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**Report of the Working Group on the Elaboration of a  
New ITTO Action Plan 2013-2018**



## **A. Introduction**

1. Decision 3(XLVII) of the International Tropical Timber Council (ITTC) extended the implementation period for the ITTO Action Plan 2008-2011 through 2012 and requested the Executive Director to prepare a working paper on a new ITTO Action Plan with the assistance of two consultants. The decision also requested the Executive Director to convene a Working Group to consider the working paper and associated comments and suggestions made by ITTO members. The Working Group was composed of experts from member countries as well as representatives of the Civil Society Advisory Group and Trade Advisory Group. The terms of reference of the Working Group are contained in Annex 1.
2. The Working Group held its meeting in Yokohama at the headquarters of the organization from 2 to 6 July 2012 and elected Dr. James Gasana (Switzerland) and Dr. Agus Sarsito (Indonesia) as the co-chairpersons. The membership of the Working Group is listed in Annex 2.
3. The Group was assisted in its work by the Executive Director of the ITTO, Mr. Emmanuel Ze Meka and the staff of the Secretariat.

## **B. Method of Work**

4. The Working Group was assisted in its work by the working paper (Background Document) prepared by the consultants and circulated in advance<sup>1</sup>. In addition, the consultants prepared an initial draft Strategic Action Plan that was provided for the Working Group's consideration. The Working Group also had available to it a number of additional documents and material, including the ITTO Action Plan 2008-2011, the ITTA, 2006, relevant Council decisions, the Review of the Implementation of the Thematic Programmes on a Pilot Basis, the Report on Meta-evaluation of previously evaluated ITTO Projects, and earlier Action Plans adopted by the Council.
5. Mr. Ze Meka opened the meeting of the Working Group and drew attention to the entry into force of the ITTA, 2006 in December 2011 and emphasized the importance of the Action Plan in providing guidance to the organization as it faces many challenges in the coming years. In particular, the Executive Director drew the Working Group's attention to the financial challenges faced by ITTO.

## **C. Review of Background Document**

6. Dr. Alhassan Attah presented the Background Document for the preparation of the New ITTO Action Plan 2013-2018. After the presentations, the Working Group had an extended discussion of the work and concluded that the Background Document (i) provides an effective review of the Action Plan 2008-2011 and takes into consideration the views of ITTO members and the Secretariat; (ii) also provides a useful review of recent developments in international forest policy, institutions and markets, as well as issues to consider in the preparation of a new Action Plan; and (iii) describes a useful approach to the development of a new Action Plan.
7. In its review the Working Group noted that the ITTO Action Plan 2008-2011 did not have linkages between the possible actions and expected outcomes and, in addition, that the plan does not provide measurable targets. As a consequence, it is difficult to monitor and assess progress, as noted in the Background Document. The Working Group therefore agreed that any future Action Plan should be a Strategic Action Plan (SAP) and should clearly describe expected outcomes related to priorities or actions and provide indicators to allow for effective monitoring. This approach will provide an opportunity for improving the planning process and lessons learned from implementation of Strategic Action Plans can feed into the development of future Strategic Action Plans.

## **D. Approach to the New ITTO Strategic Action Plan**

8. In its review the Working Group took note of the value of taking a strategic approach to the development of the new Action Plan, including a focus on a small number of priority areas that are linked to the outcomes and indicators. This will facilitate monitoring and evaluation of the SAP.

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<sup>1</sup>Document ITTC XLVIII/11/Info. This document was circulated to all ITTO members for comment prior to distribution to the Working Group.

9. Regarding objectives for the Strategic Action Plan, the Working Group agreed that it should seek to:
  - i. Provide strategic policy guidance to the organization as reflected in Biennial Work Programmes, Thematic Programmes and projects;
  - ii. Communicate ITTO's priorities to external stakeholders;
  - iii. Provide a strategic reference to members in developing projects and allocating voluntary contributions; and
  - iv. Provide a reference for members in developing national policies and actions.
10. The Working Group deliberated on the appropriate duration for the SAP and agreed that in order to have a strategic approach the plan should go beyond five (5) years. There was some consideration of a period as long as ten years, but it was also noted that this was the initial duration of the ITTA 2006. Recognizing the importance of Biennial Work Programmes (BWP) in Action Plan implementation, the Working Group concluded that six years (three BWPs) was an ideal period for the new plan. The group took note of the fact that this is consistent with the period 2013-2018 as specified in Decision 3(XLVII).
11. In concluding its discussion of the time period for the new plan, the Working Group noted that the current BWP covers the period 2012-2013, and that an Action Plan covering 2013-2018 would be "out of sync" with BWP preparation. This could be addressed by either delaying the start of the SAP to 2014 or by restarting the cycle of BWP preparation in 2013. The Working Group recommends that the Council recognize the importance of harmonizing the cycle of strategic planning and implementation and consider one of these approaches.
12. After considering duration, the Working Group considered the approach to developing a SAP. The Working Group agreed that the approach described in the Background Document, and reflected in the draft SAP circulated in advance was appropriate. In that context, Dr. David Brooks presented the draft Strategic Action Plan 2013-2018.
13. Following general discussion, the Working Group decided to concentrate its work on consideration of strategic priorities for the new plan, as well as the expected outcomes and indicators of progress that would be associated with those priorities. In its initial discussion of strategic priorities, the Working Group emphasized the need to have priorities that are balanced and consistent with the core mandate of ITTO and its broad objectives of "promoting the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber producing forests".
14. The Working Group considered the emerging issues, market trends and challenges as described in the Background Document and agreed to use as a starting point the six strategic priorities identified in the draft SAP.

#### **E. Strategic Priorities for the ITTO Strategic Action Plan 2013-2018**

15. The Working Group through the review of background documents, recent developments in the international forest policy, institutions, mechanisms as well as its consideration of trends and development related to tropical forest and its deliberations identified the following priorities for inclusion in the Strategic Action Plan 2013-2018:
  - i. Priority #1: Promote good forest governance and financing for sustainable forest management
  - ii. Priority #2: Increase the contribution of tropical forests to the national and local economies through international trade
  - iii. Priority #3: Enhance the contribution of tropical timber producing forests to the conservation and sustainable use of biodiversity
  - iv. Priority #4: Reduce tropical deforestation and forest degradation and enhance the provision of environmental services
  - v. Priority #5: Improve the quality and availability of information on tropical forests and timber markets and trade
  - vi. Priority #6: Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests
16. The Working Group considered and discussed each of these strategic priorities at some length and considered the manner in which each of them strikes the balance among ITTO's core missions (promoting SFM and trade) and, at the same time, uses ITTO's strengths to respond to emerging and important issues facing tropical forests and tropical timber trade. The Working Group also considered

the extent to which the identification of strategic priorities would assist ITTO in attracting new sources of financial support for its work.

17. In the discussion of each candidate priority, the Working Group considered examples of actions to accomplish the priority, as well as expected outcomes and indicators (discussed further under Monitoring). These details are provided in the matrix table contained in Annex 3.
18. In the course of its discussion, the Working Group noted that with the entry into force of the ITTA, 2006, Thematic Programmes will no longer be implemented on a "pilot basis" and therefore should be brought into the mainstream of ITTO's work. In that context, the Working Group took into account the existing Thematic Programmes and the wide range of activities that have been (or can be) undertaken. The Working Group stressed the importance of the Thematic Programmes as means of implementing the strategic priorities. The Working Group noted that one of the pilot phase Thematic Programmes (IDE) has not been launched; the discussion underscored the importance of that Thematic Programme to the strategic priorities the Working Group had identified.
19. The Working Group also considered the possibility of establishing additional Thematic Programmes and concluded that two additional Thematic Programmes would be appropriate. One of the new programmes would build on the existing "thematic BWP element" addressing capacity to implement CITES; the second topic considered appropriate for a Thematic Programme is conservation and sustainable use of biodiversity in tropical timber producing forests (building on the existing MOU with the CBD).

#### **F. Expected Outcomes and Monitoring**

20. The Working Group took note of the fact that previous Action Plans have included information on how suggested actions would be assigned to the Technical Committees established under the Council. The Working Group decided not to include that information in the SAP. In arriving at this decision the Working Group took note of the strategic approach of the SAP and the fact that the Council has not yet concluded work to define functions of the Committees, as required by the ITTA, 2006 (Article 26). However, the Working Group concluded that assigning work to the Committees was not a strategic question but rather an operational or tactical level consideration and should be undertaken when the Council is approving the BWP.
21. Expected outcomes and indicators for the SAP have been provided in the matrix table in Annex 3.
22. The Working Group noted the importance of effective monitoring of the implementation of this SAP and recommends that it is undertaken through the Biennial Work Programmes (BWP), Thematic Programmes (TP) and projects. The tools for monitoring the SAP will be the review of BWP implementation, annual review of TP implementation and the Annual Reports the Council receives at its meetings, as well as information from a variety of sources.
23. For projects, members have a semi-annual opportunity to consider the advice contained in Expert Panel review of proposals. The Technical Committees will still provide the Council with their reviews of projects under implementation as well as an ex-post evaluation of completed projects. Both of these processes can explicitly consider the contribution to addressing the strategic priorities.
24. The expected outcomes and indicators in the table in Annex 3 relate to priorities and are indicative. This approach has been adopted given that country situations vary and support interventions could differ. However for the organization it offers the opportunity to monitor progress of its work.

#### **G. Indicative Budget**

25. The variability and degree of unpredictability in the Organization's finances, as described in the background document, was considered by the Working Group. The Working Group recognized the importance of establishing a clear link between expected outcomes and expected resources. Therefore, the Working Group considered the value of having an indicative budget as an element of the SAP. Some members expressed concern that an indicative budget could be misunderstood and might be seen by some as a ceiling on funds to be allocated to priorities or activities. Other concerns expressed included the fact that the indicative budget might not align well with the current allocation of funds for ITTO's work, and that an indicative budget is in any event simply a theoretical exercise. However, many expressed the view that an indicative budget was an essential element of any strategic plan. Some

members of the Working Group also stressed that an indicative budget could effectively illustrate ITTO's priorities and level of ambition for its work.

26. In considering the indicative budget, the Working Group took into account the information on the trends in financing the work of the Organization that is contained in the Background Document. In particular, the Working Group sought to reflect the general level of recent BWPs, the indicative budgets for the Thematic Programmes implemented on a pilot basis, as well as the average amount of financing that has been available for project work over the past decade.
27. The Working Group decided to include an indicative budget in the SAP in order to reflect the priorities of the organization. In particular the Working Group agreed that inclusion of the budget in the SAP:
  - i. Provides information on the relative importance of each priority, as well as the level of ambition; and
  - ii. Will help ensure integration of the three modalities for implementation (BWP, Thematic Programmes and project work) in implementation of the SAP.
28. The Working Group agreed that the Council should consider the draft indicative budget as contained in Annex 4 as an element of the Strategic Action Plan 2013-2018.

#### **H. Working Group Recommendations**

29. The following recommendations are made for the consideration of the Council:
  - i. Adopt a strategic approach to the development of Action Plans for the Organization.
  - ii. Duration for the Strategic Action Plan should be six years
  - iii. Synchronize the BWP cycles with the SAP
  - iv. Use the Strategic Action Plan 2013-2018 as the basis for establishing the "pilot" Thematic Programmes on an on-going basis; consider developing two additional Thematic Programmes as proposed in the SAP: Thematic Programmes on:
    - a. Assisting ITTO members to meet the requirements of CITES; and
    - b. Promoting the conservation and sustainable use of biodiversity in tropical timber producing forests
  - v. Use an indicative budget in the SAP in order to reflect the priorities of the Organization
  - vi. Use the SAP as a communication and outreach tool, including for fund raising
  - vii. The SAP describes an approach and framework for effective monitoring of implementation of this strategic plan. Monitoring of the SAP should be undertaken through the Biennial Work Programmes (BWP), Thematic Programmes (TP) and Annual Reports.

#### **I. Draft Strategic Action Plan 2013-2018**

30. A draft Strategic Action Plan 2013-2018 is attached to this report for the consideration of Council as Annex 5.

**ANNEX 1**  
**Terms of Reference for the Working Group on the**  
**Elaboration of a New ITTO Action Plan**

Activity No. 8<sup>2</sup>

**FORMULATE AND APPROVE A NEW ITTO ACTION PLAN**

*[ITTA, 2006 Article 24(3)]*  
*[ITTC Decision 4(XLV)]*

**I. Background**

The current ITTO Action Plan 2008-2011 is due to expire at the end of the year and a new Action Plan under the ITTA, 2006 should be formulated and approved by the Council. There is therefore, the need to extend the current Action Plan to cover the Year 2012. The ITTA, 2006, includes a number of new areas to reflect changes that have occurred in the wider international policy framework within which ITTO operates. The New Action Plan will, therefore, need to capture and reflect these changes in accordance with the structure of the new Agreement.

**II. Description**

The Action Plan which governs the operations of the Organization will highlight the key features of the expanded scope in the ITTA 2006, namely the wider contribution to sustainable development; the inclusion of other forest products than timber; the consideration of environmental services; illegal logging and governance issues; and the increased need for capacity building and economic development for small forest users and local communities.

The main activities foreseen under this Activity are:

- a) Consultancy services involving one Producer and one Consumer expert;
- b) Convening a Working Group of a balanced number of Producer and Consumer representatives, as well as representatives of the Trade Advisory Group and the Civil Society Advisory Group.

**III. Expected Outputs**

An Action Plan to govern the operation of the Organization.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** Will be formulated in 2012

**VI. Budget** US\$150,000

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<sup>2</sup>From Decision 2(XLVII) ITTO Biennial Work Programme for the Years 2012-2013.

**ANNEX 2**  
**List of Participants**

<b>Producers</b>		
Dr. Agus SARSITO (co-chair)	Director, Bureau of International, Cooperation and Investment, Ministry of Forestry	Indonesia
Mr. Martin TADOUM	Secrétaire Exécutif Adjoint-Coordonnateur Technique, Commission des Forêts d'Afrique Centrale (COMIFAC)	Cameroon
Mr. James SINGH	Commissioner of Forests, Guyana Forestry Commission	Guyana
Mr. Mohd Kheiruddin Mohd RANI	Malaysian Timber Industry Board	Malaysia
Mr. LOW Yew Eng	Under Secretary for Timber, Tobacco and Kenaf Industries Development Division, Ministry of Plantation Industries and Commodities	Malaysia
Ing. José Armando ALANÍS DE LA ROSA	Dirección de Cooperación, Unidad de Asuntos Internacionales y Fomento Financiero, Comisión Nacional Forestal	Mexico
Mr. Lawrence Gbadebo OGUNDARE	Assistant Director of Forestry, Federal Department of Forestry, Federal Ministry of Environment	Nigeria
<b>Consumers</b>		
Mr. James GASANA (co-chair)	HELVETAS Swiss Intercooperation	Switzerland
Mr. ZHANG Zhongtian	Division Director, Department of International Cooperation, State Forestry Administration	China
Mr. Koji HATTORI	Deputy Director, Wood Products Trade Office, Forest Policy Planning Department, Forestry Agency	Japan
Dr. PARK Jung-Hwan	Senior Researcher, Wood Engineering Division, Department of Forest Products, Korea Forest Research Institute, Korea Forest Service	Korea
Prof. Dr. René BOOT	Tropenbos International	Netherlands
<b>CSAG and TAG</b>		
Mr. CHEN Hin Keong	Global Forest Trade Programme Leader, TRAFFIC	CSAG
Mr. Ivan TOMASELLI	STCP Engenharia de Projetos Ltda.	TAG
<b>Consultants</b>		
Dr. Alhassan ATTAH		
Dr. David BROOKS		
<b>ITTO Secretariat</b>		
Mr. Emmanuel ZE MEKA and other members of the Secretariat		

**ANNEX 3**  
**Matrix of Priorities, Outcomes and Indicators**

Strategic Priorities	Expected Results/Outcomes	Indicators	Examples of Actions (Thematic Programmes)	Examples of Actions (BWP Elements)
<p><b>Priority #1:</b></p> <p><b>Promote good forest governance and financing for sustainable forest management</b></p>	<ul style="list-style-type: none"> <li>• Better managed forest sector with increased access to financing and investments</li> <li>• Increased forest area that is managed sustainably and legally harvested</li> <li>• Improvement in good governance and effectiveness of forest law enforcement</li> <li>• Reduction in illegal logging and resulting forest degradation</li> </ul>	<ul style="list-style-type: none"> <li>• FAO-PROFOR indicators of forest governance</li> <li>• Amount of direct investment in the sector (DDI/FDI)</li> <li>• Revenue for implementation of SFM</li> <li>• Number of countries with appropriate policy framework and legislation that is consistent with ITTO Objectives.</li> <li>• Member countries implementing policy framework to promote SFM</li> </ul>	<ul style="list-style-type: none"> <li>• Continue implementation of TFLET</li> </ul>	<ul style="list-style-type: none"> <li>• Develop approaches to financing for SFM and increasing investment in the forest sector</li> <li>• Enhance partnerships with CPF members and other organizations to further develop innovative processes and mechanisms for financing SFM, particularly for financing for Small Medium Sized Forest Enterprises (SMFEs)</li> <li>• Collaborate with CPF partners (World Bank and FAO) to promote the use of the framework on forest governance</li> <li>• Assist ITTO members to implement the revised SFM guidelines</li> <li>• Develop guidelines for promoting legal and sustainable timber</li> </ul>
<p><b>Priority #2:</b></p> <p><b>Increase the contribution of tropical forests to national and local economies through international trade</b></p>	<ul style="list-style-type: none"> <li>• The contribution of the forest sector to the national and/or local economies of tropical countries is increased</li> <li>• Improved livelihoods of local and indigenous communities</li> <li>• Improved access to markets for small and medium sized enterprises and community enterprises</li> <li>• Increase in diversity and quantity of efficiently produced value-added products from sustainably managed forests</li> </ul>	<ul style="list-style-type: none"> <li>• Value of exports of tropical timber products</li> <li>• Quantity of tropical timber exports recognized as originating from sustainably managed forests</li> <li>• Employment and value added in further processing in producer member countries</li> <li>• Diversity and quantity of value added forest products</li> <li>• Value of NTFPs produced</li> <li>• Income of local and indigenous communities</li> </ul>	<ul style="list-style-type: none"> <li>• Continue implementation of CFME</li> <li>• Implement IDE</li> <li>• Consider developing a NEW Thematic Programme on CITES</li> </ul>	<ul style="list-style-type: none"> <li>• Develop, demonstrate and disseminate information on financial tools for forest-based communities and enterprises</li> <li>• Assist communities and forest-based enterprises with business skills, including marketing</li> <li>• Promote understanding of new initiatives related to trade in legal and sustainable timber</li> </ul>

<p><b>Priority #3:</b></p> <p><b>Enhance the contribution of tropical timber producing forests to the conservation and sustainable use of biodiversity</b></p>	<ul style="list-style-type: none"> <li>• Conservation and sustainable use of biodiversity in tropical timber producing forests is maintained and enhanced through SFM practices</li> <li>• Trade and utilization of timber and non timber tropical forest species is consistent with their conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Rate of loss of forest-based habitats</li> <li>• Area of restored forest habitats</li> <li>• Area of forest degraded habitats</li> <li>• Number of commercial timber species and non timber tropical forest species listed in CITES Appendix I</li> <li>• Number of partnerships developed for biodiversity conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Develop NEW programme on the conservation and sustainable use biodiversity in tropical timber producing forests in collaboration with CBD</li> </ul>	<ul style="list-style-type: none"> <li>• Further develop and disseminate guidelines for the conservation and sustainable use of biodiversity in tropical timber producing forests</li> <li>• Demonstrate approaches to regional and transboundary cooperation for biodiversity</li> </ul>
<p><b>Priority #4:</b></p> <p><b>Reduce tropical deforestation and forest degradation and enhance provision of environmental services</b></p>	<ul style="list-style-type: none"> <li>• Increase in the capacity of members to address climate change adaptation and mitigation through SFM</li> <li>• Financial support for SFM is increased by payments for the environmental services of tropical forests</li> <li>• Increase in area of forest under SFM and use of ITTO guidelines and C&amp;I</li> <li>• Increase in income generation based on forest related environmental services and other forest outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Number of member countries with forest policy framework for climate change mitigation and adaptation</li> <li>• Number of countries with initiatives in place for payments for environmental services or similar mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Continue implementation of REDDES</li> </ul>	<ul style="list-style-type: none"> <li>• Assist ITTO members to gain access to sources of financing for REDD+</li> <li>• Assist members in developing capacity for monitoring, reporting and verification of REDD+ in the context of SFM, including social and environmental safeguards</li> <li>• Assist member countries to implement mechanisms for payment of environmental services in support of SFM</li> </ul>
<p><b>Priority #5:</b></p> <p><b>Improve the quality and availability of information on tropical forests, timber markets and trade</b></p>	<ul style="list-style-type: none"> <li>• Information on tropical forests, production of timber and non timber forests products and trade is accurate and widely available</li> <li>• Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Number of ITTO members providing timely, accurate data</li> <li>• Coverage and accessibility of ITTO databases</li> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Continue implementation of TMT</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct studies and disseminate information</li> <li>• Provide regular reports on conditions in tropical forests and markets for tropical forest products</li> <li>• Assist members in improving quality of timber and non timber information collected and reported</li> <li>• Build capacity of member countries for data analysis and policy formulation</li> <li>• Develop partnerships with other organizations to collect data and further harmonize information</li> </ul>

<p><b>Priority #6:</b></p> <p><b>Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests</b></p>	<ul style="list-style-type: none"> <li>• Public institutions, communities and commercial entities have adequate forest management, planning, policy and business skills needed to implement SFM and engage in international trade</li> <li>• Increase in the awareness of the contribution of SFM to economies</li> <li>• Local communities are informed and able to participate in SFM policy development and related activities</li> <li>• Increase in exchange of experiences, knowledge innovations in SFM, and promotion of trade and timber processing among members</li> </ul>	<ul style="list-style-type: none"> <li>• Number of individuals receiving training or education</li> <li>• Number of trained individuals per hectare of forest per country</li> <li>• Increase in number of innovations in member countries</li> <li>• Number of stakeholders participating in SFM policy development processes</li> <li>• Number of visitors to ITTO's website</li> <li>• Number of websites linked to ITTO's website</li> </ul>		<ul style="list-style-type: none"> <li>• Continue and expand the ITTO Fellowship program</li> <li>• Provide assistance to national and regional institutions for training,</li> <li>• Develop cooperation with international organizations in enhancing training and outreach related to SFM</li> <li>• Assisting members to support R&amp;D</li> <li>• Assist members to engage in the transfer of forest management and trade related expertise and technology, including south-south, north –south and triangular cooperation</li> <li>• Enhanced ITTO communication and outreach efforts</li> </ul>
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**ANNEX 4**  
**Indicative Budget to Accomplish ITTO's Strategic Priorities, 2013-2018<sup>1</sup>**

*Million US dollars*

<b>Priority</b>	<b>Biennial Work Programmes<sup>2</sup></b>	<b>Thematic Programmes<sup>3</sup></b>	<b>Projects<sup>4</sup></b>	<b>Total</b>
1. Promote good governance and financing for SFM	5	TFLET: 25	10	40
2. Increase contribution of tropical forests to national and local economies through trade	5	CFME: 20 IDE: 15 (new) CITES: 10 Total: 45	5	55
3. Enhance contribution of tropical timber producing forests to conservation of biodiversity	4	(new) BioD: 10	3	17
4. Reduce tropical deforestation and forest degradation and enhance provision of environmental services	5	REDDDES: 20	3	28
5. Improve information on forests and trade	10	TMT: 15	5	30
6. Build and develop human resource capacity for SFM and trade	10	-	20	30
<b>Total: 2013-2018</b>	<b>39</b>	<b>115</b>	<b>46</b>	<b>200</b>

<sup>1</sup>Based on voluntary contributions; does not include expenditures for the administrative budget funded through assessed contributions.

<sup>2</sup>Assumes there will be three BWPs over the duration of this Strategic Action Plan.

<sup>3</sup>Assumes that existing Thematic Programmes will be extended and expanded, as indicated, and that two additional Thematic Programmes will be started.

<sup>4</sup>Projects developed and implemented through the "regular" project cycle.

**ANNEX 5**

***DRAFT***  
**ITTO STRATEGIC ACTION PLAN**  
**2013–2018**

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*Foreword by the Executive Director [to be added]*

### **ITTO Mission Statement**

The ITTO facilitates discussion, consultation and international cooperation on issues relating to the international trade and utilization of tropical timber and the sustainable management of its resource base.

## **PART I: CONTEXT**

### **1. Introduction**

The International Tropical Timber Organization (ITTO) is an intergovernmental organization with headquarters in Yokohama, Japan; ITTO was established by the International Tropical Timber Agreement (ITTA) 1983 and became operational in 1987. Subsequent agreements (ITTA, 1994 and the current agreement, ITTA, 2006) renewed ITTO's mandate to promote the conservation and sustainable management of tropical forests and the use of and trade in tropical timber and other tropical forest products. Consistent with the previous agreements, the ITTA, 2006 reflects the belief that trade in tropical timber originating from sustainably managed and legally harvested forests can be a significant contributor to poverty alleviation and sustainable development, and provides incentives—as well as a possible source of financing—for financing sustainable management of tropical forests.

ITTO was established recognizing the multiple economic, environmental and social benefits provided by forests, including their potential to contribute to sustainable development through trade in products originating from sustainably managed forests. ITTO operates within a large, complex set of international, national and local organizations that have a variety of objectives related to forests and trade, many of which are compatible with ITTO's objectives. ITTO's approach is to use partnerships and networks at the international, regional, and national levels to advance its objectives.

ITTO's core functions include: developing policies, guidelines and tools for sustainable forest management (SFM) and related trade and assisting member countries to implement them. ITTO also collects, analyzes and disseminates information on all aspects of the world tropical timber economy and the sustainable management of tropical forests. As of July 2012, ITTO has 61 members which together represent [xx]% of world trade in tropical timber and [xx]% of the world's closed tropical forests.

This Strategic Action Plan covers the period 2013-2018 and is the first such plan following the entry into force of the ITTA, 2006. This plan builds on elements of ITTO's previous Action Plans<sup>3</sup> and has four objectives:

- Provide strategic policy guidance to the organization; this guidance is made operational through Biennial Work Programs, Thematic Programs and projects;
- Communicate ITTO's objectives and priorities to member countries, stakeholders, partner organizations and the international community, including potential donors;
- Provide a reference for members in developing project proposals and for donors in allocating their voluntary contributions; and
- Provide a reference for producer members in developing national policies for the management of their tropical forests and forest-based industries, and for consumer members in undertaking complementary policies and actions.

### **2. ITTO Objectives**

The ITTA, 2006 defines two closely related, overarching objectives for ITTO:

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

The ITTA, 2006 goes on to illustrate a wide variety of means of achieving these objectives, such as: promoting further processing and greater efficiency of wood utilization; providing for technical cooperation and transfer of technologies; improving forest law enforcement and governance; recognizing the role of forest-dependent indigenous and local communities in achieving sustainable forest management; and enhancing the contribution of non-timber forest products and environmental services to sustainable forest management. The ITTA, 2006 provides broad scope for ITTO's work, allowing the Organization to assist members in all three tropical regions to define and implement sustainable management of their forests and to increase their capacity to export legally harvested timber and other forest products from those forests. The ITTA, 2006 also provides guidance to all members on policy development and other measures related to

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<sup>3</sup>There have been four ITTO Action Plans since 1990: the ITTO Action Plan 1990, the ITTO Libreville Action Plan 1996-2001, the ITTO Yokohama Action Plan 2002-2007 and the ITTO Action Plan 2008-2011.

timber trade. Annex I contains the full text of the means of achieving the overarching objectives as described in the ITTA, 2006.

### **3. Policy and Project Work**

ITTO develops internationally agreed policy documents to promote SFM and forest conservation. It assists tropical member countries to adapt those policies to local circumstances and to implement them in the field. In addition, ITTO collects, analyses and disseminates data on the production and trade of tropical timber and funds projects and other activities aimed at assisting members to develop and sustain tropical forest-based industries at both community and industrial scales.

ITTO has been a pioneer in developing and implementing effective policy tools, such as criteria and indicators for SFM, and has provided leadership in the use and continuing improvement of these tools. Since its establishment, ITTO has provided more than US\$300 million to finance over 800 projects designed to promote SFM, increase the efficiency of forest industries, and improve market intelligence and statistics. These projects and activities were made possible through the voluntary financial contributions of ITTO member countries. ITTO also supports capacity building through the development of guidelines and manuals, regional and international conferences and workshops, and a fellowship program that supports education and training for young professionals. Annex II provides highlights of ITTO's recent policy work.

ITTO cooperates closely with other international organizations with forest-related mandates and was a founding member of the Collaborative Partnership on Forests (CPF), which was established in 2000 to support the work of the United Nations Forum on Forests (UNFF) and to enhance coordination among the international conventions, organizations and institutions with forest-related mandates. ITTO also cooperates with a wide range of regional and national-level organizations and civil-society and private-sector stakeholders. Annex III provides a list of organizations with which ITTO has formed partnerships.

### **4. ITTO's Comparative Advantages**

ITTO is concerned with trade and industry, as is the case with other commodity organizations, but ITTO is a unique organization in that it also pays equal attention to the conservation and sustainable management of tropical forest resources.

ITTO develops, implements, monitors and evaluates a portfolio of policy-related projects and activities, enabling it to test and operationalize policies that support the management and development of tropical forest resources and related trade. This ability to "put policies into action" is at the core of ITTO's comparative advantages. Other characteristics that contribute to ITTO's comparative advantages include:

- A mandate and demonstrated ability to take a holistic approach to the challenges and opportunities facing tropical forests, addressing the three pillars of sustainability;
- A large, diverse group of member countries that account for a significant share of the world's tropical forests, tropical timber production, trade and consumption of tropical timber products;
- Annual Council sessions that provide a regular policy forum focused on tropical forests and trade in tropical timber;
- A small, cost-effective Secretariat with diverse professional skills and extensive experience in all three tropical regions;
- More than 25 years of experience responding rapidly and cost-effectively to develop, implement, monitor and evaluate the results of forest-related projects and activities in all three tropical regions;
- Policy and project work that is developed on the basis of an equal partnership between tropical timber producing countries and tropical timber consuming countries;
- Partnerships with a wide spectrum of intergovernmental organizations and non-government and private sector organizations; and
- Active participation of civil society and tropical timber trade organizations in many aspects of the organization's work.

### **5. Highlights of Recent Developments Related to Tropical Forests, Trade and International Forest Policy**

This Strategic Action Plan was prepared taking into account recent trends and developments related to tropical forest management, tropical timber trade and international forest policy discussions. Highlights of these developments include:

- A declining rate of net deforestation in the tropics; although tropical deforestation and forest degradation remain too high, FAO's Forest Resource Assessment 2010 reveals that afforestation and expansion of forests have reduced the net loss of forest area from 8.3 million hectares per year in the decade 1990-2000 to 5.2 million hectares in the decade 2000-2010.
- A 50 percent increase in the area of tropical forests under sustainable forest management; although there is considerable work to be done, ITTO's Status of Tropical Forest Management 2011 shows evidence of progress in improved forest management in the tropics, from 36 million hectares in 2005 to 53 million hectares in 2011.
- Forest-based communities are playing an increasingly important role in forest management throughout the tropics; devolution of tenure and forest management responsibility to lower levels of government, including communities, is improving forest governance and livelihoods for forest communities.
- The importance and diversity of ecosystem services provided by forests are increasingly recognized at the local, regional and global level; this has been accompanied by efforts to create arrangements and market conditions to provide payments for these services and thereby support sustainable forest management.
- A pronounced and prolonged global recession, starting in 2008, has had particularly severe effects on construction and housing markets and demand for all wood products, including tropical timber; the impact has been greatest for small and medium sized forest-based enterprises.
- The value added processing sector in many tropical timber producing countries has had slow growth; investment in this sector has been limited or absent in the period 2008-2011 due in part to the global financial crisis.
- Trade and consumption patterns for tropical wood products have continued to change, with a notable shift in consumption towards emerging markets, as well as regional and domestic markets in tropical countries.
- Efforts to combat illegal logging have had some success but have also had impacts on production and trade in tropical timber; many countries have introduced—and more are considering—public procurement policies affecting timber products. The demand for timber from legal and sustainable sources is also increasing in the private sector, particularly in key markets for tropical timber.
- Discussions on forests at various international fora continue to reveal differences in views on the role that forests and forest policies should play, in particular in addressing climate change, conserving biological diversity and providing ecosystem services as a means of achieving sustainable development.
- A number of programmes have emerged to provide financial resources to developing countries engaged in activities that enhance carbon stocks and reduce emissions resulting from deforestation and forest degradation.
- The recent Conference on Sustainable Development (Rio+20) noted the critically important contribution that forests, forest products and forest-based industries can make towards a green economy and sustainable development; this reflects an effort to strike a balance between conservation and development objectives in the context of progress towards a global green economy and globally agreed development goals.

## **PART II: STRATEGIC PRIORITIES FOR 2013-2018**

### **1. Overview**

Six strategic priorities were identified based on an examination of issues facing ITTO member countries, the review of recent trends and developments in international forestry policy, and consideration of ITTO's objectives, ongoing work and comparative advantages. These priorities take into consideration the benefits of a balanced work programme as well as the need to remain consistent with the core mandates of ITTO.

These priorities will be made operational through a variety of mechanisms that include: Biennial Work Programmes, Thematic Programmes, and projects. The purpose of this plan is to provide strategic guidance for ITTO's work over a six-year period; therefore, the priorities are described as broad areas of work.

This strategic plan is intended to address issues of particular importance to ITTO member countries over the next six years, with a particular emphasis on those issues for which ITTO has a relevant set of mechanisms and institutional skills, and a comparative advantage as compared to other organizations. The plan does not attempt to address all of the existing or emerging issues facing tropical forests and trade in tropical timber.

As in the past, ITTO will continue to rely on voluntary contributions, primarily from member countries, to fund this work. The financial resources needed to implement this plan are described in Part III of this document. In addition, and to varying degrees, accomplishing these strategic priorities will also depend on ITTO's ability to continue to develop effective partnerships with other organizations.

## **2. Strategic Priorities and Actions for 2013-2018**

The following are ITTO's Strategic Priorities and Actions for 2013-2018. For each of the priorities, examples of relevant actions are provided to illustrate the manner in which ITTO's operational planning can be used to accomplish the priority. The examples provided are intended only to illustrate and do not represent the full scope and variety of Biennial Work Programme activities or projects that should be considered.

In addition, where appropriate the description of relevant actions for implementation includes reference to ITTO's Thematic Programmes. The ITTA, 2006 creates the opportunity to establish Thematic Programmes as a mechanism to increase ITTO's effectiveness in organizing its work; the Thematic Programmes have particular relevance for ITTO's policy work. Thematic Programmes are also expected to enhance ITTO's attractiveness to a wider array of potential donors.

Thematic Programmes were started in 2008, on a pilot basis, pending the entry into force of the ITTA, 2006, but now can be fully incorporated into the operational activities that implement these strategic priorities. More detailed information on the Thematic Programmes implemented on a pilot basis is contained in the respective Thematic Programme Documents.<sup>4</sup> New Thematic Programmes proposed for consideration in this Strategic Action Plan will need to be further elaborated through the Thematic Programme development process.

### **2.1. Promote Good Forest Governance and Financing for Sustainable Forest Management**

Adequate and reliable financing for all aspects of forest management continues to be a constraint to SFM in many tropical countries. Although harvesting, processing and international trade in timber and a number of other forest products can generate revenue in the short term, funds from these activities are not always sufficient to cover the cost of SFM or, in some cases, are not effectively collected. There is also a need for long-term investment in all aspects of forest management, efficient processing and developing an infrastructure for internationally competitive trade.

Payments for the environmental services provided by forests hold great promise to increase funds available for SFM, but also require investment in new institutions and market arrangements. At the same time, corruption and illegal activity undermine the economic benefits of forests to many countries. There is widespread recognition of the importance of secure, long-term tenure and the link between good forest governance and the ability to collect revenue from forest products and services and attract investment in the sector. ITTO has demonstrated an ability to develop, implement and evaluate innovative policy tools that can be applied to make progress on the intertwined challenges of SFM financing and forest governance.

Examples of actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Develop approaches to financing for SFM and increasing investment in the forest sector
- Enhance partnerships with CPF members and other organizations to further develop innovative processes and mechanisms for financing SFM, particularly for financing for small and medium-sized forest enterprises and community-based enterprises
- Collaborate with CPF partners (World Bank and FAO) to promote the use of the framework on forest governance
- Assist ITTO members to implement the revised SFM guidelines, and develop guidelines for promoting legal and sustainable timber

Continued implementation of the Tropical Forest Law Enforcement and Trade (TFLET) Thematic Programme can contribute to accomplishing this strategic priority. The general objective of the TFLET Thematic Programme is to improve national forest law enforcement and governance in tropical ITTO member countries in order to enhance and diversify international trade in tropical timber from sustainably managed forests and to help alleviate poverty in those countries. Examples of relevant TFLET-supported activities include:

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<sup>4</sup>All Thematic Programme Documents are available on ITTO's web site at [www.itto.int/thematic\\_programme\\_general/](http://www.itto.int/thematic_programme_general/).

- Strengthening forest law compliance and governance
- Support to production and marketing of legally produced tropical timber and effective supply chain management
- Strengthening capacity of community and other small and medium-sized enterprises
- Improve international cooperation in forest law enforcement and governance

## **2.2. Increase the Contribution of Tropical Forests to National and Local Economies through International Trade**

Tropical timber producing countries face a number of challenges in their efforts to maximize the economic benefits of sustainable forest management resulting from harvesting, processing and exporting forest products. International markets can be a source of considerable economic benefits, but they are also highly competitive and subject to pronounced cycles. Forest-based communities and community enterprises, and small and medium-sized enterprises, face particular challenges, for example in gaining access to information and in meeting requirements in international markets, and need guidance and tools to enable them to succeed.

ITTO has ongoing work to develop and implement a variety of tools and training programmes to help community and other tropical forest-based enterprises sustainably manage resources, increase efficiency in processing and effectively market products and services. Efforts to assist countries meet the CITES requirements for international trade in CITES-listed timber species have yielded conservation and economic benefits. Improving the management and business skills of forest-based enterprises will provide incentives as well as financing for sustainable forest management.

Examples of actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Develop, demonstrate and disseminate information on financial tools for forest-based communities and community enterprises
- Assist communities and forest-based enterprises with business skills, including marketing
- Promote understanding of new initiatives related to trade in legal and sustainable timber

Implementation of two existing Thematic Programmes, and creation of an additional Thematic Programme can contribute to accomplishing this strategic priority.

The Community Forest Management and Enterprises (CFME) Thematic Programme seeks to contribute to poverty reduction in tropical forest areas by: (i) strengthening the ability of forest communities and smallholders to sustainably manage their tropical forest resources; and (ii) assisting community forest enterprises (CFEs) to add value to and market the products and services obtained from these resources. Examples of relevant CFME activities include:

- Strengthening of community-level capacity in sustainable forest management and adding value to the forest resource
- Strengthening of country capacity and enabling conditions in the development of community forest management and community forest enterprises
- Knowledge management

Although not yet under implementation, the Industry Development and Efficiency (IDE) Thematic Programme was approved for implementation on a pilot basis and will contribute to this strategic priority. The general objective of the IDE Thematic Programme is to strengthen the capacity of tropical timber-producing countries to: (i) increase the production, further processing and trade of tropical timber and other forest products and services from sustainably managed and legally harvested forests; and (ii) improve efficiency in the processing and utilization of tropical timber and timber products and non-timber forest products (NTFPs). Examples of activities to be supported under the IDE Thematic Programme include:

- Support for industrial planning, investment promotion and business development
- Development of efficient harvesting and processing technologies, including utilization of wood residues and wood wastes
- Assistance in organizing commercial supply chains and producer networks and the strengthening of relevant stakeholder associations

Developing a new Thematic Programme, building on the existing ITTO-CITES program to assist ITTO members implement CITES obligations for tropical tree species, will also make a contribution to accomplishing this strategic priority. The ITTO-CITES program provides assistance to national authorities to meet the scientific, administrative and legal requirements for managing and regulating trade in a number of CITES-listed, commercially valuable tree species in Asia, Latin America and Africa. The program helps develop guidance to ensure that utilization is not detrimental to the survival of the listed species and assists members in meeting CITES requirements for international trade. Examples of specific activities include:

- Develop or improve inventories, management plans and/or non-detriment findings for species in each of the range states
- Develop co-operative and cost-effective regulatory systems for product tracking and chains of custody
- Strengthen CITES trade compliance systems through training workshops for relevant staff and capacity-building in key CITES compliance areas

### **2.3. Enhance the Contribution of Tropical Timber Producing Forests to the Conservation and Sustainable Use of Biodiversity**

The time horizon for this Strategic Action Plan coincides with the United Nations Decade of Biodiversity. Tropical forests are estimated to account for up to half of the world's biodiversity; therefore, sustaining tropical forests and habitats is a critical component of broad-scale success in biodiversity conservation. In turn, sustaining tropical forest biodiversity will depend in large part on the ability to conserve or enhance biodiversity in the context of sustainably managed forests that yield products and services that also sustain forest-dependent communities. Therefore, ITTO's mandate and expertise is especially relevant to biodiversity conservation, as illustrated by the pioneering work, collaborating with others, to develop, field test and disseminate guidelines for biodiversity conservation in tropical timber producing forests. ITTO also has an ongoing work program to guide cooperation with the Convention on Biological Diversity (CBD), based on a Memorandum of Understanding (MoU) signed in 2011.

Examples of actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Further develop and disseminate guidelines for the conservation and sustainable use of biodiversity in tropical timber producing forests
- Demonstrate approaches to regional and transboundary cooperation for biodiversity

Developing a new Thematic Programme, building on the existing MoU and work programme jointly established by ITTO and the CBD can make a contribution to accomplishing this strategic priority. Relevant objectives of the ITTO-CBD Joint Work Programme include (i) transboundary conservation of tropical forest resources; (ii) forest degradation and invasive alien species; (iii) biodiversity conservation in tropical production forests; and (iv) forest biodiversity and livelihoods. Examples of possible activities include:

- Enhance local capacity for biodiversity conservation in production forests
- Improve conservation and management of protected areas
- Safeguard tropical forest biodiversity in forestry interventions, including in REDD+ related projects
- Improve health and welfare of local communities and indigenous groups through biodiversity conservation and sustainable use of natural resources, including medicinal and aromatic plants

### **2.4. Reduce Tropical Deforestation and Forest Degradation and Enhance the Provision of Environmental Services**

The importance of tropical forests in helping to mitigate the consequences of global climate change is now well established. Efforts to reduce deforestation and forest degradation in developing countries and enhance the provision of environmental services of forests are now in the mainstream of both international climate change negotiations and national policy development in many tropical countries. Recognition of, and payment for the climate-related services of tropical forests has the potential to be a transformative policy tool for tropical forest management.

ITTO can contribute critically important technical expertise to the ongoing development and implementation of programmes to provide financial resources for efforts to reduce tropical deforestation and forest degradation in the context of climate change mitigation and adaptation. In particular, ITTO can help tropical

timber producing countries ensure that management to enhance climate services complements management of tropical forests for timber and non-timber forest products.

Examples of actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Assist ITTO members to gain access to sources of financing for REDD+
- Assist members in developing capacity for monitoring, reporting and verification of REDD+ in the context of SFM, including social and environmental safeguards
- Assist member countries to implement mechanisms for payment of environmental services in support of SFM

Continued implementation of the Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES) Thematic Programme will contribute to accomplishing this strategic priority. The objectives of the REDDES Thematic Programme are to strengthen capacity to reduce forest degradation and unplanned deforestation, maintain and enhance environmental services of forests, contribute to social and economic sustainability through forest restoration, rehabilitation and payments for environmental services, and enhance the adaptation and resilience of tropical forests to climate change. Examples of activities supported under the REDDES Thematic Programme include:

- Improving data and knowledge regarding forest environmental services and their enhancement
- Creating enabling conditions for reducing deforestation and forest degradation and establishing mechanisms for payment for environmental services
- Demonstrating successful approaches at the community or forest management unit level
- Replicating, scaling up and disseminating successful experiences, approaches and appropriate technologies

## **2.5. Improve the Quality and Availability of Information on Tropical Forests, Timber Markets and Trade**

Collecting, reporting and analyzing information on tropical forests and trade is mandated by the ITTA, 2006 and is therefore a core function for ITTO. Ensuring the availability of relevant, reliable information serves the needs of the international policy dialogue, national policy makers as well as enterprises trying to be successful in competitive markets. Reliable, widely available information on production and trade is a foundation for efficient, transparent markets. In addition to supporting effective policy and market discussions for the Council, ITTO contributes critically important expertise in the context of the CPF.

There is a need for steady improvement in the quality of information, efficiency of data collection and, especially, adding value through interpretation and analysis. ITTO can inform ongoing and emerging policy discussions through, for example: information on market conditions for tropical timber and other tropical forest products; the environmental benefits of tropical timber (for example, in the context of Life Cycle Analysis); and the role of forest industries and products in a “green economy.”

Examples, of actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Conduct studies, disseminate information and provide regular reports on conditions in tropical forests and markets for tropical forest products
- Assist members in improving quality of timber and non timber information collected and reported
- Build capacity of member countries for data analysis and policy formulation
- Develop partnerships with other organizations to collect forest and trade data and further harmonize information

Continued implementation of the Trade and Market Transparency (TMT) Thematic Programme will contribute to accomplishing this strategic priority. The general objectives of the TMT Thematic Programme are to: (i) increase the capacity of producer member countries to develop and employ market intelligence and marketing skills; and (ii) improve market transparency through improved data and analysis. Examples of activities supported under the TMT Thematic Programme include:

- Strengthening of information systems
- Improvement of market transparency

- Facilitation of market access and trade development

## **2.6. Build and Develop Human Resource Capacity to Implement SFM and Increase Trade in Forest Goods and Services from Sustainably Managed Forests**

ITTO is, at its core, an organization that generates and disseminates knowledge and assists members to build capacity to address complex, forest-related problems. Human resource development is the essential component of that capacity and is therefore a critical element of success in implementing SFM and assisting members in developing efficient, competitive industries that can compete successfully in international markets utilizing sustainably managed forest resources.

Examples of actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Continue and expand the ITTO Fellowship program
- Provide assistance to national and regional institutions for training,
- Develop cooperation with international organizations in enhancing training and outreach related to SFM
- Assisting members to support research and development
- Assist members to engage in the transfer of forest management and trade related expertise and technology, including south-south, north –south and triangular cooperation
- Enhanced ITTO communication and outreach efforts

## **PART III: EXPECTED OUTCOMES, INDICATORS AND MONITORING**

### **1. Overview**

This is a broad, strategic plan designed to describe ITTO's efforts to address large, complex problems. ITTO's contribution is intended to be, in most instances, initial development and field testing of policies, guidelines and practices that must be subsequently adopted and widely implemented by national and local governments, the private sector and others in order to achieve the objectives of sustainably managed tropical forests and expanded and diversified trade in tropical timber from legally harvested and sustainably managed forests. As a consequence, it is challenging to directly link the specific actions and measureable inputs (such as capacity building projects, guidelines, studies, workshops, etc.) to the intended results and expected outcomes (such as improved forest governance, increased trade and employment in forest-based communities, slowing biodiversity loss, etc.).

In addition, because ITTO depends almost entirely on voluntary contributions for its work programs, there is some degree of unpredictability and inevitable variability in the Organization's finances. In the absence of a dedicated and predictable source of financing, ITTO relies on the importance of its work and quality of its performance to attract funding year after year. One measure of success is that over the past 25 years ITTO has succeeded in attracting more than USD 300 million in voluntary contributions for projects and policy work in tropical forests.

Although it is an increasingly competitive environment for the sources of financing that ITTO has traditionally relied on, this plan has been prepared with the expectation that ITTO will continue to be seen by the donor community as an effective, efficient way to pursue conservation and sustainable development goals related to tropical forests. Evidence that thematic approaches, now fully integrated into this plan and the Organization's work, may succeed in attracting additional funds, as well as funds from new sources, supports this optimism. Nevertheless, ITTO's ability to achieve the scope of work described in this Strategic Action Plan is contingent on the continued availability of financial resources from voluntary contributions.

### **2. Expected Outcomes and Indicators**

Despite the challenges to directly link ITTO's actions to the intended results, it is possible to identify a selection of expected outcomes associated with each strategic priority; these expected outcomes can then be linked to measurable indicators. Table 3.1 displays expected outcomes for each strategic priority.

Table 3.1 also displays measurable indicators for each strategic priority. Although some indicators are closely related to one (or more) of the expected outcomes, the indicators are not intended to be used to

measure the outcomes in discrete categories. Some indicators are relevant for more than one of the strategic priorities. Therefore, the indicators are provided as relevant measures that, taken as a set, can be used to assess change related to the priorities over the period of plan implementation.

As noted, one of the most direct measures of success for ITTO is the ability to secure the voluntary funding needed to implement the Strategic Action Plan. Over the past 25 years, ITTO's ability to attract high levels of voluntary funding has been based in large part on recognition of success on the ground. Therefore, for this Strategic Action Plan, an indicative budget displays both the scale of ITTO's ambitions over the time horizon of the plan and also provides a further mechanism for monitoring the plan. Table 3.2 displays an indicative budget for each of the strategic priorities, including a suggested distribution across the three implementation approaches (Biennial Work Programmes, Thematic Programmes or projects).

The indicative budget was prepared taking into consideration recent trends in financing the work of the Organization. Specifically, the column totals in table 3.2 correspond to the general level of recent Biennial Work Programmes, indicative budgets for the Thematic Programmes implemented on a pilot basis, as well as the average amount of financing that has been available for ITTO's project work over the past decade. Table 3.2 provides information on the relative importance of each strategic priority, as well as the overall level of ambition of the Strategic Action Plan. This information is also intended to help ensure integration of the three modalities for implementation (Biennial Work Programmes, Thematic Programmes and project work) in implementation of the Strategic Action Plan.

### 3. Monitoring

The implementation of this strategic plan will be through the Biennial Work Programmes, Thematic Programmes and projects. Therefore, the tools for monitoring this plan are the mechanisms by which the Council monitors and reviews these operational aspects of the Organization's work, for which the strategic priorities provide a context and reference. These monitoring tools include: biennial development of work programs; annual review of Biennial Work Programme implementation; and annual review of the Thematic Programmes. In the case of Thematic Programmes, the Thematic Programme Advisory Committees review implementation at least annually and the results are reported to the Council by the Secretariat. The Council monitors all Thematic Programmes at annual Council sessions and can regularly assess their contribution to both their thematic objectives as well as these strategic priorities.

For projects, members have a semi-annual opportunity to consider the advice contained in Expert Panel review of proposals, one element of which is consistency with the Action Plan. In addition, through the Technical Committees the Council conducts an annual review of the Organization's project work. This review includes projects under implementation as well as an ex-post evaluation of completed projects, both of which can explicitly consider the contribution to addressing the strategic priorities.

**Table 3.1: Expected Outcomes and Indicators**

<b>Strategic Priority</b>	<b>Expected Outcomes</b>	<b>Indicators</b>
<b>Promote good forest governance and financing for sustainable forest management</b>	<ul style="list-style-type: none"> <li>• Better managed forest sector with increased access to financing and investments</li> <li>• Increased forest area that is managed sustainably and legally harvested</li> <li>• Improvement in good governance and effectiveness of forest law enforcement</li> <li>• Reduction in illegal logging and resulting forest degradation</li> </ul>	<ul style="list-style-type: none"> <li>• FAO-PROFOR indicators of forest governance</li> <li>• Amount of direct investment in the sector (DDI/FDI)</li> <li>• Revenue for implementation of SFM</li> <li>• Number of countries with appropriate policy framework and legislation that is consistent with ITTO Objectives.</li> <li>• Member countries implementing policy framework to promote SFM</li> </ul>
<b>Increase the contribution of tropical forests to national and local economies through international trade</b>	<ul style="list-style-type: none"> <li>• Increased contribution of the forest sector to the national and/or local economies of tropical countries</li> <li>• Improved livelihoods of local and indigenous communities</li> <li>• Improved access to markets for small and medium sized enterprises and community enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Value of exports of tropical timber products</li> <li>• Quantity of tropical timber exports recognized as originating from sustainably managed forests</li> <li>• Employment and value added in further processing in producer member countries</li> </ul>

	<ul style="list-style-type: none"> <li>• Increase in diversity and quantity of efficiently produced value-added products from sustainably managed forests</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity and quantity of value added forest products</li> <li>• Value of NTFPs produced</li> <li>• Income of local and indigenous communities</li> </ul>
<p><b>Enhance the contribution of tropical timber producing forests to the conservation and sustainable use of biodiversity</b></p>	<ul style="list-style-type: none"> <li>• Conservation and sustainable use of biodiversity in tropical timber producing forests is maintained and enhanced through SFM practices</li> <li>• Trade and utilization of timber and non timber tropical forest species is consistent with their conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Rate of loss of forest-based habitats</li> <li>• Area of restored forest habitats</li> <li>• Area of forest degraded habitats</li> <li>• Number of commercial timber species and non timber tropical forest species listed in CITES Appendix I</li> <li>• Number of partnerships developed for biodiversity conservation</li> </ul>
<p><b>Reduce tropical deforestation and forest degradation and enhance provision of environmental services</b></p>	<ul style="list-style-type: none"> <li>• Increase in the capacity of members to address climate change adaptation and mitigation through SFM</li> <li>• Financial support for SFM is increased by payments for the environmental services of tropical forests</li> <li>• Increase in area of forest under SFM and use of ITTO guidelines and C&amp;I</li> <li>• Increase in income generation based on forest related environmental services and other forest outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Number of member countries with forest policy framework for climate change mitigation and adaptation</li> <li>• Number of countries with initiatives in place for payments for environmental services or similar mechanisms</li> </ul>
<p><b>Improve the quality and availability of information on tropical forests, timber markets and trade</b></p>	<ul style="list-style-type: none"> <li>• Information on tropical forests, production of timber and non timber forests products and trade is accurate and widely available</li> <li>• Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Number of ITTO members providing timely, accurate data</li> <li>• Coverage and accessibility of ITTO databases</li> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>
<p><b>Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests</b></p>	<ul style="list-style-type: none"> <li>• Public institutions, communities and commercial entities have adequate forest management, planning, policy and business skills needed to implement SFM and engage in international trade</li> <li>• Increase in the awareness of the contribution of SFM to economies</li> <li>• Local communities are informed and able to participate in SFM policy development and related activities</li> <li>• Increase in exchange of experiences, knowledge innovations in SFM, and promotion of trade and timber processing among members</li> </ul>	<ul style="list-style-type: none"> <li>• Number of individuals receiving training or education</li> <li>• Number of trained individuals per hectare of forest per country</li> <li>• Increase in number of innovations in member countries</li> <li>• Number of stakeholders participating in SFM policy development processes</li> <li>• Number of visitors to ITTO's website</li> <li>• Number of websites linked to ITTO's website</li> </ul>

**Table 3.2: Indicative Budget to Accomplish ITTO's Strategic Priorities, 2013-2018<sup>1</sup>**

*Million US dollars*

<b>Priority</b>	<b>Biennial Work Programmes<sup>2</sup></b>	<b>Thematic Programmes<sup>3</sup></b>	<b>Projects<sup>4</sup></b>	<b>Total</b>
1. Promote good governance and financing for SFM	5	TFLET: 25	10	40
2. Increase contribution of tropical forests to national and local economies through trade	5	CFME: 20 IDE: 15 (new) CITES: 10 Total: 45	5	55
3. Enhance the contribution of tropical timber producing forests to conservation of biodiversity	4	(new) BioD: 10	3	17
4. Reduce tropical deforestation and forest degradation and enhance provision of environmental services	5	REDDES: 20	3	28
5. Improve information on forests and trade	10	TMT: 15	5	30
6. Build and develop human resource capacity for SFM and trade	10	-	20	30
<b>Total: 2013-2018</b>	<b>39</b>	<b>115</b>	<b>46</b>	<b>200</b>

<sup>1</sup>Based on voluntary contributions; does not include expenditures for the administrative budget funded through assessed contributions.

<sup>2</sup>Assumes there will be three Biennial Work Programmes over the duration of this Strategic Action Plan.

<sup>3</sup>Assumes that existing Thematic Programmes will be extended and expanded and that additional Thematic Programmes will be started, as indicated.

<sup>4</sup>Projects developed and implemented through the "regular" project cycle.

## ANNEX I ITTA, 2006 Objectives and Means of Achieving the Objectives<sup>5</sup>

The objectives of the International Tropical Timber Agreement, 2006 (hereinafter referred to as "this Agreement") are

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

by:

- (a) Providing an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy;
- (b) Providing a forum for consultation to promote non-discriminatory timber trade practices;
- (c) Contributing to sustainable development and to poverty alleviation;
- (d) Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources;
- (e) Promoting improved understanding of the structural conditions in international markets, including long-term trends in consumption and production, factors affecting market access, consumer preferences and prices, and conditions leading to prices which reflect the costs of sustainable forest management;
- (f) Promoting and supporting research and development with a view to improving forest management and efficiency of wood utilization and the competitiveness of wood products relative to other materials, as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests;
- (g) Developing and contributing towards mechanisms for the provision of new and additional financial resources with a view to promoting the adequacy and predictability of funding and expertise needed to enhance the capacity of producer members to attain the objectives of this Agreement;
- (h) Improving market intelligence and encouraging information sharing on the international timber market with a view to ensuring greater transparency and better information on markets and market trends, including the gathering, compilation and dissemination of trade related data, including data related to species being traded;
- (i) Promoting increased and further processing of tropical timber from sustainable sources in producer member countries, with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings;
- (j) Encouraging members to support and develop tropical timber reforestation, as well as rehabilitation and restoration of degraded forest land, with due regard for the interests of local communities dependent on forest resources;
- (k) Improving marketing and distribution of tropical timber and timber product exports from sustainably managed and legally harvested sources and which are legally traded, including promoting consumer awareness;
- (l) Strengthening the capacity of members for the collection, processing and dissemination of statistics on their trade in timber and information on the sustainable management of their tropical forests;
- (m) Encouraging members to develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance, in the context of the tropical timber trade;
- (n) Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber;
- (o) Encouraging information sharing for a better understanding of voluntary mechanisms such as, inter alia, certification, to promote sustainable management of tropical forests, and assisting member s with their efforts in this area;
- (p) Promoting access to, and transfer of, technologies and technical cooperation to implement the objectives of this Agreement, including on concessional and preferential terms and conditions, as mutually agreed;
- (q) Promoting better understanding of the contribution of non-timber forest products and environmental services to the sustainable management of tropical forests with the aim of enhancing the capacity of members to develop strategies to strengthen such contributions in the context of sustainable forest management, and cooperating with relevant institutions and processes to this end;

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<sup>5</sup>This is the complete text of Article 1 of the ITTA, 2006.

- (r) Encouraging members to recognize the role of forest -dependent indigenous and local communities in achieving sustainable forest management and develop strategies to enhance the capacity of these communities to sustainably manage tropical timber producing forests; and
- (s) Identifying and addressing relevant new and emerging issues.

## **ANNEX II**

### **Highlights of ITTO's Recent Policy Work**

#### **Forests and Climate Change**

Since 2008, the Council has continued to monitor developments and discussions at the UNFCCC and their implications for tropical forests and the world tropical timber economy. In May 2008 an Expert meeting on advancing climate change through SFM of tropical forests was held in Yokohama. The ITTO in collaboration with other CPF members have organized "Forest Days" at the UNFCCC conferences to create a platform to share experiences and knowledge with the view to raising awareness of the role forests play in mitigating and adapting to climate change. The Forest Days also provided the opportunity for forests to remain high on the global agenda and discussions at UNFCCC. During the period of the ITTO Action Plan 2008-2011 CPF members developed the CPF strategic framework for forests and climate change.

At the UNFCCC Conference of parties (COP 16) held in Cancun, Mexico, Parties agreed on the need for financial support for developing countries to halt and reverse forest cover and carbon loss through the development of a:

- National strategy for REDD+;
- National forest reference level;
- Robust and transparent monitoring system; and
- System for providing information on how safeguards are being addressed.

A Green Climate Fund has been established (arising out of decisions at COP 17– Durban, South Africa) as the operating instrument of the Convention with the understanding that the architecture for the Fund will be agreed upon at COP 18. The objectives of the Green Climate Fund include:

- Making significant contributions to the global efforts at combating climate change;
- Promoting development through low emission and climate efficient activities by providing support to developing countries; and
- Making available, new, additional, adequate and predictable financial resources to developing countries in order to optimize impacts from adaptation and mitigation measures.

#### **ITTO Objective 2000**

Objective 2000 reaffirms the Council's "full commitment to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources". The International Tropical Timber Council's Decision 2(XXIX) requested the Organization's Executive Director to render assistance, on request, to producer member countries to identify, in each country, those factors which most severely limit progress towards achieving the ITTO Objective 2000 and SFM and to formulate an action plan to overcome these constraints. To date, 23 member countries have benefited from these ITTO diagnostic missions.

#### **Criteria and Indicators**

Under the Yokohama Action Plan, 20 national training workshops were held to introduce the ITTO C&I to key stakeholders, with each workshop engaging 30–50 participants each. A revised and simplified ITTO C&I, including national and forest management unit-level formats for reporting, was adopted and published in 2005. This framework is now used by producer member countries in reporting, assessing and monitoring progress towards SFM. A manual for forest auditing using C&I has been drafted and pilot-tested at the forest management unit level in Africa, Latin America and Asia/Pacific.

ITTO continues to support producer member countries in the preparation of baseline and updated national reports on progress towards SFM based on the C&I. In this regard ITTO is working with the Montréal Process, Forest Europe and the FAO to enhance streamlining of international reporting on forest related issues and promote the global recognition of C&Is and their relevance for environmental and sustainable development activities.

#### **Strengthening Policies and Opportunities for Forest Investment**

ITTO has continued to promote investment in tropical forests through international, regional and national workshops/meetings. These workshops/meetings have identified opportunities for investment in tropical

forests, and proposed ways to overcome the barriers and risks involved in viable investment opportunities. In 2008 and 2009, national forums were organized in Bolivia, Congo, Philippines and Ecuador. These meetings brought together participants from different sectors, including the private sector, banks, forest industries, forest communities and concessionaires, governments, and NGOs. Recommendations included: the need to create an enabling environment for investment (secure land tenure, strengthened governance, less complex and more equitable taxation), linking forestry operations to capital markets (developing better business skills, managing forests to include NTFPs and PES, improving marketing of forest products, developing risk insurance mechanisms, promoting access to credit for small and medium enterprises).

### **Forest Law Enforcement and Governance**

The Thematic Programme on Forest Law Enforcement Governance and Trade (FLEGT) is one of the five Thematic Programmes established on a pilot basis. FLEGT has the objective of improving national forest law Enforcement and governance in ITTO producer member countries in order to enhance and diversify international trade in tropical timber from sustainably managed forests and help alleviate poverty in these countries. Highlights of recent work include:

ITTO's participation in Country-Led Initiative on Forest Governance and Decentralization in Africa.

Promoting trade from legally harvested sources by assisting tropical timber producing countries to establish timber tracking systems.

Promoting efforts to verify legality by granting funding for civil society/private sector partnerships aimed at enhancing the capacity of small and medium size enterprises to produce and trade in timber from legal and sustainable sources.

### **Promote Efficient Wood Processing Technologies**

To improve competitiveness of tropical timber producing firms, a hands-on training programme was undertaken to promote efficient wood processing technologies. These training programmes were carried out in:

- Papua New Guinea (2010)
- Guyana (2010)
- Myanmar (2010)
- Malaysia (2011)
- Ghana (2012)

### **Other Policy Guidelines**

Since 2008, ITTO has published a series of policy guidelines to support its work in the promotion of SFM. These include:

- ITTO/IUCN Guidelines for conservation and sustainable use of Biodiversity in tropical timber producing forests. These guidelines replace the 1993 guidelines and seek to promote the conservation and sustainable use of native animal and plant species in tropical timber production forests;
- ITTO manual for project monitoring, review, reporting and evaluation to support project monitoring by member states and the secretariat
- Revised manuals and guidelines to improve and strengthen the project cycle. These manuals are:
  - Manual of project formulation, 3<sup>rd</sup> Edition
  - Manual on standard operating procedures for project cycle
  - Revised guidelines for the selection, employing of consultants, procurements, payments for goods and services, 2<sup>nd</sup> Edition;

*Status of Tropical Forest Management 2011*-The report establishes that between 2005 and 2010, the area of natural tropical forest under sustainable management across the tropical timber producing region has increased from 36 million hectares (89 million acres) to 53 million hectares (134 million acres), an area about the size of Thailand. The area of timber production forests subject to at least some type of management plan has increased by about one-third since 2005 and now totals 131 million hectares.

A report on ITTO's first 25 years was published in 2011 and titled "*25 Success stories: Illustrating ITTO's quest to sustain tropical forests*". This publication highlights the Organization's key achievements since it began operation in early 1987 and shows how ITTO has been an effective catalyst for sustainable development. The 25<sup>th</sup> Anniversary also coincided with the International Year of the forests, providing a number of opportunities for the ITTO to showcase the extent of its work.

### **ANNEX III**

#### **Partnerships between ITTO and Other Organizations<sup>6</sup>**

A key strategy of ITTO in promoting SFM related activities in member countries is through its leverage and collaboration with other organizations and institutions. This collaboration is carried out through a variety of formal arrangements, such as Memoranda of Understanding (MoUs) and partnership agreements (such as the Collaborative Partnership on Forests (CPF), as well as informal arrangements. CPF member organizations and organizations with which ITTO has established MoUs are noted in the list below.

- Africa Timber Organization (ATO)
- Amazon Cooperation Treaty Organization (ACTO)
- Association of South-east Asian Nations (ASEAN)
- Association Technique Internationale des Bois Tropicaux (ATIBT)
- Center for International Forestry Research (CIFOR)\* [CPF member]
- Central Africa Forests Commission (COMIFAC)
- China Academy of Forests (CAF)\*
- Common Fund for Commodities (CFC)
- Congo Basin Forest Partnership (CBFP)
- Convention on Biological Diversity (CBD)\* [CPF member]
- Convention on International Trade in Endangered Species (CITES)\*
- C&I processes
  - Montreal
  - Pan-European (Ministerial Conference on the Protection of Forests in Europe)
  - ATO/ITTO
  - Tarapoto (Amazon),
  - Lepaterique (Central America)
  - Dry-zone Asia
- Forestry Department of the United Nations Food and Agriculture Organization of the United Nations (FAO)\* [CPF member]
- Global Environmental Facility (GEF) Secretariat [CPF member]
- Global Forest Watch
- International Partnership for Forestry Education (IPFE)\*
- International Society for Mangrove Ecosystems (ISME)\*
- International Trade Centre (ITC)
- International Union for Forestry Research Organizations (IUFRO)\* [CPF member]
- IUCN – The World Conservation Union\* [CPF member]
- Tropical Forest Trust (TFT)\*
- UNECE Timber Committee
- United Nations Conference on Trade and Development (UNCTAD)
- United Nations Forum on Forests (UNFF)\* [CPF member]
- United Nations Convention to Combat Desertification (UNCCD) Secretariat [CPF member]
- United Nations Development Programme (UNDP) [CPF member]
- United Nations Environment Programme (UNEP) [CPF member]
- United Nations Framework Convention on Climate Change (UNFCCC) Secretariat
- World Agroforestry Centre (ICRAF) [CPF member]
- World Bank [CPF member]
- World Trade Organization (WTO)

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<sup>6</sup>An asterisk (\*) Indicates the existence of a Memorandum of Understanding or other formal agreement with ITTO.