of the Special Account, namely Pre-Project and Project Sub-Accounts, and the Bali Partnership Fund (BPF). A list of completed Pre-Projects, Activities and Projects was also included in the document and reported the pro-rated refunds to relevant donors including the funds remaining under “monitoring and evaluation”. In accordance with Council Decision 3(XXVIII) of May 2000, agreement of the donors was requested at regular intervals for the transfer of their share of the remaining “monitoring and evaluation” funds, to the “Pooled Sub-Accounts” for ex-post evaluations. The
funds transferred to this pooled account to date, amount to US$2,828,961.90 and regular ex-post evaluations of projects, as approved through the respective Technical Committees, were carried out. Accordingly, the current available balance in this account amounts to US$875,678.64.

The Secretariat informed the Committee that Statement on the Thematic Programme Sub-Account has been included in this document for the first time on pages 74 to 82, and that the report on the activities in the various Thematic Programmes will be directly reported at the Council. The Secretariat also highlighted the schedule on the “summary of resources available in the Special Account” on page 98 and added that donor members are expected to utilize their available funds during this Council Session to finance projects, pre-projects and activities pending financing.

23. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that as of the end of the last session, forty-five Activities (including Activities for biennial work programmes), five Pre-Projects and five Projects had been funded from the resources of Sub-Account B of the Bali Partnership Fund. The available funds in the Sub-Account B of the Bali Partnership Fund was estimated at US$136,383 as of 31 December 2010.

24. The Secretariat advised that since this document serves as an information and reference document, Members are invited to contact the Secretariat for further information or clarifications on the details either during the course of this Session or by correspondence at a later date.

25. The Committee took note of the document.

Item 9: Auditor’s Report for the Financial Year 2009

26. The Secretariat introduced document CFA(XXV)/6 which was the report of the auditor, Arata Kansa Houjin (PWC Arata), Tokyo for the calendar year 2009, and stated that this Auditor has completed the three-year term and accordingly, the Committee, under the agenda item 10, will consider the appointment of Auditor to audit the accounts of the Organization for the next three years.

27. The Secretariat informed the Committee that the document included financial statements of the four accounts of the Organization – (a) the Administrative Account, (b) the Special Account, (c) the Bali Partnership Fund Account, and (d) the Executing Agencies Account.

28. Members’ attention was drawn to pages 5 and 6 of this document, which provided consolidated financial information on all four Accounts of the Organization, showing a comprehensive picture of the overall financial status of the Organization. Of the total revenues of $14.94 million for 2009 (total revenues for 2008 $15.75m), $8.2 million was voluntary contribution that was moderately lower than the amount of $8.56 million shown in 2008. The total expenditures were $20.89 million (2008: $22.63m), and it included an amount of $13.99 million (2008: $16.83m) which was for the ongoing project work of the Organization. Since inception, the funds for project works amount to over $330 million financing over 900 project, pre-projects and activities. The current annual funds managed by the Organization amount to around $49 million.

29. The final audit works were carried out earlier this year during the months of February to April. The Auditor has confirmed their satisfactory opinion on the financial statements.

30. The Committee took note of the Auditor’s reports and decided to recommend their approval to the Council.

Item 10: Appointment of Auditor

31. The Secretariat introduced document CFA(XXV)/7 which stated that in accordance with Council Decision 10(XXXI) and Decision 2(XXXIV), the audit firm Arata Kansa Houjin (PWC Arata), Tokyo, had completed the audit of the Organization for the term of three consecutive years (2007-2009). Accordingly, the Council would need to appoint a new Auditor to audit the Accounts of the Organization for the following term of three consecutive years (2010-2012). With a view to facilitate the decision by the Council at this Session, the Secretariat had contacted three of the biggest and six large to medium size audit firms in Japan. The Secretariat also invited the audit firms to submit estimates of fees for the three consecutive years.
32. Among the seven positive responses received by the Secretariat, the audit firm Ernst & Young which submitted a quotation of Yen 9,800,000 per year, has a high international standing, while the three others have moderate international affiliation. Of these four audit firms, Grant Thornton has past experience of auditing the financial accounts of ITTO. Estimates of fees submitted by these four firms with approximate equivalents in United States dollars were shown in the document for ease of comparison, using the U.N. official exchange rate for the month of October 2010 of US$1.00 = Yen 83.66: The current audit costs charged by the audit firm PriceWaterhouseCoopers Aarata, Tokyo, in total amount to around Yen 11,500,000/US$137,450 per year.

33. The Secretariat further stated that in its opinion any one of the four audit firms could effectively conduct the audit of the financial accounts of ITTO, but expressed preferences for the appointment of the audit firm Ernst & Young ShinNihon LLC, which is a member of the Ernst & Young Global, operating in 140 countries globally.

34. The Committee took note of this document and recommended to Council at this Session for the appointment of Ernst & Young ShinNihon, Tokyo, as independent Auditor to audit the Organization's Administrative Account, the Special Account, the Bali Partnership Fund Account and the Executing Agencies Accounts, for three consecutive years beginning with the Accounts for the financial year 2010. The re-engagement of the same Auditor for auditing the Accounts for the following years, of 2011 and 2012, is subject to an annual revision of its performance.

Item 11: Review of the Work of the ITTO

35. The Secretariat introduced document CFA(XXV)/8 on Review of the Work of the ITTO Secretariat as was requested by the Committee in November 2009, to facilitate the review by the Committee of:

- The work of the Secretariat including recommendations for further improvement;
- The administrative budget including recommendations, for example, for the efficient use of technologies/facilities to achieve savings, use of overhead costs for project cycle and Thematic Programmes; and
- The structure of the Secretariat including recommendations for the financing of staff members not included in the Administrative Budget, in a sustainable manner.

36. In the document the Secretariat briefly explained: (a) management structure of ITTO; (b) work of the ITTO Secretariat; (c) structure of the Secretariat and its financing; (d) Administrative Budget that is to be prepared under ITTA, 2006; (e) financing of the staff members not met by the Administrative Budget; (f) some recent improvements undertaken for ITTO work; (g) immediate concerns; and finally (h) issues requiring attention.

The Secretariat explained that the recently approved ITTO Thematic Programmes (TPs) have added a new dynamic dimension and has considerably expanded the scope of the executive functions of the Secretariat. Unlike the work under the regular Project Cycle, the introduction of the TPs, requires the Secretariat to initiate, appraise, select proposals, allocate funds, and subsequently oversee the effective implementation of the TPs, with the assistance of the respective TP Advisory Committees and report the outcomes to the Council. In 2009, the Secretariat carried out appraisal of 41 proposals under the TPs, while a total of 59 proposals were received for the regular project cycle. The Secretariat highlighted that although there has been a lot of interest in the TPs, the total pledges for these currently amount to US$16.7million or 29% of the required budget of US$58million.

37. The 44 staff members of the Secretariat are comprised of 19 in the Professional and Higher Categories (PH), 2 Regional Officers, 20 in the General Service Category (GS), and 3 members seconded by the City of Yokohama. Except for the staff members seconded by the City of Yokohama, the personnel costs are funded through a number of financing sources as follows:

- (a) The Administrative Budget: with assessed contribution from the Members (Professional 14 and General Service 11);
- (b) The Programme Support Fund: drawn from a portion of the budget of each of the Council approved pre-projects, projects, and activities and the Thematic Programmes, funded by donors (Professional 3, Regional Officers 2 and General Service 9); and
38. A total number of 14 staff members, 3 in the Professional and Higher Categories (PH), 2 Regional Officers, and 9 in the General Service Category (GS) are financed through the Programme Support Fund. The resources of the Programme Support fund are drawn from a portion of the budget of each of the Council approved pre-projects, projects, and activities and the Thematic Programmes, funded by donors. It covers expenses of administration of projects, pre-projects, and other activities of the Organization approved by the Council. Such administrative expenses comprise bank charges, project-related communication costs, the remuneration of project administration staff, and other expenses related to project administration.

39. The total expenses outlined above would average around US$2.745 million a year. However, with the current level of the reduced voluntary contributions, the generated resources for the Programme Support fund is significantly less than what is required annually. Accordingly, a number of posts have been kept vacant. Therefore, the projected expenditures for the year 2010 would amount to US$1.88 million (actual in 2009 US$1.96 million), which is nevertheless, substantially higher than the recent incoming resources in this Fund. However, the accumulated reserve funds in the Programme Support Fund which amount to US$4.29 million as of 31 December 2009 will go some way to alleviating the shortfall of resources for a limited period. Moreover, recently, the sources of financing for the work of ITTO are gradually becoming diverse and are showing improvement.

40. Additionally, two Professional and Higher Categories staff members are financed through the projects on MIS and TFU -- the core operational expenses [PD 16/93 Rev.4 (M) “Market Information Service for Tropical Timber and Timber Products” (MIS), and PD 13/99 Rev.2 (M,F,I) “ITTO Information Network and Project Support (TFU)”. The total expenditures for these two projects in the recent years had been financed through the unearmarked funds in the Special Account/Bali Partnership Fund.

41. Under the section “issues requiring attention” the Secretariat listed them as follows: (a) financing the work of ITTO; (b) revision of the Administrative Budget structure under ITTA, 2006; (c) Programme Support Fund – financing of the staff positions including Regional Officers; (d) financing of core operational expenses; (e) entry into force of the ITTA, 2006; (f) arrears of contributions of the Members to the Administrative Budgets; and (g) active cooperation of the Members and Donors’ support.

42. In conclusion the Secretariat added that in recent years the financing sources for the ITTO project work have become diversified showing substantial improvements since 2009 and total funding pledges are expected to be in excess of US$15 million for 2010. Moreover, the proposed decisions on “Procedures to respond to additional funding opportunities” and on “Multi-donor mechanism to facilitate enhanced cooperation between ITTO and CITES” that are being considered by the Chairperson’s Open-ended Drafting Group, if approved, have the prospect of increasing funding opportunities further, which indeed is very positive.

43. The Committee took note of the document and commented that the Executive Director is requested to review the structure and the staffing of the Organization, and the Chairperson advised that this would be especially important in the context of the entering into force of the ITTA, 2006. It is also recognized that there is a need for the Committee to be kept fully informed on the structure and financing of the personnel of the Organization on a regular basis.

Item 12: Election of Chairperson and Vice-Chairperson for 2011

44. The Vice-Chairperson of the Committee for 2010, Dr. Agus Sarsito of Indonesia, was elected Chairperson of the Committee for 2011. Dr. Atsushi Suginaka of Japan was elected Vice-Chairperson of the Committee for 2011.

Item 13: Dates and Venue of the Twenty-sixth and Twenty-seventh Sessions

45. The Committee agreed that the Twenty-sixth and Twenty-seventh Sessions would be held on the same dates and at the same venues as the Forty-seventh and Forty-eighth Sessions of the Council.

/.../
Item 14: Other Business

46. The following items were deliberated under the other business:

(a) Financing of Council Sessions to be held outside headquarters

47. The Chairperson informed the Committee that the Chairperson of the Council had requested the Council Agenda item number 13 on “Financing of Council Sessions held Outside the Headquarters” be deliberated at this Committee. The Committee was informed that pursuant to the Chair’s Proposal adopted at the Forty-fifth Session of the ITTC held in Yokohama from 9 to 14 November 2009, the Council may wish to find a long-term solution concerning the financing of Council Sessions outside the Headquarters taking into account the proposal of Brazil and Mexico.

48. At the request of the Chairperson the Secretariat circulated a sheet summarizing the financing by Japan of the past 18 Council sessions since the Sixth-session of the ITTC in May 1989 held outside Yokohama. Such financial assistances were provided to cover items such as: translation and interpretation; travel costs of the ITTO Secretariat staff members; local operation costs; and expenses related to document reproduction. The costs incurred by the host countries were not known to the Secretariat. The expenses by the host country generally included costs such as: security; logistics and administrative support; field trip; receptions and refreshments.

49. After extensive discussions, the Chairperson summarized key points made in the discussion:

- Common understanding that annual sessions shall rotate between Headquarters and a producer Member country;
- Need to find a sustainable financing basis which will be consistent with the ITTA;
- The long-term solution should be found based on the ITTA, 2006; and
- Different views regarding the sharing of the costs.

50. The Committee decided that the outcomes of the deliberations be conveyed to the Chairperson of the Council. Subsequently, a small contact group was formed under the Council Chairperson and a draft decision was prepared for the Chairperson’s Open-ended Drafting Group to consider.

(b) Extension of the tenure of one of the Assistant Directors

51. The Chairperson invited the Executive Director to join the meeting of the Committee to convey his request for the extension of Mr. Mahboob Hasan, Assistant Director for Management Services, upon reaching retirement age as stipulated in Regulation 7.4 of the Staff Regulations and Rules of the ITTO, and beyond the expiry of his current appointment, on 31 January 2011. The Executive Director advised that with the excellent performance of Mr. Hasan in his position since November 2008, and especially that his services would be crucial to the work of the Organization particularly in 2011 when the ITTA, 2006, is expected to enter into force, his request is being made through the Committee. This request from the Executive Director for the extension of his tenure is made in accordance with Rule 709 of the Staff Regulations and Rules of the ITTO. With one abstention, the Committee agreed to the Executive Director’s request and recommended it to be approved by the Council.

(c) Draft decision on procedures to respond to additional funding opportunities

52. The Secretariat introduced the draft decision and informed the Committee that a number of Member government agencies, international organizations, and other donors are supporting activities through their individual funding mechanisms, which could also be a potential funding source for ITTO projects. Accordingly, there is a need for establishing procedures to respond to additional funding mechanism to give ITTO the opportunity to access these additional funding mechanisms with a view to expanding the funding sources of the Organization.

53. The Committee appreciated this proactive initiative of the Secretariat and recommended that the draft decision be considered by the Chairperson’s Open-ended Drafting Group.
(d) Illustrative Budget for Operation under the ITTA, 2006

54. The Secretariat, at the request of the Chairperson, prepared an illustrative administrative budget for operation of the Organization under the ITTA, 2006, for information and comments by the Committee. This budget took into account the stipulations of paragraph 2 of article 19 of the ITTA, 2006, i.e.

(a) A separate column showing the “Basic Administrative Costs” such as salaries and benefits, installation costs, and official travel; and

(b) Another column showing the “Core Operational Costs” such as those related to communication and outreach, expert meetings convened by the Council and preparation and publication of studies and assessments pursuant to Articles 24 (Policy Work of the Organization), 27 (Statistics, Studies and Information) and 28 (Annual Report and Biennial Review) of the ITTA, 2006.

55. The Secretariat drew the attention of the Committee to the fact that the basic administrative costs would need to be increased to accommodate two positions in the Professional category which are directly related to communications and outreach activities of the Organization. These positions have been, up to present, funded through voluntary contributions or unearmarked funds. Members appreciated the effort of the Secretariat in presenting the illustrative structure of the administrative budget for operation of the Organization to operation under the new Agreement. The delegate from the European Union, observing that the current cost under the administrative budget is already high, suggested that the budget may be kept at a modest amount in the initial period and could be streamlined, if necessary, to avoid some duplication in the allocation of funds among various headings of the two components of the budget.

56. The delegate from Germany also advised that the core operational costs also needed to cover activities of policy nature, but the costs should be kept within 10% of the budget.

57. Recognizing that there is a lack of time at this session for members to fully comment on the structure of the administrative budget for operation of the Organization under the ITTA, 2006, the Chairperson suggested that members devote more time after the session and invited them to send their comments and suggestions to the Executive Director to assist the Secretariat in preparing the draft administrative budget for the biennial 2012-2013 for consideration at the Twenty-sixth Session of the CFA in November 2011. The Secretariat advised that since the budget needs to be prepared and submitted to members by August 2011, it would be timely if suggestions and comments by members could reach the Executive Director before the end of May 2011.

Item 15: Recommendations to the International Tropical Timber Council

58. The Committee decided to make the following recommendations to the Council:

(1) To approve the Administrative Budget for the Financial Year 2011 as presented in document CFA(XXV)/2/Amend.1, of the amount of US$7,058,902. The assessed contributions from Members for 2011 will be US$7,246,000 to take account of the discount to be given to Members for timely payment of their contributions in 2010 and utilization of part of the bank interest earned in the same year;

(2) To authorize the Executive Director to transfer an amount not exceeding US$1,100,000 from the Working Capital Account to the current account in the Administrative Account to meet the anticipated shortfall of funds to cover the expenditures in this account in 2010;

(3) To adopt the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year 2009 as contained in document CFA(XXV)/6;

(4) To appoint Ernst & Young ShinNihon, Tokyo, as independent Auditor to audit the Organization’s Administrative Account, the Special Account, the Bali Partnership Fund Account and the Executing Agencies Accounts, for three consecutive years beginning with
the Accounts for the financial year 2010. The re-engagement of the same Auditor for auditing the Accounts for the following years, of 2011 and 2012, is subject to an annual revision of its performance; and

(5) To approve the extension of the tenure of the Assistant Director for Management Services for one year beyond his current retirement date, until 31 January 2012.

Item 16: Report of the Session

59. The Committee adopted this report as amended.