



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(XLVIII)/11/Info
3 August 2012

ENGLISH ONLY

FORTY-EIGHTH SESSION
5-10 November 2012
Yokohama, Japan

**Background Paper for the
Preparation of the ITTO Action Plan 2013-2018**

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June 2012

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Acronyms

ACTO	Amazon Cooperation Treaty Organization
AP	Action Plan
ASEAN	Association of South-East Asian Nations
ATIBT	Association Technique Internationale des Bois Tropicaux
ATO	African Timber Organization
BPF	Bali Partnership Fund
BWP	Biennial Work Programme
C&I	Criteria and Indicators
CBD	Convention on Biological Diversity
CBFP	Congo Basin Forest Partnership
CFC	Common Fund for Commodities
CFME	Community Forest Management and Enterprise
CIFOR	Center for International Forestry Research
CITES	Convention on International Trade in Endangered Species
COP	Conference of Parties
CPF	Collaborative Partnership on Forests
CSAG	Civil Society Advisory Group
EU	European Union
FAO	Food and Agricultural Organization
FCPF	Forest Carbon Partnership Fund
FIP	Forest Investment Program
FFF	Forest Farm Facility
FRA	Forest Resources Assessment
FMP	Forest Management Plan
GEF	Global Environmental Facility
GFP	Growing Forest Partnership
IDE	Industry Development and Efficiency
IIED	International Institute for Environment and Development
IPFE	International Partnership for Forestry Education
ISME	International Society for Mangrove Ecosystems
ITC	International Trade Centre
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
IUCN	International Union for the Conservation of Nature
IUFRO	International Union for Forestry Research Organizations
LULUCF	Land use land use change in Forests
LUS	Lesser Used Species
MDG	Millennium Development Goals
MoU	Memorandum of Understanding
MRV	Monitoring Reporting and Verification
NFP	National Forest Programme Facility
NLBI	Non Legally Binding Instrument on Forests
NTFP	Non Timber Forest Product
PES	Payment for Environmental Services
PFE	Permanent Forest Estate
REDDES	Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests
RPP	Readiness Preparation Plan
SFM	Sustainable Forest Management
TAG	Trade Advisory Group
TFLET	Forest Law Enforcement, Governance and Trade
TFT	Tropical Forest Trust
TMT	Trade and Market Transparency
TP	Thematic Programme
UNDP	United Nations Development Programme
UNECE	United Nations Economic Commission for Europe
UNEP	United Nations Environmental Programme
UNFCCC	United Nations Convention on Climate Change
UNFF	United Nations Forum on Forests
UNGA	United Nations General Assembly
WTO	World Trade Organization

1. Introduction

1.1. Purpose of This Report

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. This is the initial background document in the process initiated by that Council decision.

Developing the new Action Plan is a process that will include multiple opportunities for participation, review and comment by ITTO members, stakeholders and collaborating organizations, including members of the Collaborative Partnership of Forests. Using this report, among other sources of information, a draft of the new Action Plan will be developed by a Working Group composed of representatives of ITTO members and advisory groups. That draft will be circulated for comment, revised and presented to the ITTC for review at its Forty-eighth Session in 2012.

ITTO Action Plans are intended to provide strategic guidance to ITTO through the work of the Secretariat, policy initiatives flowing from Council decisions and projects proposed by members. Action Plans are prepared on the basis of the objectives and obligations of the International Tropical Timber Agreement (ITTA) and are linked to ITTO's shorter-term (biennial) work programmes containing specific activities to be undertaken in a given biennium.

1.2. Methodology

The process that will be used in preparing the new Action Plan, including the approach used in preparing this report is similar to the process used to develop previous ITTO Action Plans. Sources of information for the review of the current plan include comments provided by ITTO member countries through focal points, national reports on the status of implementation of the Action Plan in selected producer member countries commissioned by the Secretariat, comments from the ITTO Secretariat and documentation related to ITTO biennial work programmes over the period 2008-2011. In addition, this review benefitted from a recent report on the implementation of ITTO Thematic Programmes on a pilot basis, the results of the "meta-evaluation" of completed ITTO projects, as well as information on ITTO's website and a variety of ITTO publications reporting on projects and policy activities.

Section 2 of this report provides a review of implementation of the current ITTO Action Plan. Section 3 provides information on financial resources that were made available to fund/finance the work of ITTO over the period of the Action Plan and includes a comparison with financing made available under previous ITTO Action Plans. In order to provide context, Section 4 of this report summarizes international forestry policy developments in the period since the adoption of the current Action Plan and Section 5 presents trends and developments related to the sustainable management of tropical forests and markets for tropical timber over the same period. Drawing on the information in Sections 4 and 5, as well as specific suggestions made in the comments from members, Section 6 identifies broad themes that merit attention in the development of the new Action Plan. The paper concludes in Section 7 with suggestions for developing the new Action Plan.

1.3. The Context for ITTO Action Plans

There have been four ITTO Action Plans since 1990. These are the ITTO Action Plan 1990, the ITTO Libreville Action Plan 1996-2001, the ITTO Yokohama Action Plan 2002-2007 and the ITTO Action Plan 2008-2011.¹ Each of these plans was developed on the initiative of the Council, using the objectives of the International Tropical Timber Agreement in force at the time of the plan as the framework. The Libreville and Yokohama plans were prepared on the basis of the objectives of the ITTA, 1994.

As the ITTA, 2006 had been adopted at the time when the ITTO Action Plan 2008-2011 was being developed, entry into force of the agreement was anticipated early in the time frame of the plan. Accordingly, when the ITTO Action Plan 2008-2011 was adopted by the Council in November 2008, its decision noted that "ITTO is in a transitional phase, as the ITTA, 2006 is soon to enter into force and Thematic Programmes are being piloted for which guidance and directions are required."² The ITTO Action Plan 2008-2011 is "forward looking" in that it draws on the objectives of the ITTA, 2006 as its framework and makes reference

¹The period of implementation of the Yokohama Action Plan 2002-2006 was extended to 2007; the period of implementation of the ITTO Action Plan 2008-2011 was extended through 2012.

²Council Decision 4(XLIV).

to the use of thematic programmes in carrying out the work included in the plan. Although operational procedures for the thematic programmes were approved on a “pilot basis” and four programmes were implemented, starting in 2009, ITTO continued to operate under the provisions of the ITTA, 1994 for the entire period of the ITTO Action Plan 2008-2011.

With the entry into force of the ITTA, 2006 on 7 December 2011, the agreement now provides a mandate for the Council to develop an action plan and strengthens the link between the Action Plan, ITTO thematic programmes and ITTO biennial work programmes. Paragraph 3 of Article 24 of the ITTA, 2006 states: “The Council shall establish on a regular basis an action plan to guide policy activities and identify priorities and the thematic programmes referred to in Article 20, paragraph 4, of the Agreement. Priorities identified in the action plan shall be reflected in the work programmes approved by the Council. Policy activities may include the development and preparation of guidelines, manuals, studies, reports, basic communication and outreach tools, and similar work identified in the Organization’s action plan.”

1.4. ITTO’s Comparative Advantages

ITTO is an intergovernmental organization established by the ITTA to promote the conservation and sustainable management of tropical forests and the use and trade of tropical forest resources. As was the case with the previous agreements, the ITTA, 2006 reflects the belief that trade in tropical timber originating from well-managed and legally harvested forests can be a significant contributor to sustainable development and an incentive—as well as a source of financing—to sustain tropical forests.

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

ITTO develops, implements, monitors and evaluates a portfolio of projects and policy-related activities, enabling it to test and operationalize policies.³ 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 in terms of social, economic and environmental challenges and opportunities facing tropical forests;
- 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;
- strong leadership in the development, training and implementation of criteria and indicators for sustainable forest management
- an ability to respond rapidly and cost-effectively to develop and implement projects and activities;
- policy and project work developed on the basis of an equal partnership between tropical developing countries and tropical timber consuming countries;
- annual council sessions that provide the opportunity for policy and project work implementation and review
- 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 all aspects of the organization’s work.

2. Review of Implementation of the ITTO Action Plan 2008-2011

The review of the current Action Plan is based on comments provided by ITTO member countries in response to a questionnaire, reports on the implementation of the Action Plan from six selected producer member countries (national reports), comments from the ITTO Secretariat and documentation related to ITTO biennial work programmes over the period 2008-2011.

Table 2.1 presents a framework for evaluating the ITTO Action Plan 2008-2011 in relation to the ITTA, 2006; the table features the plan’s expected outcomes and cross-cutting actions in the context of the two overarching objectives of the ITTA, 2006. The right-hand column (column 3) is drawn from the Action Plan and lists means of achieving the objectives of the ITTA, 2006 as identified in the Action Plan. For each of the

³All projects are funded by voluntary contributions; since 1987, ITTO has funded more than 800 projects, pre-projects and activities valued at more than USD 300 million.

“expected outcomes” in column 1 of table 2.1, the Action Plan describes actions to be undertaken by ITTO and “possible actions by members.”

Part III of the ITTO Action Plan 2008-2011 lists seven “strategies for implementation” and briefly describes a process for delivery, monitoring and evaluation of the Action Plan. The monitoring system suggested for the Action Plan relies principally on reporting and assessment of the biennial work programmes. Although evaluation was to be based on the expected outcomes (listed in table 2.1), no specific targets or indicators are contained in the plan.

Given the importance of the ITTO biennial work programmes in the context of the evaluation of the ITTO Action Plan 2008-2011, there is an additional complication associated with the timing of the adoption of the plan. It was adopted at the end of the first year of the ITTO Biennial Work Programme for 2008-2009 that was developed on the basis of the ITTA, 1994. The Biennial Work Programme 2008-2009 was adopted in November 2007 and cross-referenced to the ITTA, 1994, and the Yokohama Action Plan 2002-2007. As the Council noted in its Decision 4(XLVIV) in November, 2008, this was a “transitional” period for the organization. At that time, there was considerable work being done to prepare for the entry into force of the ITTA, 2006, and, arguably, the Biennial Work Programme 2008-2009 reflected that expectation. Therefore, this review of the ITTO Action Plan 2008-2011 is based on the ITTO Biennial Work Programmes for 2008-2009 and 2010-2011.

Table 2.1: Framework to Illustrate Linkages between Action Plan 2008-2011 and the ITTA, 2006

ITTO Action Plan 2008-2011 Expected Outcomes	ITTA, 2006 Objectives	ITTA, 2006 Means of Achieving the Objective (Article 1 Sub-elements)
1. Increased production and further processing of tropical timber and other forest products from sustainably managed and legally harvested sources.	promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests	(c), (d), (g) and (i)
2. Increased efficiency in harvesting, processing and utilization of tropical timber from sustainably managed and legally harvested sources	promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests	(c), (q) and (r)
3. Improved data and knowledge, projections and competitiveness on trade in timber and timber products in international markets.	promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests	(a), (b), (h), (l) and (n)
4. Increased supplies of tropical timber from sustainably managed and legally harvested sources	promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests	(e), (k), (n), (o) and (q)
5. Tropical forest resource better secured	promote the sustainable management of tropical timber producing forests	(c), (m), (n) and (r)
6. Tropical forest resource sustainably managed	promote the sustainable management of tropical timber producing forests	(c), (j), (f), (q) and (r)
Cross-cutting Actions <ul style="list-style-type: none"> • Research and development, and technology transfer • Communication and outreach • Strengthen databases and information systems • Capacity building • International cooperation 	both objectives	(p) and (s) (also linked to Articles 15, 24, 25, 28 and 27)

2.1. Summary of Comments Received

As described above, sources of information for the review of the current plan include comments provided by ITTO member countries through Focal Points and comments from the ITTO Secretariat. Seventeen member countries responded to a survey that was sent to all ITTO Focal Points.⁴ Although this number of responses represents slightly less than one-third of all ITTO member countries, the responses are balanced across the organization's member groupings (9 Producer members and 8 Consumer members) and across all the three tropical regions as well as consuming countries. A similar survey was sent to the ITTO Secretariat and all senior staff responded. Annex I provides highlights of all of the responses.

The comments received illustrate a diversity of views on the effectiveness of the ITTO Action Plan 2008-2011. Producer and Consumer members both expressed the view that the Action Plan provides some guidance for ITTO's policy work; however, members of both groups also questioned the effectiveness of the guidance provided. Most Producer members expressed the view that the Action Plan provides guidance for national level policies; in addition, the Action Plan is used as a reference point (as is required) in formulating projects.

Although a few Consumer members responded to the effect that the Action Plan provides effective strategic guidance, a larger number expressed the view that the Action Plan does not provide strategic guidance and lacks a clear explanation of why actions identified in the plan should be undertaken. Both Producer and Consumer members noted the absence of clear links between expected outcomes, activities and measures of progress.

A similar diversity of views can be seen in comments provided by the Secretariat. Most Secretariat comments noted that the Action Plan provides guidance for the preparation of the Biennial Work Programme (as required by the Council). However, some responses also highlighted the absence of a link between expected outcomes, measurable targets and activities. A number of comments underscored the absence of mechanisms to ensure that funds are available to implement the Action Plan through the Biennial Work Programme and the Thematic Programmes. Thematic Programmes rely entirely on voluntary contributions; increasingly, Biennial Work Programmes also rely on (and do not always receive) voluntary contributions.⁵ The shortfall in financing for work programmes designed to implement the Action Plan led to the comment that the Action Plan was a "theoretical" exercise. However, a number of comments emphasized the role of the Action Plan as a reference document that is used by member countries in formulating projects and in developing national policies.

Surveys conducted by national consultants in selected producer member countries provided an assessment of the effectiveness of ITTO's policy work in those countries. These reports also described the effectiveness of the Action Plan as a tool to guide national actions, including the development of national forest policies, and the formulation and implementation of ITTO projects.⁶ In a few cases, the surveys revealed that ITTO and the Action Plan are not well known; in those cases the national reports questioned the effectiveness of ITTO's communication strategy and recommended more effective dissemination of future ITTO Action Plans.

In most of the countries surveyed, however, ITTO's policy work and the Action Plan are well known and highly respected; in these countries there are clear linkages between elements of the Action Plan and national policies and actions. In some countries, ITTO's policy work is described as having had a "considerable" positive impact on both sustainable forest management and production and exports of tropical timber. However, in some countries the surveys revealed concerns that the Action Plan has gaps or does not align well with national policies. One comment, echoed in the Focal Point comments, is that the Action Plan should have greater relevance for Consumer members, including possibly identifying "complementary actions" to be taken by them.

2.2. Qualitative Assessment of the Implementation of the ITTO Action Plan 2008-2011

Tables 2.2 and 2.3 provide a summary assessment of the Action Plan, including a qualitative assessment of the structure of the plan, inputs (as reflected in, for example, the Biennial Work Programmes and Thematic Programmes), outcomes and strategies. As noted previously, including in a number of the comments

⁴Countries which responded were: Australia, Cambodia, China, Colombia, Finland, Germany, Guatemala, Guyana, Honduras, Liberia, Malaysia, Mexico, Netherland, New Zealand, Norway, Peru and the United States of America.

⁵See Section 3 and Annex V for additional details.

⁶Consultants were engaged to provide reports on experience implementing ITTO projects and activities in the context of the current Action Plan in: Cameroon, Ghana, Guatemala, Indonesia, Malaysia, Mexico and Peru.

summarized in section 2.1, the expected outcomes of the Action Plan (listed in table 2.1) are not described in terms of specific, measurable indicators or targets. It is not possible to link actions (either those actions suggested for ITTO, or the “possible” actions by members) to progress toward these outcomes. In addition, there is no indication regarding the possible relative importance of the actions or whether all of the actions should be seen as equally important in making progress toward the expected outcome. Therefore, an assessment of the outcomes in table 2.2 can only be provided in qualitative terms.

For the expected outcomes for which there is some evidence of progress over the period of the Action Plan (as demonstrated, for example, by information summarized in section 5 of this report), the Action Plan is deemed to be “partially successful.” For the expected outcomes for which there is little or no evidence of progress, the designation “limited success” is used. Comments in the table provide a brief explanation of factors leading to the assessment. It is important to emphasize that this is assessment with respect to the expected outcomes of the Action Plan and not assessment of the “actions by ITTO” suggested by the Action Plan or those actually implemented through Biennial Work Programmes.⁷

Table 2.2: Summary Assessment of the Structure, Inputs and Outcomes of the ITTO Action Plan 2008-2011

Elements for the Assessment	Qualitative Assessment	Comments
Structure		
Linked to ITTA, 2006? Linked to ITTO Biennial Work Programmes?	Yes to both	<ul style="list-style-type: none"> Action Plan actions related to expected outcomes are cross-referenced to ITTA, 2006 objectives Work Programme elements are cross-referenced to both the ITTA and to the Action Plan
Incorporates ITTO Thematic Programmes?	No	<ul style="list-style-type: none"> TPs are listed, but had just been approved on a pilot basis and are not integrated into the plan
Inputs		
Work Programmes Thematic Programmes projects	Partial contribution	<ul style="list-style-type: none"> Proposed BWPs are balanced across ITTA, 2006 objectives; increasing reliance on voluntary contributions to implement BWP; significant shortfall in funds for BWP 2010-2011; Thematic Programmes show evidence of attracting new donors and additional funds but funding remains limited; problems remain in quality, financing and implementation of projects
Outcomes		
1. Increased production and further processing of tropical timber and other forest products from sustainably managed and legally harvested sources.	Limited contribution	<ul style="list-style-type: none"> Pronounced and prolonged global recession as well as increased regulation on timber harvesting contributing to reduced timber production, consumption and trade; further processed and value-added products account for a larger share of production and trade for most ITTO producer members; Legality requirements of consumer countries' timber import regulations and governments' timber procurement policies is having trade impacts and impacts through the supply chain
2. Increased efficiency in harvesting, processing and utilization of tropical timber from sustainably managed and legally harvested sources	Limited contribution	<ul style="list-style-type: none"> Global recession reduced demand and prices, limited investment in the sector; some progress in producer and consumer efforts to combat illegal logging
3. Improved data and knowledge, projections and competitiveness on trade in timber and timber products in international markets.	Partial contribution	<ul style="list-style-type: none"> Significant improvements in quality and extent of information provided on markets and trade; limited progress in building capacity of members to collect and report data

⁷Section 3 of this paper draws attention to shortfall in funding for implementation of proposed Biennial Work Programmes.

4. Increased supplies of tropical timber from sustainably managed and legally harvested sources	Partial contribution	<ul style="list-style-type: none"> Significant progress toward sustainable management of the production PFE; governance remains a concern in some producing countries but numerous measures are being implemented
5. Tropical forest resource better secured	Limited contribution	<ul style="list-style-type: none"> Some slowing of trend in tropical forest loss; area of primary forest continues to decline; area of planted forest increasing in most regions; mixed trends in setting aside forests for conservation of biodiversity and other ecosystem services
6. Tropical forest resource sustainably managed	Partial contribution	<ul style="list-style-type: none"> Continuing progress toward SFM in tropical forests; significant increase in the area of production and protection PFE under SFM(certified and under FMPs); most ITTO producer members participating in one or more of the global initiatives on REDD+ readiness

The assessment of the structure of the plan (in table 2.2) and the strategies for implementing the plan (shown in table 2.3) can be more definitive (yes or no). Of course, quantification is possible for programme budgets; that information is provided in Section 3 and Annex V of this paper.

Table 2.3: Status of Implementation of Strategies under ITTO Action Plan 2008-2011

Strategy	Was it implemented?	Examples
Strategy 1: <i>Gather data, views and informed opinion on the international timber market and associated trade and on the status of SFM in producer member countries...</i>	Yes	Annual Review, Market Discussion, Diagnostic Missions, SFM Tropics, market studies
Strategy 2: <i>Collect, analyse and disseminate data...</i>	Yes	Annual Review, market studies, SFM Tropics, Revised C&I
Strategy 3: <i>Undertake studies, engage in capacity building and institutional strengthening, develop technical guidelines...</i>	Yes	ITTO/IUCN Guidelines, Manual for Project Review, Thematic Programme implementation, project formulation assistance
Strategy 4: <i>Engage TAG, CSAG and the TAG/CSAG partnership to inform and support ITTO's work...</i>	Yes	Market Discussion, participation in TP Advisory Committees, engagement in policy and evaluation work
Strategy 5: <i>Address SFM in a holistic manner...</i>	Yes	Objective 2000 Diagnostic Missions, Thematic Programmes, Project work
Strategy 6: <i>Work with a much wider range of stakeholders...take non-timber forest products and environmental services into account...consider climate change</i>	Yes	REDDES Thematic Programme, Project work, ITTO/IUCN Biodiversity Guidelines
Strategy 7: <i>Identify and address relevant new and emerging issues...</i>	Yes	ITTO-CITES cooperation, CEEC, ITTO-CBD MOU, Thematic Programmes

The ITTO Action Plan 2008-2011 provides clear links to the ITTA, 2006 (Table 2.1); in turn, all activities in the two Biennial Work Programmes have a clear reference to ITTA objectives, means of achieving those objectives or other relevant articles.⁸

Many of the comments, especially those provided by the Secretariat, drew attention to the fact that implementation of the Biennial Work Programmes and Thematic Programmes—the core of the organization's policy work—depends entirely (for Thematic Programmes) or increasingly (for Biennial Work Programmes) on decisions made by the donors who provide voluntary contributions. Neither Biennial Work Programme was fully funded and none of the Thematic Programmes has been funded at the level of the initial indicative budget; therefore, the Action Plan has been only partially successful in this regard.

⁸As noted earlier, activities in the Biennial Work Programme 2008-2009 make reference to the objectives of the ITTA, 1994.

The expected outcomes identified in the ITTO Action Plan 2008-2011 can be directly linked to objectives of the ITTA, 2006, but all of the expected outcomes are extremely broad and are not (or cannot be) quantified. Although the relevance and positive contributions of ITTO's policy work can be easily established, the Action Plan does not clarify the expected type or magnitude of those contributions due to the lack of suitable indicators. The scope of the expected outcomes is such that ITTO's contribution toward achieving them is impossible to determine or easily overtaken by events such as the recession triggered by the global financial crisis in 2008-09. Nevertheless, for some of the expected outcomes (notably "improved data and knowledge...on trade in tropical timber" and "tropical forest resource sustainably managed"), ITTO's cumulative body of work over the period of the Action Plan warrants a qualitative rating of "partial success."

The Action Plan also establishes broad parameters for the scope of ITTO's project activities; projects are formulated, evaluated and approved by the Council taking into consideration both the objectives of the ITTA, 2006 as well as the current Action Plan. However, as the projects proposed reflect the priorities of members submitting the proposals, and decisions on funding reflect the priorities of donors, the body of work in implemented projects cannot be expected to be a balanced representation of the objectives of the ITTA or the translation of those objectives into actions as described in the current Action Plan.

It is easy to identify examples to illustrate the fact that all of the strategies for implementation identified in Part III of the current Action Plan have been employed. Therefore, table 2.3 provides a definitive "yes" for all seven strategies. However, the Action Plan does not link these strategies to the expected outcomes and does not provide a basis for quantifying the input or output (consequences) dimensions of the use of these strategies.

Finally, it is important to note that the Action Plan was intended to provide guidance to members and to that end identifies "possible action by Members" under each of the expected outcomes. The national surveys, reinforced by many of the comments from Focal Points of Producer member countries suggest that the Action Plan was frequently used and was helpful in guiding the development of national policies as well as the formulation of project proposals. In that respect, the plan can be seen as successful. However, there is no straightforward basis for linking the national actions to the Action Plan's expected outcomes.

3. Trends in Financing the Work of ITTO

Table 3.1 provides details on funding that was available for implementation of the ITTO Action Plan 2008-2011. For comparison, funding available for implementation of the Yokohama Action Plan is also shown. Programme budgets and funds available by source are shown for the ITTO Action Plan 2008-2011; table 3.1 provides a summary of the same information for the four Work Programmes implemented under the Yokohama Action Plan. Details on the Work Programmes of the Yokohama Action Plan are shown in Annex V table V-1.

Direct comparison of the work programme budgets and funding available under the two plans must take into account the different time frames: the Yokohama Action Plan covered 6 years, as compared to four years for the ITTO Action Plan 2008-2011. It is also important to note that none of the figures have been adjusted for changes in the value of the U.S. dollar, or to account for inflation.⁹

⁹Over the period 1998 to 2011 (the start of the Libreville Action Plan to the end of the current Action Plan) the U.S. dollar declined in value by more than 20 percent as compared to the Japanese yen.

Table 3.1: Funding Available for ITTO Work Programmes, 2002-2011
Million USD

Period	Total Budget	Amount Funded	Share Funded (%)	Source of Funds		
				Un-earmarked Funds ^a	Other Voluntary Contributions	Total
Total, Yokohama Action Plan 2002-2007^b	23.06	26.20	114.0	15.67	10.53	26.20
2008-2009	10.67	8.38	78.5	5.49	2.89	8.38
2010-2011	9.78	5.21	53.3	2.45	2.76	5.21
Total, ITTO Action Plan 2008-2011	20.45	13.59	66.5	7.94	5.65	13.59

^aUn-earmarked funds include: un-earmarked funds in the Special Account, funds in the Bali Partnership Fund sub-account B, Programme Support Funds in the Special Account and funding from the Working Capital Account of the Administrative Account.

^bThis is the total for four separate work programmes; see Annex V table V-1 for details.

The key piece of information in table 3.1 is the fact that Biennial Work Programmes implemented under the ITTO Action Plan 2008-2011 were considerably more dependent on earmarked voluntary contributions as compared to the Yokohama Action Plan. Unfortunately, these funds were not forthcoming; nearly one half of the Biennial Work Programme 2010-2011 was not funded and the cumulative result was that roughly one third of the work programme intended to implement the ITTO Action Plan 2008-2011 was not funded.

In order to further examine the effects of partial funding of the Biennial Work Programmes, elements of the two Biennial Work Programmes implemented under the ITTO Action Plan 2008-2011 were assigned to one of the two overarching objectives of the ITTA, 2006; activities clearly intended to contribute to both objectives (such as outreach activities) were assigned to a third category, "both." Table 3.2 illustrates the programme-distorting effects resulting from partial funding of the Action Plan's work programmes. In both work programmes, the distribution of implemented work is significantly different as compared to the Council-approved, proposed work programme.

Table 3.2: Proposed and Funded ITTO Work Programmes, 2008-2011, Classified by ITTA, 2006 Objectives
Million USD

ITTA, 2006 Objective	Work Programme 2008-2009		Work Programme 2010-2011	
	Proposed	Funded	Proposed	Funded
Expansion of trade ^a	3.7	3.2	4.3	1.8
Sustainable management ^b	3.3	2.4	3.3	2.5
Both objectives	3.7	2.8	2.2	0.9
Total Work Programme	10.7	8.4	9.8	5.2

^ato promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests"

^bto promote the sustainable management of tropical timber producing forests"

It is tempting to conclude that the shortfall in funding for the Biennial Work Programmes is simply a reflection of scarcity of funds for the work of ITTO. However, table 3.3 shows that total funds available for policy and project work, on an average annual basis (adjusting for the difference in duration between the two plans), are roughly comparable for the two Action Plans.¹⁰

Table 3.3 also compares the distribution of funds to projects, Thematic Programmes and Work Programmes for the two Plans. Because Thematic Programmes allocate funds to both projects (proposed by members in response to calls for proposals) and policy-related activities (some of which are developed by the Secretariat), the balance between funding for projects and funding for "policy/other" activities is likely to be similar in the two Action Plans.

¹⁰As noted previously, this comparison does not take into account the effects of inflation, or the decline in the value of the U.S. dollar.

Table 3.3: Funding Available for Project and Policy Work under the ITTO Action Plan 2008-2011 and Previous ITTO Action Plans

Million USD

Action Plan	Period Covered	Project Funds ^a	Thematic Programmes ^b	Policy/Other ^c	Total	Average per year
Libreville Action Plan	1998-2001	44.5		9.00	53.50	13.4
Yokohama Action Plan	2002-2007	52.0		26.20	78.20	13.0
ITTO Action Plan 2008-2011	2008-2011	28.39	14.47	13.65	56.51	14.1

^aProjects funded through the "regular" project cycle.

^bThematic Programmes were started on a pilot basis in November, 2008; funds are allocated to both projects and policy-related activities.

^cIncludes thematic work programme elements in the ITTO Action Plan 2008-2011, such as ITTO-CITES cooperation.

Tables in Annex V provide details on funding and indicative budgets for the Thematic Programmes and include information on the ITTO-CITES thematic Work Programme element. Although none of these thematic programmes/approaches has been fully funded, they now account for a substantial portion of ITTO's activities (see table 3.3 above). In addition, it is important to recall that the "indicative" budgets are just that: indicative. As noted in the Progress Report on the Implementation of the ITTO Thematic Programmes, funding pledged so far has allowed for implementation of work that addresses "a substantial spectrum of Thematic Programme Outputs."

Tables in Annex V also provide additional information, including on the year-to-year variability of project funding over the period of the ITTO Action Plan 2008-2011 (table V-3), as well as expenditures through the (assessed) Administrative Budget and the Program Support Fund (table V-4). Although the structure of the assessed budget will be different with operation under the ITTA, 2006, it is important to underscore the relationship between the scale of the assessed budget (an obligation of members) and effective implementation of the Biennial Work Programme, Thematic Programmes and monitoring of project work. This is especially the case for Biennial Work Programme and Thematic Programme activities that require considerable Secretariat resources in design and effective implementation.

4. Developments in International Forestry Policy, Institutions and Mechanisms Relevant to the Work of ITTO Since the ITTO Action Plan 2008-2011

This section reviews recent developments in international forest policy, institutions and mechanisms that are relevant to the work of the ITTO. The approach taken was to examine policy deliberations and outcomes at the various international fora related to forests since 2008, when the current Action Plan (ITTO Action Plan 2008-2011) was adopted for implementation. Institutions and mechanisms that are relevant to and support the work of ITTO is also discussed. Highlights of ITTO's recent policy work are summarized in Annex II, and Annex III provides a list of ITTO's partnership arrangements with a wide diversity of organizations, including all of those discussed in this section.

Discussions on forests at the various fora continue to be controversial, in particular the role that forests play in climate change as well as the role of forests in conserving biological diversity and the role of securing ecosystem services as a means to sustainability. The international Year of Forests (Forests 2011) has brought to the fore issues related to governance, food security, social development, poverty eradication and the relationships between people and forests. There is growing awareness of the contribution of forests and multi-disciplinary nature of forests. Despite this awareness the valuation of forest goods and services, particularly in tropical timber producing countries remains a challenge.

In addition, trends in the international forest policy discourse reflect a shift towards a people centred approach in an effort to create a balance between forests and people – notably, the theme for the International Year of Forests 2011. Forest law enforcement and governance continue to receive attention in forest policy deliberations at various fora. The trend towards greater consideration of the non-consumptive values of forests has continued, including an emphasis on the ecological services provided by forests. These services include the significant role forests play in absorbing and storing carbon from the atmosphere. There is growing discussion on the contribution of forests to the green economy and how the management of forests and biodiversity can address poverty alleviation, watershed protection and food security.

The upcoming Conference on Sustainable Development (Rio+20) to be held in Brazil in June seeks to promote development and progress towards a global green economy and has identified seven (7) thematic areas, namely food, water, energy, cities, disasters, jobs and oceans. Although forests have received relatively little attention in the Rio+20 process, it is critical for forests, particularly the role of tropical forests to remain high on the international policy discourse in 2012 and beyond. However, the CPF of which ITTO is a member has submitted to the Rio+20 process that forest ecosystems can play a central role in contributing to a green economy and sustainable development. Hence a new ITTO Action Plan must take these developments into account and given the cross-sectoral nature of forests must also offer clear opportunities for effective engagement beyond the boundaries of forest discussions. Effective engagement in these processes and developments by ITTO offer opportunities for attracting financing and donor interest.

4.1. Developments in International Forestry Policy

4.1.1. United Nations Forum on Forests (UNFF)

Since 2008 the UNFF has held two regular sessions, UNFF 8 (2009) and UNFF 9 (2011), as well as a special session in October 2009.

At its 8th session the UNFF adopted a resolution on *“Forests in a changing environment, enhanced cooperation and cross-sectoral policy and programme coordination and sub-regional inputs”*. Sections of the resolution especially relevant to the work of the ITTO are:

- *To invite Member States, members of the Collaborative Partnership on Forests, the Secretariat of the Convention on International Trade in Endangered Species of Wild Fauna and Flora and regional entities to enhance cooperation on the Forum’s cross-cutting issue of forest law enforcement and governance, including combating illicit international trafficking in forest products, as well as sharing of relevant information;*¹¹
- *To invite member organizations of the Collaborative Partnership on Forests to support, within their capacities, consistent with their mandates and upon request, South-South cooperation initiatives concerning sustainable forest management, including through convening workshops and providing technical assistance, subject to available resources;*¹²
- *Further to invite Member States to use market-based approaches to develop and promote production and consumption of forest products from sustainably managed forests harvested according to domestic legislation;*¹³

At the special session of UNFF9 in October 2009 the Forum established a Facilitative Process that seeks to among other actions, to *“assist in mobilizing and supporting new and additional financial resources from all sources for sustainable forest management.”*¹⁴

At its 9th session the UNFF adopted a resolution on *“Forests for people, livelihoods and poverty eradication.”* Sections of the resolution relevant to the work of the ITTO are summarized as follows:

- Recognised the role of forests in contributing to poverty eradication in developing countries in the context of sustainable forest management
- Strengthen forest law enforcement and governance and attract long term investment and finance for sustainable forest management
- Facilitate capacity building, particularly among indigenous people and local communities
- Promote the sustainability of the supply of quality water from forests to meet the needs of rural and urban populations and that of agricultural production¹⁵
- Promote forest education in primary and secondary schools taking advantage of the International Year of Forests
- Develop and promote local entrepreneurship and partnerships between companies and small and medium sized forest based enterprises

¹¹It is worth noting here that the ITTO-CITES collaboration is very successful, highly regarded and has received funding to continue into the period of the new Action Plan.

¹²The UNFFS and the ITTO collaborated to organise a workshop on this subject in Yokohama. The recommended outcomes are still relevant, in particular the need to create a platform for information sharing on SMF and transfer of technology, particularly among tropical timber producer countries.

¹³ITTO’s TFLET and IDE Thematic Programmes are directly relevant in this context.

¹⁴Report of the Forum on the special session of the ninth session – UNFF, 2009

¹⁵Report of the ninth session – UNFF, 2011.

The issues emerging from these resolutions of the UNFF are consistent with the objectives of the ITTA, 2006, and echo some of the specific means of achieving those objectives (in particular, Article 1(c), (g), (n) and (p)). It is also worth noting that achieving the Four Global Objectives on Forests remains the main task for UNFF under its Multi-Year Programme of Work (2007-2015). The upcoming UNFF10 session in 2013 has as its overall theme Forests and economic development and is directly relevant to and consistent with the mandate of ITTO to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and the sustainable management of tropical timber producing forests.

Furthermore, UNFF 11 in 2015 will review the International Arrangement on Forests and progress made to achieving the global objectives on forests and the implementation of the Non Legally Binding Instrument (NLBI) on all types of forests and the contribution of forests to the internationally agreed development goals. In this context, the UNFF in collaboration with the Food and Agricultural Organization of the United Nations (FAO) have developed a monitoring and evaluation framework for the NLBI¹⁶ that may serve as a useful example for consideration.

ITTO is a founding member of the Collaborative Partnership on Forests (CPF) which was established in April 2001 to support the work of the UNFF.¹⁷ A major task of the CPF is to contribute to the implementation of the NLBI and the associated Multi-year Programme of Work. Through the implementation of the new Action Plan, ITTO will assist the UNFF in monitoring, assessing and reporting on progress towards the achievement of the management, conservation and sustainable development of all types of forests. ITTO is also the CPF's focal agency for trade and for Criteria and Indicators (C&I). ITTO as a pioneer in the development of C&I's is collaborating with the other two C&I processes (Montréal Process and Forest Europe) and the FAO in enhancing the use of C&Is for harmonizing and streamlining of global forest reporting. Their work also seeks to promote linkages with other sectors in the development and use of C&I's and in particular its use in streamlining reporting requirements for the 2015 Global Forest Resources Assessment to be undertaken by the FAO.

The United Nations General Assembly declared 2011 as the International Year on Forests to raise awareness on sustainable management, conservation and sustainable development of all types of forests. It had as its theme "forests and people" to further raise awareness of the linkages and importance of forests for people, livelihoods and their human well-being. ITTO as a member of the CPF participated in a series of events to raise awareness on the importance of tropical forests for livelihoods.

4.1.2. United Nations Framework Convention on Climate Change (UNFCCC)

The ambitions for the UNFCCC COP 13 that the Bali Road Map would culminate in an agreement in Copenhagen in 2009 were not achieved. Despite the failure to reach consensus on post 2012 climate agreement in Copenhagen, the element on reducing emissions from deforestation and forest degradation in developing countries received a boost with the political commitment provided through the Copenhagen Accord. Emerging from the Copenhagen Accord and subsequent climate change conference in Cancun, Mexico is the reduction in emissions from deforestation and forest degradation (REDD+) as a policy tool to provide resources to developing countries to better manage their forests. REDD+ is now mainstreamed in climate change negotiations and discussions.¹⁸

A number of REDD+ programmes have emerged from these negotiations and discussions to provide finance to developing countries engaged in activities for reduction of emissions in deforestation and forest degradation and the enhancement of carbon stocks. These include the UN Collaborative Programme on reducing emissions from deforestation and forest degradation in developing countries, Forest Carbon Partnership Facility, the World Bank Forest Investment Programme and the REDD+ partnerships. In addition, a Green Climate Fund has been established (arising out of decisions at COP 17) 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

¹⁶A guide to monitoring and evaluation of the Non-Legally Binding Instrument on All Types of Forests (NLBI).

¹⁷ITTO has made significant contributions to the work of UNFF and the CPF, including by seconding a staff member to the UNFF Secretariat.

¹⁸ITTO's Thematic Programme on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES) reflects these developments.

- Making available, new, additional, adequate and predictable financial resources to developing countries in order to optimise impacts from adaptation and mitigation measures.

An interim Secretariat has been set up as a unit under the UNFCCC secretariat through administrative support of the GEF secretariat and that of the UNFCCC secretariat. Six countries, namely Germany (Bonn), Mexico (New Mexico City), Namibia (Windhoek), Poland (Warsaw) and Switzerland (Geneva) have offered to host the Green Climate Fund.

Organization of "Forest Day" side events at climate change conferences by the CPF members can be seen to have had an impact in informing and engaging world leaders, policy makers, donors, civil society organisations and governments. This momentum has been kept through the climate change conferences in Cancun, Mexico (2010) and Durban, South Africa (2011).¹⁹

The outcomes of the current negotiations in the UNFCCC on forest carbon are on-going and likely to have significant implications for the trade in and consumption of tropical timber. It is therefore clear that there are strong linkages between objectives and outcomes of the international climate change agenda and the objectives of the ITTA, 2006. There therefore needs to be synergies between ITTO REDDES projects and those under the REDD+ readiness projects in member countries. Monitoring, reporting and sharing of information on such projects are critical.

4.1.3. United Nations Convention on Biological Diversity (CBD)

The UN General Assembly (UNGA) declared 2010 as the International Year of Biodiversity to celebrate life on earth and the value of biodiversity for our lives. The ITTO and other CPF members, particularly the UNFF undertook joint activities with the CBD to commemorate the Year. The UNGA has also declared 2011-2020 as the UN Decade of Biodiversity. At COP 10 of CBD, parties adopted the Strategic Plan for Biodiversity (2011-2020) and the Aichi Targets. The vision of the new CBD plan is *"Living in Harmony with Nature" where "By 2050, biodiversity is valued, conserved, restored and wisely used, maintaining ecosystem services, sustaining a healthy planet and delivering benefits essential for all people."*²⁰

The plan is the overarching framework on biodiversity for the UN system. Key examples of the Aichi targets that are relevant to the work of the ITTO include:

- At least halve and where feasible bring close to zero the rate of loss of natural habitats, including forests;
- Restore at least 15 percent of degraded areas through conservation and restoration.

The CBD Strategic Plan for Biodiversity 2011-2020 and the structure of its targets provides opportunities for ITTO to draw on in the preparation of its new Action Plan.²¹

Elements of the MoU between ITTO and CBD should be given due consideration in the development of the new Action Plan. In particular in the implementation of activities related to forest biodiversity, promoting cooperation with the other Rio conventions and sectors, regional collaboration, south-south cooperation, and harmonization of reporting on the sustainable use and conservation of tropical forests. In the new Action plan consideration should be provided for capacity building in sustainable forest management and biodiversity building on the five-year ITTO/CBD joint program that is being implemented by the Network of Central African Forestry and Environmental Training Institutions.

4.2. Institutions and Mechanisms Related to the Work of ITTO

4.2.1. Food and Agriculture Organization of the United Nations (FAO)

The FAO Forestry Department and ITTO share the common goal of promoting SFM and the work of the two organizations is highly complementary. This is reflected in a number of joint activities that have been undertaken. Examples include workshops/activities/ publications on:

- Streamline global forest reporting and strengthen collaboration among international criteria and indicator processes (ITTO was a pioneer in the establishment and publication of C&Is).
- Forest Law compliance and governance in tropical countries (2010)
- Forest governance and climate change mitigation (2010)

¹⁹ITTO has played an active role in these efforts.

²⁰Strategic Plan for Biodiversity (2011-2020).

²¹This possibility was noted in the comments (see Annex I); in this context, ITTO's MoU with CBD is relevant.

- Cooperation on the collection and reporting of data on forest management and timber production, consumption and trade, as well as the development of guidelines for SFM, the promotion of phased approaches to forest certification, the harmonization of C&I processes, the strengthening of forest governance, improving the transparency of timber markets and trade, and capacity building in general.

One of FAO's flagship programmes that relate to the work of the ITTO is the National Forestry Programme Facility (NFP). More recently (as of early 2012), there is a proposal to evolve the National Forestry Programme Facility into a new phase - the Forest Farm Facility (2012-2017) drawing on the experience and lesson learned from the NFP over the last ten years and elements from the GFP initiative that has been implemented since 2008. Initial funding of US\$ 50 million has been provided. The new Forest Farm Facility (FFF) will, amongst other objectives:

- Promote coordination between forestry and other sectors;
- Promote the organisation and capacity building of local communities to engage in policy dialogue at the local/national/regional/international levels;
- Provide local people with better skills to access financing and investments for sustainable forest and farm management; and
- Improve food security, livelihood and the management of natural resources.

In recent years ITTO has engaged more fully in FAO's Committee on Forestry and its Regional Forestry Commissions. These bodies are highly relevant to the development of national forest programmes and also an important part of the preparatory process for FAO's five-yearly global forest resources assessments (FRA) and biennial 'state of the world's forests' publications. FAO's next FRA will be in 2015 and through collaborative efforts ITTO, FAO, Forest Europe and the Montréal Process are working to harmonize and streamline reporting requirement for the FRA 2015.

FAO is collaborating with other CPF members and the private sector to make the forest sector more visible at Rio+20 by highlighting the role of forests and forest industries in developing the green economy while promoting rural development. FAO's Strategy 2010-2013 recognises the rapid global challenge that is impacting on forests, in particular the rapid expansion of trade, investments and improved communication and information technology. Leveraging information technology and communication should be a potential area for collaboration among FAO and other CPF members, including ITTO.

4.2.2. Center for International Forestry Research (CIFOR)

CIFOR currently works with a ten year strategic plan [CIFOR Strategic Plan (2008-2018)] intended to position it to provide information to policy makers, and practitioners to evolve effective policies in the management of tropical forests while addressing issues related to forests and people. CIFOR also has a medium-term plan [CIFOR Medium Term Plan (2011-2013)] that allows it to focus its research work in each plan period and includes project portfolios which are aligned to the research areas presented in the strategic plan. This is targeted at enhancing CIFOR's reporting requirements to both its internal and external clients. This is similar, in a number of respects, to the links between the ITTO Action Plan and the shorter-term Work Programmes.

CIFOR's research has six main domains²²: (i) enhancing the role of forest in mitigating climate change; (ii) Enhancing the role of forests in adapting to climate change; (iii) Improving livelihood through smallholder and community forestry; (iv) Managing trade-offs between conservation and development at the landscape scale; (v) Managing impacts of globalised trade and investment on forests and forest communities; and (vi) Sustainably managing tropical production forests. CIFOR is undertaking various research activities in ITTO member countries and has considerable potential for expanded collaboration in the work of ITTO, particularly in developing research capacity and knowledge transfer. CIFOR is therefore a logical strategic partner in advancing the work of ITTO.

²²CIFOR Strategic Plan (2008-2018).

4.2.3. Reducing Emissions from Deforestation and Forest Degradation (UN-REDD)

The UN-REDD programme is a collaborative initiative that was launched in 2008, building on technical strengths of FAO, UNDP and UNEP. The UN-REDD is a global partnership that seeks to reduce emissions from deforestation and forest degradation. It has two components: (i) assisting developing countries to prepare and implement national REDD strategies and mechanisms; and (ii) supporting the development of normative solutions and standardized approaches based on sound science for REDD instruments linked with the UNFCCC. The UN-REDD programme is responsive to the UNFCCC COP 16 decisions on REDD+. The program will help empower countries to manage their REDD processes and facilitate access to financial and technical assistance tailored to their specific needs.²³

Total Funding of UN REDD national programmes increased to USD 59.3 million in 2011. As at December, 2011, thirteen (13) partner countries were implementing national REDD programmes. UN REDD continued with its partnership with the Forest Carbon Partnership Facility through on-going work with the REDD+ partnership. The programme provided the platform sharing of regional and country experiences. Total funding to date for UN REDD stands at USD 100.12 million.²⁴

There is complementarity between ITTO work and UN-REDD's program in their efforts to reduce emissions from deforestation and forest degradation with the view to encouraging the transformation of the forest sector in member countries to enable them contribute to human well-being and local livelihoods. Potential areas of collaboration with the UN-REDD program could include:

- Capacity building in member countries for the transfer of technology, particularly for MRV
- Knowledge management and dissemination
- Partnerships in leveraging efforts to address drivers of deforestation and forest degradation as well as issues that relate to forests and climate change.

4.2.4. Global Environmental Facility (GEF)

The GEF was established in 1991 as a \$1 billion pilot program to assist in enhancing global environmental protection and sustainable development. Since then GEF has been restructured and is now the funding mechanism for UN-CBD, UNFCCC, the Stockholm Convention on persistent organic pollutants (POPs) and UNCCD. Implementing Agencies of GEF are 3 members of the CPF, namely the UNDP, UNEP and the World Bank and this offers an opportunity for collaboration with the ITTO.

The restructured GEF provides opportunities for forestry in that the following focal areas:

- Biodiversity
- Climate change mitigation and adaptation
- Land degradation
- Sustainable forest management and REDD+

Since 2008 GEF Council has approved \$50 million for SFM programmes in the Congo Basin and raised over \$150 million in co-financing. GEF's SFM program and associated Tropical Forest Account are funding opportunities for addressing land use, land use change in Forests (LULCF), including REDD+

Potential areas of collaboration with the work of the ITTO include knowledge management, capacity building, development of tools and incentives for SFM and forest certification.

4.2.5. Growing Forest Partnership (GFP), Forest Investment Fund, Forest Carbon Partnership Facility

The World Bank commissioned the International Institute for Environment and Development (IIED) to undertake global consultations on timing and suitability of a new Global Forest Partnership.²⁵ The results showed no interest in a top-down approach to addressing global forest issues but rather support for a bottom-up approach that meets the needs and aspirations of a broad range of stakeholders. The review also proposed a change of name from the Global Forest Partnership to Growing Forest Partnership.

The Growing Forest Partnership seeks to promote harmonious living between different people that live and work in forests with the view to optimising benefits for both the forests and the people that live in and around the forests. GFP is building supporting networks at the local, national, regional and international levels. It is

²³UN-REDD participates on the Thematic Programme Advisory Committee (TPAC) for ITTO's REDDES Thematic Programme.

²⁴By comparison, ITTO's REDDES Thematic Programme has received about USD 9 million.

²⁵GFP Mid-Term Review Report (2011) - IIED.

expected that through this program there will increased linkages between forestry and other sectors. The FAO, IUCN, IIED and the World Bank form the Catalytic Group that has oversight responsibility for the Facility. The GFP currently has country programmes in Ghana, Guatemala, Mozambique, Nepal and Liberia.

The World Bank has established the Forest Investment Program (FIP) under the Strategic Climate Fund. FIP is a targeted program which provides assistance to developing countries in their efforts to reduce deforestation and forest degradation and promote sustainable forest management that leads to emission reductions and the protection of forest carbon stocks.²⁶ The FIP has eight pilot countries: Brazil, Burkina Faso, Democratic Republic of the Congo, Indonesia, Laos, Mexico and Peru. The pledging level for FIP as at March 31, 2011 is US\$ 577 million.²⁷

The World Bank's Forest Carbon Partnership Facility (FCPF) became operational in 2008, as a global partnership to assist developing countries in their efforts towards REDD+. The FCPF compliments the UNFCCC negotiations on REDD+ through the piloting of REDD+ programmes in country. As at March 2012, 37 countries are engaged in the partnership (14 in Africa, 15 in Latin America and the Caribbean, and 8 in Asia/Pacific). Of these, 26 countries have prepared their Readiness Preparation Plans (RPP). The FCPF consists of two funds, namely the Readiness Fund (US\$230 million) and the Carbon Fund (US\$ 205 million). There is extensive collaboration and cooperation between the FCPF, UN-REDD, FIP and Global Environmental Facility.

5. Trends and Developments Related to Tropical Forests and Trade in Timber Products Since the ITTO Action Plan 2008-2011

In the preparation of the new ITTO Action Plan under the ITTA, 2006, a number of recent trends and developments that are relevant and should be taken into consideration are highlighted below:

- ITTO's SFM Tropics 2011 and FAO's Forest Resource Assessment 2010 show a declining net rate of deforestation in the tropics. Afforestation and expansion of natural forest 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. There is growing importance of plantations development in tropical timber producing countries and planted forests are playing an increasingly important role in the supply of tropical timber and the production of bio-fuels.
- Continuing devolution of forest management responsibility to lower levels of government, including communities as a means of improving forest governance and livelihoods for the forest communities. Forests have the potential to create employment in rural areas and therefore are crucial to community livelihoods. Granting communities access to the forest resource can let them better husband the resource and eliminate conflicts between users.
- A widespread financial, food and energy crisis, starting in 2008, resulted in a pronounced and prolonged global recession with particularly severe effects on housing markets, demand for all wood products, including tropical timber, and the cost and availability of financing, particularly, for small and medium forest-based enterprises.
- There is a continuing shift in patterns of trade and consumption for tropical wood products toward developing countries, notably China and India, and away from established markets; domestic markets in many tropical timber producing countries as well as regional markets in the three developing regions are also increasingly important.
- Global efforts to combat illegal logging have continued and have had impacts on production and trade in tropical timber; although these efforts have the potential to improve the competitiveness of tropical timber harvested from legal/sustainably forest managed sources, this remains to be seen.
- Tropical Timber is facing competition from a variety of new products, such as engineered wood and heat-treated temperate hardwoods and softwoods. In the meantime the development of the value added processing sector in most producer countries continues to be slow thereby limiting the earning per unit volume of tropical timber producing countries and the flow of benefits to forest communities. China on the other hand is a global player in the production and export of value added products using imported timber from the tropics. India is also emerging as a large importer of tropical timber.
- Many countries have introduced and more are considering public procurement policies affecting timber products. The private sector are taking cue from the public sector and are increasingly demanding timber from legal or sustainably managed sources through the introduction of purchasing policies

²⁶Design document for the Forest Investment Programme (2009) - World Bank.

²⁷Semi-annual report on FIP operations (June 2011) – World Bank.

These procurement policies are impacting trade in tropical timber where there are concerns about illegal harvest and the cost of providing evidence of legality or sustainable forest management is high.

- In the United States of America, the Lacey Act was amended in 2008 and makes it illegal to import, export, transport, sell, receive, and acquire any plant and products made from plants harvested or taken in violation of domestic or foreign laws.
- Since 2008, a number of ITTO producer member states have signed or are negotiating the Voluntary Partnership Agreements with the European Union²⁸. In addition, an EU Timber Regulation has been introduced and will come into force in March 2013; this will ban EU trade in illegally sourced timber and timber products. It requires that operators that place wood on the market in the EU must have a due diligence system in place in order to minimise the risk of trade in illegal timber and timber products. Such timber also needs to be traceable and the sellers should be in a position to provide basic information on the owner of the product. This is expected to impact on the supply chain where evidence of legal status of the wood product traded will be demanded throughout the supply chain and this will require very effective chain of custody systems.
- Some tropical timber producing countries have implemented (or, in some cases, maintained) bans on export of logs and semi-processed timber products; these bans have the objective of increasing domestic process, employment and value addition.
- Policies promoting renewable energy, including based on biomass, have been implemented in ITTO consumer and producer member countries; these policies are increasing competition for land, including existing agricultural land and natural forests in some tropical timber producing countries.
- “Green building” policies, including standards, are gaining ground in the construction sector; in many cases these policies tend to favour use of wood as a construction material. However, this trend usually requires that the timber should have evidence that it is from a legal/sustainably managed source.
- The growth of the value added processing sector in tropical timber producing countries has been slow. In most tropical timber producing countries, investment in this sector has been limited or absent in the period 2008-2011 due in part to the global financial crisis. Capacity building in ITTO member countries, through projects to support further processing has been limited.²⁹
- Despite the lack of a negotiated climate change agreement, REDD+ may still provide an opportunity to alter the economics of tropical forest management and, in turn, the dynamics of the tropical timber trade.
- Climate variability, with increasing frequency of extreme weather and greater risks from fire, insects and disease, have increased the challenges for forest management.
- Leveraging information and communications technology to enhance the competitiveness of tropical timber has been low in the plan period 2008-2011.
- Management of NTFP remains largely ad hoc and too little is known about sustainability. NTFP trade to a large extent remains in the informal sector. NTFPs have the potential to contribute to food security and poverty reduction;

6. Issues to be Considered in the New Action Plan

The following issues were identified in comments provided by members, as well as through the review of recent trends and developments (section 5). These were suggested as topics for consideration in the new Action Plan and are presented under headings drawn from the two broad objectives of the ITTA, 2006, namely to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote sustainable management of tropical timber producing forests:

6.1. Issues Related to Sustainable Management of Tropical Timber Producing Forests Financing Sustainable Forest Management (SFM)

Forest financing continues to be a constraint to SFM. On-going work in the UNFF's Facilitative Process and Forest Financing should be monitored. There are also the emerging opportunities under REDD+ initiatives and UNFCCC for financing SFM. The piloting of the Thematic Programmes has shown the potential for attracting donor interest and funding. The new Action Plan give consideration to mainstreaming the Thematic Programmes as a means of providing resources for the operational work of the ITTO.

²⁸Cameroon, Central African Republic, DRC, Gabon, Ghana, Liberia, Republic of Congo, Indonesia, Malaysia, Vietnam, Honduras and Guyana.

²⁹The relevant ITTO Thematic Programme (IDE) has not been implemented.

Biodiversity

ITTO has entered into a number of Memorandums of Understanding (MoUs) as well as other formal and informal cooperative arrangements with CPF members, the private sector and other international organisations. Of particular relevance to biodiversity issues are the MoU with CBD Secretariat and formal cooperation with CITES through the ITTO-CITES Programme for Implementing CITES Listings of Tropical Timber Species. These arrangements extend into the period for the new Action Plan and contain a number of relevant elements; in particular the conservation and sustainable use of tropical biodiversity should be considered in the development of the new Action Plan.

Forests and Climate Change

There is a growing understanding of inter-relationships between forests and climate change. On one hand better forest management will play a key role in mitigating climate change and on the other hand changes in global climatic conditions, in particular, the increasing mean annual temperatures impact on rainfall patterns which in turn can alter the structure of forests and landscapes.

Climate change and REDD+ initiatives offer opportunities for:

- Public policies and programmes to reduce deforestation and forest degradation and to strengthen local governance and institutional capacity in the implementation of such policies and programmes;
- New and innovative sources of funding for the implementation of REDD+, related activities, including market mechanisms;
- Forest management to increase the resilience of ecosystems and communities to the impacts of climate change and
- Fire management to reduce impacts and as a management tool in forest ecosystems.

Forests and Food & Energy Security

The efficient management of forests is strongly linked to energy and food supply and security. Since the global financial, energy and food crisis this relationship has been brought to the forefront. The global financial crisis resulted in the decline in the international prices of timber and hence the period saw an emerging shift in land use towards the production of tree crops and bio-fuels thus impacting on global food and energy prices.

Monitoring, Reporting and Verification

There is the need for awareness creation and capacity building for National Forest Inventory and Monitoring, Reporting and Verification (MRV) in support of REDD+ initiatives and this will require:

- Integration of national forest inventory with the MRV systems;
- The monitoring forest degradation using remote sensing;
- Determination of reference levels / level reference emission that will require capacity building in member states;
- Options for reducing uncertainty in estimates of carbon pools; and
- The participation of local communities in monitoring, reporting and verification.

ITTO should explore the potential for collaboration with UN-REDD in creating awareness and developing capacity in its member countries for MRV.

Technology Transfer through South-South, North-South and Triangular Cooperation

South-south, north-south and triangular cooperation has been identified as a potentially effective instrument for sharing experiences and building capacity for sustainable forest management. Development and transfer of technology for processing, manufacturing and marketing of tropical timber is of particular importance; also important is development and transfer of technologies for efficient extraction of timber. Examples include:

- Technological innovation in the forest industry;
- Development of new products;
- The reuse and recycling of by-products and waste;
- Improved forest management systems and supply systems including low-impact logging; and

Other issues that were identified and may be considered under this broad objective include the following:

- Community forest management and related enterprises
- Plantation development
- Traditional forest related knowledge and sustainable forest management

- Mangrove forest conservation and restoration
- Restoration of forest landscapes
- Tenure security
- Management of forests for production of clean water
- Urban forestry
- Developing domestic markets, particularly for legal timber in tropical timber producing countries

6.2. Issues Related to Trade in Tropical Timber from Sustainably Managed and Legally Harvested Forests

Diversification of Trade

Potential exists for the diversification of trade in forest products towards non-timber forest products (NTFPs) and environmental services in order to enhance the contribution of forest to national incomes and livelihoods. Though NTFP's are highly valuable and form an important component of contributions to rural livelihoods their values are not accounted for in national accounting and do not usually receive development support because to a large extent the activities occur in the informal sector.

ITTO should continue with its work on the LUS in order to increase the utilization of the resource by broadening the species base. The LUS can be targeted for the domestic markets in member countries.

Forests and the Green Economy

The economic down turn in 2008-2009 coupled with the emerging issues at the UNFCCC on REDD+ have resulted in considerably greater interest in policies promoting green economy and green building. Opportunities exist for forests to play a key role in the transition towards a low carbon, resource efficient green economy, with environmental, economic and social benefits for all segments of the society. One of the themes for Rio+20 is *"the green economy in the context of sustainable development and poverty eradication."* How forests are recognized in the outcomes of Rio+20 (June 2012) should have an impact on the development of the new Action Plan.

Forest Law Enforcement Governance and Trade

Forest Law Enforcement, Governance and Trade (TFLET) is one of the Thematic Programmes that was approved for implementation on a pilot basis and received significant funding. There is continuing development of market-based and trade-related tools by many consumers of tropical timber, including ITTO members. Many ITTO producer members are participating in bilateral and regional efforts to address forest governance and trade interactions and need to build up capacity to meet the market requirements related to legality and sustainability.

Statistics, Studies and Information

Articles, 24(3), 27 and 28 in the ITTA 2006 provide for:

- the development and preparation of manuals, studies, reports and outreach tools
- maintaining collaboration with relevant intergovernmental, governmental and non-governmental organizations in the provision of reliable trade data and information
- harmonising international reporting on forest related matters
- support member countries and build their capacity to meet statistical reporting requirements

Other issues that were identified and may be considered under this broad objective include the following:

- Role of private standards organizations
- Strengthening trade and industrialization of small forest enterprises
- Improving the level of efficiency and quality of wood products produced in tropical countries to enhance quality and value of timber and non timber products traded
- Support the development of added value capability in tropical countries
- Support trade and market intelligence and information programmes aimed at boosting market competitiveness
- Role of informal sector/smallholders
- Business development and entrepreneurship for small and medium sized enterprises
- Capacity building for management and competitiveness to support forest-dependent communities
- Eco-tourism in tropical forests

7. Suggested Approach to Developing the New Action Plan

7.1 Basis for the Approach

Many of the comments that informed the review of the current Action Plan (Section 2 of this document) stressed the need for more precise goals that are linked to actions that are, in turn, consistent with resources available to the organization. Section 3 of this paper provides a recent history of the resources available to the Organization and describes a significant disparity between proposed and funded work programmes under the current Action Plan (2008-2011).

Although there has been variability and some degree of unpredictability in the Organization's finances, the new Action Plan can nevertheless be developed on the basis of past experience and should in any case be clearer with respect to the link between expected outcomes and expected resources. There is some evidence that thematic approaches to the Organization's work have succeeded in attracting additional funds, as well as funds from new sources. With the entry into force of the ITTA, 2006, Thematic Programmes are no longer a "pilot" exercise and therefore need to be explicitly incorporated in the new Action Plan.

Section 5 and section 6 of this paper provide the basis for identifying broad themes that merit particular attention for inclusion in the new Action Plan. It is important to note that the summary of issues underscores the continuing relevance of the five Thematic Programmes that were being implemented on a pilot basis.³⁰ Therefore, as a starting point, the new Action Plan should consider continuing, or building on these efforts. In addition, the plan might consider as possible themes:

- Biodiversity conservation and trade (continuing and building on existing ITTO-CITES and ITTO-CBD collaboration)
- Financing for SFM (building on existing collaboration with UNFF and including innovative tools, mechanisms to pay for ecosystem services, eco-tourism in tropical forests)
- Financial tools for forest-based enterprises

7.2 Suggested Approach

The Action Plan should begin with a concise statement of the existing or emerging issues facing tropical forests, trade and ITTO members that need to be addressed over the time frame of the Plan. The Plan should also explicitly discuss ITTO's comparative advantages and limitations in addressing these specific issues. In that context, the Action Plan should:

1. Identify a small number of strategic priorities for the Plan that address (some of) the issues highlighted and reflect a balance between the two overarching objectives of the ITTA, 2006
2. Identify a number of actions under each strategic priority actions to accomplish the objectives;
3. Describe how Thematic Programmes (TP) and the Biennial Work Programme (BWP) will be used to implement the actions described in the Plan and can be expected to contribute to (2) above
4. Present an indicative budget for successful implementation of the Action Plan with suggested modalities for expenditures (for example, the suggested distribution across TPs, BWP, projects)
5. List key indicators of success, with reference to a time frame in the plan period
6. Describe a monitoring framework and plan that includes a review mechanism of lessons learned to feed into the next Action Plan.

³⁰Annex IV provides summaries of the objectives of the current Thematic Programmes.

Annex I Highlights of Comments Received³¹

Producer Member Focal Point Comments
<ul style="list-style-type: none"> • AP needs better dissemination at the national level • Should address both SFM and trade in tropical timber
<ul style="list-style-type: none"> • The AP identifies major issues of forest management, including maintaining ecosystem services of forests • Need to go beyond guidelines to strengthen capacity building and institutions • Consider as examples the strategic plans of ACTO and CBD; these have precise goals and activities that facilitate monitoring and evaluation • The AP provides guidance for project formulation • Coordination with other organizations is important, notably CITES and CBD; there is a need to work more closely with UNFCCC • Also a need to strengthen partnerships with regional organizations promoting SFM, as well as those dedicated to forestry research (e.g., IUFRO) • ITTO policy work represents the interest of producing and consuming countries
<ul style="list-style-type: none"> • Clearly describes functions and roles • AP used in project formulation
<ul style="list-style-type: none"> • AP provides guidance for national policy approaches • Consistency across APs is valuable • AP used in project formulation • Policy work addresses useful issues that are relevant to national efforts • Thematic Programmes effective and need to be mainstreamed • ITTO needs to play larger role in REDD
<ul style="list-style-type: none"> • AP is effective and helpful at national level • AP taken into consideration in project formulation
<ul style="list-style-type: none"> • AP provide effective strategic guidance at a national level • AP used in formulating projects • Policy work and projects could be better integrated
<ul style="list-style-type: none"> • AP provides some guidance for policy work of members • AP is used in formulating project proposals • AP is timely, coordinated; not authoritative • Policy work should identify complementary actions to be undertaken by Consumer members
<ul style="list-style-type: none"> • Offers effective direction • Needs clearer indicators to measure progress and expected results • Need to create explicit links to other organizations • AP used in project formulation • ITTO policy work very important, esp. SFM for exploiting tropical forest species and compliance with standards • Could be better coordination with other organizations, specifically FAO and other CPF members
<ul style="list-style-type: none"> • AP provides impetus and guidance for national level actions • AP used in project formulation
Consumer Member Focal Point Comments
<ul style="list-style-type: none"> • Consider reference to MDGs (e.g. gender equity) • Provide specific focus (in place of reference to all objectives) • Examine whether actions/goals of previous plan were achieved • Donors should consider project funding in light of AP
<ul style="list-style-type: none"> • AP provides effective strategic guidance for organization's policy work • Project submission take the AP into account • AP is relevant, timely and coordinated with the work of other organizations
<ul style="list-style-type: none"> • Needs to prioritize • Should address (a) green economy; (b) three RIO conventions • Divide labour with CPF members

³¹Most comments also included suggestions for specific issues to be addressed in the new Action Plan; these are reflected in section 6 of this document.

<ul style="list-style-type: none"> • Needs feed-back loop to adjust policy work to results (or absence) • Needs to incorporate TP topics • Limited integration of policy and project work (projects reflect national interests)
<ul style="list-style-type: none"> • AP does not provide effective guidance: does not explain why actions needed • Needs analysis to link actions, actors and outcomes • TPs should form structure of new AP • Need more involvement with other organizations
<ul style="list-style-type: none"> • AP provides guidance but may not provide strategic guidance • Should ask and answer: <ul style="list-style-type: none"> ➢ What difference does ITTO make? ➢ What difference does ITTO wish to make? • Needs discussion of global developments for forestry as context for explanation of work to be done • “Implementation gap” for Thematic Programmes should be addressed • Need to link objectives, targets, strategies and work programme, as well as expectations for Secretariat and members
<ul style="list-style-type: none"> • Does not provide strategic guidance to consumer members
<ul style="list-style-type: none"> • Tie goals to the time frame of the AP • Identify niche for ITTO • Incorporate measures of progress with analysis

Secretariat Comments
<ul style="list-style-type: none"> • AP does not provide strategic guidance for Secretariat; donor priorities have strong influence on actions; AP provides broad, all-encompassing framework • Implementation of AP is partial as a consequence of partial funding • Need to link AP to priorities of funding sources OR have un-earmarked funds • Relatively few projects provide specific indication of how they would help achieve AP goals/objectives (TPs are better in this regard) • AP should not be overly ambitious; no need for new issues • Need strategic partnerships (with shared funding) • Need stronger link between BWP and AP; report progress toward AP goals in BWP reporting • Availability of funds should be a consideration in deciding on elements of AP and BWP
<ul style="list-style-type: none"> • AP guidance is far from effective and strategic • Need better, holistic connection among AP and BWP, TPs, programmes (MOU-based) and projects • AP should be the centerpiece, not a reference document • AP should set out priorities for action within the AP time frame • AP should be challenging and balanced (considering ITTA objectives, members’ interests, pillars of SFM) but realistic in the context of available resources • Useful to have indicative budget for full implementation of AP • AP should have measureable objectives for completion within time frame of the plan
<ul style="list-style-type: none"> • AP is a theoretical exercise: there is no mechanism to ensure funding of annual/biennial work plans to achieve goals or measurable objectives/target • Only partial implementation of the AP is possible due to (a) limited funds; and (b) donor selection from among approved projects and activities in the work program • TPs provide opportunity to exercise more control and strategic direction, for example with the use of periodic (annual)practical work plans for TPs
<ul style="list-style-type: none"> • AP provides strategic guidance for policy work and project work; provides guidance for preparation of BWP • Donor response is a limiting factor • AP should not be “restrictive” or limiting and should leave options to react to emerging issues • Donor interest is one measure of AP implementation/performance
<ul style="list-style-type: none"> • AP has provided strategic guidance • Missing elements include: evaluation of previous AP; targets (both qualitative and quantitative); means and mechanisms to be employed • Need effective framework to coordinate elements of AP with donors to ensure funding • AP is comprehensive, therefore encompasses wide scope and provides guidance for projects, but also can lead to mis-match with donor interests • AP should have initial targets to facilitate biennial monitoring
<ul style="list-style-type: none"> • AP provides strategic guidance in most cases

- | |
|--|
| <ul style="list-style-type: none">• AP could be more effective by going back to forestry basics (focus on “core SFM” activities, e.g., technically sound forest management plans)• More focus is required on enabling conditions in ITTO’s C&I; development of forestry regulation in producer countries; implementation of sound forest management plans• Although many elements of the BWP are taken from the AP, many also go unfunded• Implementation of the AP should be measured by: donor interest/financing for elements; impacts on policy development; measurable changes/actions in the field |
| <ul style="list-style-type: none">• AP provides strategic guidance; BWP elements are prepared in line with AP• Should consider longer time frame for the new AP, e.g. to 2020• AP should incorporate measureable target(s) for ITTO’s commitment to the international community; could be based on targets for each Division• Elements to add: review implementation of ITTO Objective 2000; link to CBD’s forestry-related Aichi Biodiversity targets (halve rate of deforestation; bring all forests under SFM; 17 percent of land area under protected area management; restore 15 percent of degraded ecosystems)• Use ITTO C&I to develop measurable targets for the Organization |

Annex II Highlights of ITTO's Recent Policy Work

Forests and Climate Change

Since 2008, the Council 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. These 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 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.

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 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

Council Decision 9(XLIV) established the thematic programmes on a pilot basis and Decision 10(XLIV) provided the thematic programmes profiles. The thematic programme on Forest Law Enforcement Governance and Trade is one of the 5 thematic areas that have been identified. With 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.

The period since 2008 has witnessed ITTO's participation on Country-Led Initiative on Forest Governance and Decentralization in Africa.

The Organization has also been promoting trade in tropical timber from legally harvested source. The ITTO in 2009 provided some tropical timber producing countries with the opportunity to establish timber tracking systems in order to increase the volume from legal sources.

In its continuing effort to promote further progress towards sustainable forest management, verifying legality and certification in the tropics, ITTO granted funding to three 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)

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. This guideline replaces the 1993 guidelines and seeks 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, 3rd Edition
 - Manual on standard operating procedures for project cycle
 - Revised guidelines for the selection, employing of consultants, procurements, payments for goods and services, 2nd 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 53million 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.

The area of certified forest in ITTO producer countries has risen from 10.5 million hectares in 2005 to 17.0 million hectares in 2010. The report also notes that many ITTO member states are positioning themselves to take advantage of REDD+ initiatives.

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 25th 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 Organizations³²

A key strategy of ITTO in promoting SFM related activities in member countries is through its leverage and collaboration with organisations/institutions. In recent times the ITTO has entered into MoUs with various Organizations that have asterisks against their names in the list below.

- African 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)*
- Central Africa Forests Commission (COMIFAC)
- Collaborative Partnership on Forests (CPF)*
- Common Fund for Commodities (CFC)
- Congo Basin Forest Partnership (CBFP)
- Convention on Biological Diversity (CBD)*
- 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)*
- 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)*
- IUCN – The World Conservation Union*
- Tropical Forest Trust (TFT)*
- UNECE Timber Committee
- United Nations Conference on Trade and Development (UNCTAD)
- United Nations Forum on Forests (UNFF)*
- World Bank
- World Trade Organization (WTO)

³²*Indicates the existence of a Memorandum of Understanding or other formal agreement with ITTO.

Annex IV

Summaries of ITTO Thematic Programmes Approved on a Pilot Basis

Forest Law Enforcement, Governance and Trade (TFLET)

The general objective of the 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.

Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES)

The general objective of the Thematic Programme is to help improve livelihoods by reducing deforestation and forest degradation and enhancing environmental services through the sustainable management of tropical forests, forest restoration, afforestation, reforestation and other related activities.

Community Forest Management and Enterprises (CFME)

The general objective of the Thematic Programme is 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 CFEs to add value to and market the products and services obtained from these resources.

Trade and Market Transparency (TMT)

The general objectives of this 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.

Industry Development and Efficiency (IDE)

The general objective of this 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).

Annex V
**Additional Information on Funding for ITTO Work Programmes,
Thematic Programmes and Projects**

Table V-1: Funding Available for ITTO Work Programmes, 2002-2011

Million USD

Period	Total Budget	Amount Funded	Share Funded (%)	Source of Funds		
				Un-earmarked Funds ^a	Other Voluntary Contributions	Total
2002	3.10	3.10	100.0	1.19	1.91	3.10
2003	5.94	5.68	95.6	2.45	3.23	5.68
2004-2005	2.90	6.30	217.24	4.85	1.45	6.30
2006-2007	11.12	11.12	100.0	7.18	3.94	11.12
Total, Yokohama Action Plan	23.06	26.20	114.0	15.67	10.53	26.20
2008-2009	10.67	8.38	78.5	5.49	2.89	8.38
2010-2011	9.78	5.21	53.3	2.45	2.76	5.21
Total, ITTO Action Plan 2008-2011	20.45	13.59	66.5	7.94	5.65	13.59

^aUn-earmarked funds include: un-earmarked funds in the Special Account, funds in the Bali Partnership Fund sub-account B, Programme Support Funds in the Special Account and funding from the Working Capital Account of the Administrative Account.

Table V-2: ITTO Thematic Programme Funding (Pilot Basis), and ITTO Biennial Work Programme Thematic Element Funding, 2008-2012

Million USD

Thematic Programme	Funds Available	Indicative Budget
TFLET	6.48	15.0
REDDES	9.23	18.0
CFME	1.10	10.0
TMT	1.20	5.0
IDE	0	10.0
Total. TPs	18.01	58.0
BWP Thematic Element		
ITTO-CITES phase I ^a	4.97	5.0
ITTO-CITES phase II ^b	7.50	10.0

^aCovering the period 2007-2011.

^bCovering the period 2012-2015; (EU Pledge: Euro 5m) (Total Budget: Euro 7.5m).

Table V-3: Voluntary Contributions for the Work of ITTO, 2008-2011

Million USD

	Total Contributions	Thematic Programmes	Biennial Work Programme	Projects
2008	14.17	5.00	5.03	4.14
2009	11.68	3.52	3.35	4.81
2010	17.34	5.73	2.89	8.72
2011	13.32	0.22	2.38	10.72
Total	56.51	14.47	13.65	28.39

Table V-4: Assessed Administrative Budget and Programme Support Fund Expenditures, 2008-2011

Million USD

	Assessed Administrative Budget	Programme Support Fund	Total
2008	5.2	1.7	6.9
2009	6.0	2.0	8.0
2010	6.0	2.1	8.1
2011	7.1	2.0	9.1