



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(XLVIII)/2
5 November 2012

Original: ENGLISH

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

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)
AT ITS TWENTY-SIXTH MEETING**

**4 November 2012
Yokohama, Japan**

**Twenty-Sixth Meeting of the Informal Advisory Group (IAG)
Yokohama, Japan, 4 November 2012**

Report of the Chairperson

Introduction

1. The Twenty-sixth Meeting of the IAG was convened on Sunday, 4 November 2012 at the Meeting Room of the ITTO Secretariat at 10:00 a.m., chaired by Mr. José Trinidad Suazo Bulnes (Honduras), Vice-Chairperson of the Council in the absence of the Chairperson of the Council. The meeting was attended by Mr. Rob Busink (The Netherlands), Chairperson of the Committee on Economic Information and Market Intelligence (CEM), Dr. James Gasana (Switzerland), Chairperson of the Committee on Forest Industry (CFI), Dr. Atsushi Suginaka (Japan), Chairperson of the Committee on Finance and Administration (CFA), Dato' Dr. Abdul Rahman Abdul Rahim (Malaysia), Chairperson of the Committee on Reforestation and Forest Management, Ms. Ellen Shaw (U.S.A.), Consumer Spokesperson, H.E. Ambassador Masahiko Horie (Japan), Representative of the Host Government of the Headquarters and Mr. Emmanuel Ze Meka, the Executive Director.
2. The IAG considered and adopted the following agenda for discussion:
 - i. Brief background of the IAG:
 - Decision 5(XXVI);
 - Report of the IAG at its Twenty-fifth Meeting, 13 November 2011;
 - General observation by IAG Members;
 - ii. Election of Chairperson of the Council for 2012 and Vice-Chairperson of the Committee on Finance and Administration.
 - iii. Briefing on the outcome of the informal teleconference held on 20 September 2012:
 - Final status of the parties to the ITTA, 2006
 - Provisional Agenda of the Forty-eighth Council Session and Organization of Work.
 - Decisions connected to the entry into force of the ITTA, 2006:
 - Rules of Procedure
 - Financial Rules
 - Functions of the Committees
 - Conditions of Accession
 - Action Plan 2013-2018.
 - 2013 Administrative Budget.
 - Any other matters to be considered at the first meeting of the Council under the ITTA, 2006.
 - iv. Consideration of draft decisions/elements of decisions, if any, submitted pursuant to ITTC Decision 7(XXXIII) – “Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization”;
 - Projects, Pre-Projects and Activities [Decision 1(XLVIII)]
 - ITTO Biennial Work Programme for the Years 2013-2014
 - New ITTO Action Plan
 - Strengthening the ITTO Thematic Programmes: Operational Procedures and Guidelines
 - Assessed Contributions of Producer Members to the Administrative Budget for 2013
 - Establishing a Regional ITTO Office for Africa as Part of the ITTO Secretariat Restructuring to Increase the Efficiency of the Organization
 - Establishment of Conditions for Accession of the International Tropical Timber Agreement, 2006
 - Functions of the Committees
 - Rules of Procedure and Financial Rules and Rules Relating to Projects of the ITTO.
 - v. List of possible decisions for the Forty-eighth Session of the ITTC and report to the Council; and
 - vi. Other matters.
3. In its deliberations, the IAG noted and made reference to Decision 5(XXVI) and the Report of the Informal Advisory Group (IAG) at its Twenty-fifth Meeting held on 13 November 2011 in La Antigua, Guatemala, Guatemala as contained in document ITTC(XLVII)/2 Rev.1 dated 14 November 2011. The IAG also recalled the consensus regarding the extension of its mandate and the continuation of its existence and role reached by the Council at its Thirtieth Session.

Election of Chairperson of the Council for 2012 and Vice-Chairperson of the Committee on Finance and Administration (CFA)

4. The IAG duly noted that the Chairperson of the Council for 2012, Mr. Makoto Ozawa (Japan) has been reassigned and would not be available to chair the Forty-eighth Session of the Council and that Japan has proposed H.E. Ambassador Masahiko Horie to replace Mr. Ozawa as the Chairperson of the Council for 2012. The IAG further noted that the Vice-Chairperson of CFA, Mr. Pearl Jules (Suriname) would not be able to assume the position as Suriname has yet to complete the process of becoming party to ITTA, 2006 and that the position of the Producer Spokesperson has become vacant following the resignation of Ms. Carolina Castellini (Brazil). Accordingly, in the absence of the Chairperson, the IAG recommended that the Vice-Chairperson, Ing. José Trinidad Suazo Bulnes (Honduras) should assume the functions of the Chairperson pursuant to Paragraph 4, Article 8, ITTA, 2006 until a new Chairperson for 2012 is elected by the Council at its current session. The IAG further recommended that the Consumer Caucus should nominate H.E. Ambassador Masahiko Horie to be elected by the Council as the new Chairperson for 2012 at the first meeting of its current session. The IAG also recommended that the Producer Caucus should at the earliest opportunity select a new Producer Spokesperson and nominate a new candidate to be elected by the Council as the new Vice-Chairperson of CFA for 2012.

Briefing on the outcomes of the informal teleconference held on 20 September 2012

5. The Executive Director briefed the IAG on Report of the Sixth ITTO Informal Teleconference held on 20 September 2012. Following this briefing, the IAG discussed and considered the outcomes of the teleconference focussing on the following issues.

Final status of the Parties to the ITTA, 2006

6. The IAG noted that following the definitive entry into force of ITTA, 2006 on 7 December 2011, a total of sixty-three (63) countries including the European Union (EU) have become parties to the Agreement, comprising thirty-eight (38) consumer member countries including the EU and twenty-five (25) producer member countries. Forty-nine of these member countries were parties to ITTA, 1994, comprising 26 consumer member countries including the EU and 23 producer member countries. There are also fourteen (14) new member countries which were not members under ITTA, 1994, comprising twelve (12) consumer member countries and two (2) producer member countries. The IAG further noted that six producer countries have provisionally signed the ITTA, 2006 but have not completed the full procedures of becoming parties to the Agreement, of which four (4) were members under ITTA, 1994. There are also eight (8) former member countries under ITTA, 1994 which have not taken action to provisionally sign ITTA, 2006, comprising two (2) former consumer member countries and six (6) former producer member countries. Two producer countries of which one was a member under ITTA, 1994 have deposited their instruments of Accession to ITTA, 2006.
7. The Executive Director reported that good progress towards becoming parties to ITTA, 2006 is being made by Brazil, Suriname and Costa Rica while Trinidad and Tobago and Mozambique are ready to accede to ITTA, 2006 as soon as the draft Council Decision on the 'Establishment of Conditions for Accession to ITTA, 2006' is adopted by the Council at its current session.
8. The IAG considered the position of members of ITTA, 1994 which have not completed the procedures to become parties to ITTA, 2006. It recalled the request made to the Secretariat by the Council as part of the consensus reached at its previous session to inform it of any precedents from other commodity-related organizations in this regard. The Executive Director informed the IAG that the precedents from the International Coffee Organization (ICO), the International Olive Organization (IOO), the International Sugar Organization (ISO) and the International Cocoa Organization (ICCO) have been included in the relevant annexes of document ITTC(XLVIII)/6 Rev.1 to assist the Council in considering whether and to what extent flexibility could be exercised in respect of these countries.
9. The IAG noted the mixed views of its members in their preference over these precedents. The Consumer Spokesperson indicated that there is no agreement among consumer member countries regarding their preference between the precedent from ICO and that from ISO. The IAG noted that a certain level of flexibility will be required during the period of transition if the Council wishes to accommodate these countries with a view to reducing the burden of producer member countries in respect of the assessment of their contributions to the Administrative Account. The representative of

the Host Government of the Headquarters stressed that any protracted consideration of these precedents by the Council at its current session should be avoided and the draft decision submitted by Japan offers the flexibility which can mitigate the burden facing producer member countries. However, the Consumer Spokesperson asked how realistic will it be for the Council to expect these countries to pay their contributions to the Administrative Account when they are not members under ITTA, 2006. Moreover, the draft decision proposed by Japan is not consistent with paragraph 6, Article 19, ITTA, 2006. She suggested that Brazil and other countries in the same position be consulted during the course of the current session of the Council with a view to looking for flexibility on their part. Accordingly, she suggested that the consideration of item 6 of the Agenda of the Council be deferred after the consultation has been conducted.

Provisional Agenda of the Forty-eighth Council Session and Organization of Work

10. In light of the foregoing briefing by the Executive Director, the IAG examined the provisional Agenda of the Council as well as the organization of work. Considering the strategic importance of according priority to key items of the Council's Agenda, the IAG recommended that items (3), (4), (6), (7), (8), (9) and (15) be accorded priority ahead of items (14) and (10). In order to avoid any possible confusion, the Executive Director clarified that item (4) of the Agenda would focus on the current status of membership under ITTA, 2006. It was also recommended by the IAG that the introduction of item (6) at the beginning of the session is to facilitate the ascertainment of the quorum under item (2) of the Agenda and that item (6) may be revisited by the Council during the course of its current session. The IAG recommended that the foregoing be taken due account by the Bureau in determining the provisional programme of meetings and activities for the Forty-eighth Session of the Council.

Decisions connected to the entry into force of the ITTA, 2006

11. The Executive Director informed the IAG that relevant draft decisions in connection with the entry into force of ITTA, 2006 have been prepared for the consideration and adoption by the Council at its current session, namely:
- (i) Rules of Procedure and Financial Rules and Rules Relating to Projects of the ITTO
 - (ii) Functions of the Committees
 - (iii) Establishment of Conditions for Accession to the International Tropical Timber Agreement, 2006

The IAG duly noted that draft decisions (i) and (ii) above had been considered by the Council at its relevant previous sessions and are pending formal adoption by the Council under ITTA, 2006. Draft decision (ii) above has been prepared following the format used during the entry into force of ITTA, 1994. These draft decisions had been circulated to member countries under cover of document ITTC(XLVIII)/6. To facilitate the accession to ITTA, 2006 by new members, the Chairman of CFA suggested that the possibility of an early adoption of the draft decision (iii) above by the Council at its current session be explored and pursued.

Action Plan 2013-2018

12. The IAG noted that the draft ITTO Strategic Action Plan for 2013-2018 has been prepared under document ITTC(XLVIII)/11 for the consideration of the Council at its current session. In view of the strategic nature of the draft ITTO Strategic Action Plan in the context of the implementation of ITTO operational work under the ITTA, 2006, the IAG recommended that the draft be included in the list of those Agenda items to be accorded priority and early consideration by the Council at its current session.

2013 Administrative Budget

13. The Executive Director informed the IAG that the Draft Administrative Budget for the Year 2013 (for operation under ITTA, 2006) as contained in Document CFA (XXVII)/2 has been prepared based on a restructuring of the ITTO Secretariat as proposed at the previous session of the Council and which is included in the document. With the reduction of the number of Divisions in the Secretariat from four (4) to three (3), the number of D-1 posts from five (5) to three (3) and the number of staff establishment from forty-four (44) to twenty-nine, a decrease of 20% in personnel costs from US\$8.4 million to \$6.8 million is proposed. Although the total Administrative Budget for 2013 is slightly higher than for 2012, the increase is, however, attributed virtually to the introduction of Core Operational Costs amounting to about US\$800,000.00 as provided for in ITTA, 2006. He added that

the proposal also includes reducing the meeting of the Expert Panel for Project Appraisal from two (2) to one (1) a year and increasing programme support costs from 8% to 12% for projects submitted by members and from 13% to 15% for projects and activities executed by the ITTO Secretariat.

14. The Chairman of CFA reiterated Japan's view that the ITTO Financial Rules and Rules for Projects of ITTO should be duly amended to reflect the increase in programme support costs as sought by the Executive Director. In replying to his enquiry on the meeting of the Expert Panel on Project Appraisals, the Executive Director clarified that his proposal would entail the convening of one meeting of the Expert Panel a year and imply one ITTO regular project cycle a year.

Any other issues

15. The IAG noted that a special event to mark the entry into force of ITTA, 2012 would be held immediately before the opening of the Forty-eighth Session of the Council. The IAG further recalled the point raised by the Chairperson of CFA at the teleconference of the need to review the ITTO Staff Regulations and Rules including the provision for first class air travel for flights of more than nine hours of duration. The IAG also endorsed the proposal of the Consumer Spokesperson that more time be allocated for discussing institutional issues in connection with the implementation of ITTA, 2006. The Executive Director reiterated that more time has been proposed to be allocated in the Provisional Programme of Meetings and Activities for the discussion of these issues including for contact group meetings.

Consideration of draft decisions/elements, if any, submitted pursuant to ITTC Decision 7(XXXIII) – “Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization”

16. The IAG considered the draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII) as follows:
 - (i) Projects, Pre-Projects and Activities
 - (ii) ITTO Biennial Work Programme for the Years 2013-2014
 - (iii) New ITTO Action Plan
 - (iv) Strengthening the ITTO Thematic Programmes: Operational Procedures and Guidelines
 - (v) Assessed Contributions of Producer Members to the Administrative Budget for 2013
 - (vi) Establishing a Regional ITTO Office for Africa as Part of the ITTO Secretariat Restructuring to Increase the Efficiency of the Organization
 - (vii) Establishment of Conditions for Accession of the International Tropical Timber Agreement, 2006
 - (viii) Functions of the Committees
 - (ix) Rules of Procedure and Financial Rules and Rules Relating to Projects of the ITTO.
17. The IAG noted that draft decision (v) has been submitted by Japan as an effort to reduce the burden of the producer member countries in respect of the assessment of their contributions to the Administrative Account. While understanding the rationale behind this proposal, the Consumer Spokesperson indicated that the Consumer Caucus will need to further examine the draft decision particularly its implication on the provision of paragraph 6, Article 19 of ITTA, 2006.
18. The IAG was informed by the Executive Director that draft decision (vi) was submitted by Gabon in accordance with the provisions of ITTC Decision 7(XXXIII) but without consultation with the Secretariat. The IAG felt that some explanation is required from Gabon including on the background and financial aspects of its proposal. The attention of the IAG was also drawn to paragraph 5, Article 3 of ITTA, 2006 which stipulates that regional offices of the Organization may be established if the Council so decides by special vote in accordance with Article 12 of the Agreement. Accordingly, the IAG recommended that the delegation of Gabon be requested to provide relevant information and clarification concerning its draft decision to the Consumer and Producer Caucuses.
19. The IAG further recommended that the delegations of Japan and Gabon should avail themselves of the opportunity to provide further information and clarification of their respective draft decisions to the Council under item 9 of its Agenda. The IAG also recommended that the possibility of an early adoption of draft decision (vii) by the Council as proposed by the Chairperson of CFA be explored and pursued. The IAG noted that the deadline for receiving draft decisions for the consideration of the Council is at 22:00 hours on Wednesday, 7 November 2012.

List of possible decisions for the Forty-eighth Session of the ITTC and report to the Council

20. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Forty-eighth Session as follows:
- (i) Projects, Pre-projects and Activities
 - (ii) ITTO Biennial Work Programme for the Years 2013-2014
 - (iii) New ITTO Action Plan
 - (iv) Strengthening the ITTO Thematic Programmes: Operational Procedures and Guidelines
 - (v) Assessed Contributions of Producer Members to the Administrative Budget for 2013
 - (vi) Establishing a Regional ITTO Office for Africa as Part of the ITTO Secretariat Restructuring to Increase the Efficiency of the Organization
 - (vii) Establishment of Conditions for Accession of the International Tropical Timber Agreement, 2006
 - (viii) Functions of the Committees
 - (ix) Rules of Procedure and Financial Rules and Rules Relating to Projects of the ITTO
 - (x) ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests (CRF).

These draft decisions are included in Annex A to this report.

Other Matters

21. On the point raised by the Chairperson of CFA, the Executive Director confirmed that the Fifty-first Session of the Council in 2015 will be held in an ITTO member country. He informed the IAG of the initial interest shown by India and Malaysia to host the session.

Adjournment

22. The Twenty-sixth meeting of the IAG was adjourned at 12:00 noon with a vote of thanks to the Chairperson of the meeting.

ANNEX A



**INTERNATIONAL TROPICAL
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Distr.
GENERAL

ITTC(XLVIII)/
.. November 2012

Original: ENGLISH

FORTY-EIGHTH SESSION
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DRAFT
DECISION 2(XLVIII)

ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2013-2014

The International Tropical Timber Council,

Appreciating the work of the Secretariat in its proposal to Council on the Biennial Work Programme for the years 2013-2014;

Noting further that activities listed in paragraph 2 below are derived from the following: (a) ITTA, 2006; (b) the ITTO Strategic Action Plan 2013-2018; (c) the four ITTO Committee Reports to the Forty-eighth Session of Council; and (d) previous Council decisions;

Decides to:

1. Adopt the Biennial Work Programme for the years 2013-2014 as contained in the Annex to this Decision;
2. Authorize the Executive Director to seek voluntary contributions from Member Countries and other funding sources to finance implementation of the activities listed in the Annex;
3. Request the Executive Director to implement and/or facilitate the implementation of activities in the approved Biennial Work Programme for the years 2013-2014, as contained in the Annex; and
4. Request the Executive Director to report to Council on the progress in implementing the Biennial Work Programme for 2013-2014 during the Forty-ninth and Fiftieth sessions of the Council.

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GENERAL

ITTC(XLVIII)/
..November 2012

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DRAFT DECISION 3(XLVIII)

ITTO STRATEGIC ACTION PLAN 2013-2018

The International Tropical Timber Council,

Recognizing the objectives of ITTO as set out in Article 1 of the ITTA, 2006;

Reaffirming the overall aim defined in ITTO Objective 2000;

Recalling the ITTO Action Plan 1990, the ITTO Libreville Action Plan (1998-2001), the ITTO Yokohama Action Plan (2002-2006) and the ITTO Action Plan 2008-2011

Noting that the implementation period of the ITTO Action Plan 2008-2011 has been extended to 2012 [Decision 3(XLVII)];

Further recalling Decision 2(XLVII), paragraph 3(8) on the new ITTO Action Plan to succeed the ITTO Action Plan 2008-2011;

Welcoming the Report of the Working Group on the Elaboration of a New ITTO Action Plan 2013-2018 [Document ITTC(XLVIII)/11] and the Draft New ITTO Strategic Action Plan [Document ITTC(XLVIII)/11 Annex 5];

Recognizing the importance and urgency of adopting a new Action Plan to guide the work of the Organization;

Decides to:

1. Adopt the ITTO Strategic Action Plan 2013-2018, as contained in Document ITTC(XLVIII)/11 Annex 5; and
2. Request the Executive Director to arrange for the translation, publication and wide distribution of the ITTO Strategic Action Plan 2013-2018 to Members and other interested parties as expeditiously as possible.
3. Authorize the Executive Director to seek voluntary contributions to meet the financial requirements of this Decision, not exceeding US\$50,000. In the absence of voluntary contributions, the Executive Director is requested to use funds from the Programme Support Fund.



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ITTC(XLVIII)/
.. November 2012

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DRAFT DECISION 4(XLVIII)

STRENGTHENING THE ITTO THEMATIC PROGRAMMES: OPERATIONAL PROCEDURES AND GUIDELINES

The International Tropical Timber Council,

Recalling Decisions 8(XLIV), 9(XLIV) and 10(XLIV) on the establishment of the ITTO Thematic Programmes on pilot basis;

Recalling that the International Tropical Timber Agreement (ITTA), 2006, the Successor Agreement to the ITTA, 1994, entered into force definitively on 7 December 2011;

Also recalling Article 20 of the ITTA, 2006 which provides for the establishment of the Thematic Programmes Sub-Account to facilitate unearmarked contributions for the financing of approved pre-projects, projects and activities consistent with thematic programmes established by the Council;

Further recalling Article 24 paragraph 3 of the ITTA, 2006 on the links between the Action Plan and Thematic Programmes, and Article 25, paragraph 1 regarding the submission of proposals contributing to thematic programmes;

Noting the report of the Meeting on Operational Modalities of Future Work of the ITTC convened during 9-12 June 2008 in Accra, Ghana, and the Background Document on Operational Modalities under the ITTA, 2006: Work of the Committees, Thematic Programmes, Project Cycle prepared for that meeting;

Also noting the March 2007 report of the Inter-sessional Working Group on Thematic Programmes and the July 2012 report of the Working Group on the ITTO Action Plan 2013-2018;

Welcoming the report of the independent consultants on the effectiveness of the pilot operation of the ITTO Thematic programmes;

Considering experiences gained in developing and implementing the Thematic Programmes on a pilot basis;

Decides to:

1. Continue the implementation of the Thematic Programmes for the following areas where additional funding is expected, utilizing the procedures and guidelines contained in Annexes 1 and 2 of this decision:
 - a. Forest Law Enforcement, Governance and Trade
 - b. Community Forest Management and Enterprises
 - c. Trade and Market Transparency
 - d. Industry Development and Efficiency

- e. Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests
2. Adopt, the terms of reference for Thematic Programme Advisory Committees contained in Annex 3 of this decision.
3. Urge Members to contribute to the Thematic Programmes Sub-Account to initiate implementation of the thematic programmes;
4. Request the Executive Director to report at each Council session on the development, status and other relevant information on the operation of the Thematic Programmes, and to keep Members informed inter-sessionally through the ITTO web site; and
5. Review and evaluate the effectiveness of the operation of the Thematic Programmes after four years.

ANNEX 1

PROCEDURES FOR OPERATION OF
THEMATIC PROGRAMMES (TPs) FOR APPROVED THEMATIC PROGRAMME AREAS

ACTION AND SEQUENCE	RESPONSIBILITY
1. Development of a Thematic Programme Profile (TPP)	Executive Director (ED) in consultation with interested donors and Members
2. Approval of the TPP	Council
3. Preparation of a Thematic Programme Document (TPD) based on the approved TPP	ED with assistance of donors, other interested Members, and as appropriate, other partners
4. Development and submission of proposals for financing under the TP	Members and ED
5. Assessment and selection of proposals for financing under the TP	ED based on the advice of the Thematic Programme Advisory Committee (TPAC)
6. Monitoring & evaluation of TP implementation	Secretariat, implementing agencies, TPAC
7. Reporting on TP implementation	Annual reporting to Council by ED Bi-annual reporting by implementing agencies and Secretariat
8. Revision/amendment of the TPD as needed	Council

ANNEX 2

GUIDELINES FOR THEMATIC PROGRAMME PROFILES AND THEMATIC PROGRAMME DOCUMENTS

1. Thematic Programme Profile (TPP)

A TPP is a concise scoping document that provides an initial description of the Thematic Programme (TP) and covers the following elements:

- a) Rationale statement, including problem to be addressed and international context
- b) General objectives, **including a description of what constitutes programme success**
- c) ITTO's comparative advantage and value-added in the thematic area**
- d) Strategy to be employed
- e) Anticipated outputs/outcomes and benefits
- f) Potential partners/collaborating agencies **and anticipated means of cooperation**
- g) Indicative budget and timeframe
- h) Potential donors

2. Thematic Programme Document (TPD)

A TPD further develops the TPP and provides detailed information on the following planning and operational elements. These elements comprise the logical framework for the TP:

Planning elements

- a) Rationale statement and problem analysis, including relevant international and regional processes and value-added of the programme
- b) Specific objectives, including intermediate targets
- c) Strategies for achieving objectives, **including through knowledge management**
- d) Research inputs and methods, as appropriate**
- e) Outputs/outcomes/deliverables and expected impact/benefits
- f) Other partners and stakeholders
- g) Activities, including priority activities, as appropriate, and regional activities**
- h) Work plan, including budget estimates and donor contributions

Operational elements

- a) Composition of the Thematic Programme Advisory Committee and expert profiles
- b) General selection criteria for proposed activities/projects/pre-projects outlined in paragraph 2 of Annex 3
- c) TP-specific selection criteria for proposed activities/projects/pre-projects
- d) Administrative arrangements
- e) Monitoring and evaluation procedures
- f) Technical and financial reporting procedures

3. **To the extent possible, new TPDs will be developed in close consultation with TAG and CSAG, as well as ITTO partners within the Collaborative Partnership of Forests with significant mandates and activities in the thematic area.**

ANNEX 3

TERMS OF REFERENCE FOR THEMATIC PROGRAMME ADVISORY COMMITTEES

1. Each ITTO Thematic Programme (TP) will have a Thematic Programme Advisory Committee (TPAC) to assist the Executive Director with the implementation of the TP as follows:
 - a) Selection of activities/pre-projects/projects for financing under the TP;
 - b) Monitoring and evaluation of progress in implementing the TP; and
 - c) Identification of potential additional sources of voluntary financial contributions to the TP.
2. In selecting activities/pre-projects/projects for financing, all TPACs will consider the following general criteria, in addition **to the requirements identified in the ITTO Manual for Project Formulation**, and the specific criteria identified in the relevant TPD:
 - a) Conformity with the specific objectives and **deliverables** contained in the TPD;
 - b) Linkages or relevance to other activities/pre-projects/projects under the programme;
 - c) **Mechanism for knowledge management and applicability/extension of results to other countries**, regionally or globally;
 - d) Clear quantitative and qualitative indicators to evaluate progress towards achieving TP objectives;
 - e) Measures to verify the coherence and effectiveness of activities/pre-projects/projects funded under the TP.
3. The membership of a TPAC and its functions will be identified in the TPD. As a general rule, each TPAC will not exceed **eight** members, taking into account the need for balanced representation among members. They will include:
 - a) Three producer member representatives;
 - b) One non-donor consumer member representative;
 - c) Representatives of interested donors;
 - d) **Representatives** of collaborating institutions;
 - e) **One representative of TAG and/or CSAG depending on the nature of the TP; and**
 - f) Executive Director or his designated representative.
4. **All TPAC members will have recognized expertise on the TP, including experience relevant to the functions contained in paragraph 1.**
5. The Executive Director will invite individuals to participate on TPACs **for a three-year term based on nominations by Members, as well as TAG and CSAG, which are included on a roster of TP experts.**
6. As a general rule, TPACs will coordinate **regularly** through electronic **and internet means, including voice and video internet communications (e.g. Skype)**, and will meet as needed to fulfill their functions, subject to the availability of funds. **TPAC members and TPAC focal points within the Secretariat will consult closely on TPAC operations.**



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ITTC(XLVIII)/
.. November 2012

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FORTY-EIGHTH SESSION
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DRAFT DECISION 5(XLVIII)

ASSESSED CONTRIBUTIONS OF PRODUCER MEMBERS TO THE ADMINISTRATIVE BUDGET FOR 2013

The International Tropical Timber Council,

Noting that the International Tropical Timber Agreement, 2006, entered into force definitively on 7 December 2011 in accordance with Article 39 of the ITTA, 2006;

Recalling Article 19 Paragraph 6 of the ITTA, 2006 which states inter alia that the initial contribution of any member joining the Organization after the entry into force of this Agreement shall be assessed by the Council on the basis of the number of votes to be held by that member and the period remaining in the current financial biennium, but the assessment made upon other members from the current financial biennium shall not thereby be altered;

Recognizing that twenty-five (25) Producer countries have either ratified, accepted, approved or signed the ITTA, 2006 definitively compared to the thirty-three (33) Producer member countries under the previous Agreement of ITTA, 1994 and the need to achieve a substantial coverage of all tropical forests;

Further Recognizing the substantial financial burden on Producer member countries that have completed their processes of ratification in terms of their assessed contributions to the Administrative Budget for 2013 as a result of the reduced number of member countries in the Producer category;

Acknowledging the need to alleviate the financial burden on Producer member countries that have completed their processes of ratification in the transitional period of 2013;

Noting further the need to encourage Producer member countries that have signed the ITTA, 2006 but have not yet completed their ratification processes to speed up their internal processes to ratify the ITTA, 2006;

Notwithstanding the Provisions of Article 19 Paragraph 6 of the ITTA, 2006 referred to above;

Decides to:

1. Assess the initial contribution of any Producer member joining the Organization in 2013 on the basis of the number votes to be held by that member and the period remaining in the financial year 2013;
2. Re-assess the financial contributions of other Producer members based on the new distribution of votes that takes into account paragraph 1 above;
3. Request the Executive Director to inform member countries of their re-assessed contributions to the Administrative Budget for 2013 referred to in paragraph 2 above;

4. Further request the Executive Director to allocate to the financial year 2014 any credit balance resulting from the re-assessed contributions of any Producer member country referred to in paragraph 2 above, as a result of payments made before the re-assessment.

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DRAFT DECISION 6(XLVIII)

ESTABLISHING A REGIONAL ITTO OFFICE FOR AFRICA AS PART OF ITTO SECRETARIAT RESTRUCTURING TO INCREASE THE EFFICIENCY OF THE ORGANIZATION

The International Tropical Timber Council,

Referring to the provisions of paragraph 5 of Article 3 of ITTA, 2006;

Recalling the Decisions [request ITTO Secretariat to add references of relevant ITTC Decisions in relation to the ITTO Secretariat restructuring process and those relating to ITTO Regional Officers];

Also recalling the conclusions and recommendations consultant Mr. Kyran as discussed during the Thirty-eighth session of ITTC held in Brazzaville, Republic of Congo;

Decides to:

1. Authorize the Executive Director to contact the Government of Gabon to prepare negotiations on the conditions leading to the establishment of the Regional ITTO Office for Africa (staff chart of the Regional Office in relation to the staff chart of ITTO headquarters, privileges and immunities, responsibilities of all parties, etc.), in accordance with the schedule of negotiation in Annex 1; and
2. To finalize a draft agreement for the creation and establishment of an ITTO Regional Office for Africa in Libreville, Gabon, to be submitted to ITTO Member countries for review and approval, in order to have it endorsed and signed by ITTO and the Government of Gabon during the Forty-ninth session of ITTC to be held in Libreville, Gabon, in November 2013.

ANNEX 1

PROPOSED SCHEDULE OF NEGOTIATION PROCESS

January 2013	To establish contacts between both parties to draw up a detailed schedule of negotiations
February-September 2013	To negotiate the conditions leading to the creation and establishment of an ITTO Regional Office for Africa, between ITTO and the Government of Gabon
Early October 2013	To post the draft agreement for the creation and establishment of the Regional ITTO Office for Africa on the ITTO Website for comments by ITTO Member Countries
November 2013	Signing of the Agreement for the creation and establishment of the Regional ITTO Office for Africa, subject to agreement by all parties Forty-ninth session of ITTC Venue : Libreville, Gabon

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**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(XLVIII)/
.. November 2012

Original: ENGLISH

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

DRAFT
DECISION 7(XLVIII)

**ESTABLISHMENT OF CONDITIONS FOR ACCESSION TO
THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 2006**

The International Tropical Timber Council,

Noting that the International Tropical Timber Agreement, 2006, is open for accession by the Government of all States upon conditions to be established by the Council in accordance with Article 37 of the Agreement;

Decides that for all States acceding to the International Tropical Timber Agreement, 2006, the condition shall be that they accept all the obligations of the Agreement;

Also decides that the time-limit for the deposit of instruments of accession shall be the duration of the Agreement.

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Distr.
GENERAL

ITTTC(XLVIII)/
.. November 2012

Original: ENGLISH

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

DRAFT DECISION 8(XLVIII)

FUNCTIONS OF THE COMMITTEES

Recognizing that the International Tropical Timber Agreement, 2006, the successor agreement to the International Tropical Timber Agreement, 1994, is expected to enter into force [date or timeframe to be inserted];

Noting article 26, paragraph 1, of the ITTA, 2006, which establishes four committees of the Organization: Committee on Forest Industry; Committee on Economics, Statistics and Markets; Committee on Reforestation and Forest Management; and Committee on Finance and Administration;

Further noting article 26, paragraph 3, which provides that the Council shall determine the functioning and scope of work of these committees;

Welcoming the outcome of the ITTO Meeting on Operational Modalities of Future Work of the International Tropical Timber Council held in Accra, Ghana, from 9 to 12 June 2008;

Decides to adopt the functions of the Committees as contained in the Annex to this Decision.

ANNEX

FUNCTIONS OF THE COMMITTEES

A. Functions Common to the Committees

1. Advise and make recommendations to the Council on respective policy matters, including new and emerging issues [pursuant to article 1(s) of the ITTA, 2006] and opportunities for cooperation with international and regional organizations, processes and initiatives.
2. Advise and make recommendations to the Council jointly on cross-cutting matters, for example those related to:
 - a. The role of forests in contributing to sustainable development and poverty alleviation;
 - b. Strategies for achieving exports of tropical timber from sustainably managed sources;
 - c. Strengthening the capacity of Members to improve forest law enforcement and governance and to address illegal logging and related trade in tropical timber; and
 - d. The contribution of non-timber forest products and environmental services to sustainable management of tropical forests.
3. Share information on voluntary mechanisms for promoting sustainable tropical forest management; and
4. Provide efficient mechanisms for Members to:
 - a. [approve pre-project and project proposals; and]
 - b. review appeals arising in connection with the review of project proposals by the Expert Panel on the Technical Appraisal of Projects and Pre-projects.
5. Ensure effective design, monitoring and evaluation of pre-projects and projects, including through ex-post evaluations of completed projects and reports, with a focus on lessons learned.
6. Review projects with implementation problems, in particular, those requiring additional funding.
7. Review reports of ITTO diagnostic missions presented to Council, with a view to advising Council on follow up actions needed.
8. Take into account [as appropriate] contributions of the Civil Society Advisory Group and Trade Advisory Group in the Committees' policy agendas in order to broaden the information base on stakeholder views.
9. Review progress in implementing relevant sections of the ITTO Action Plan.

B. Functions of the Committee on Forest Industry

1. Promote increased and further processing of tropical timber from sustainable sources in producer member countries, including by small and medium sized forest enterprises.
2. Share information and experiences related to forest industries, including cooperation among members, with particular emphasis on:
 - a. Developments in further processing and new product technologies relevant to tropical timber;
 - b. Employment, human resources development and training;
 - c. Investment and joint ventures, including enabling environments;
 - d. Use of lesser known and lesser used species;
 - e. Harmonization of nomenclature and specifications of processed products;
 - f. Improving knowledge and development of codes and standards;
 - g. Use of efficient wood processing and utilization technologies to improve economic output, reduce waste and enhance recycling; and

- h. Diversification in utilization of wood.
3. Review research and development needs to improve wood utilization and the competitiveness of the tropical wood products industry relative to other products.
4. Make recommendations to Council on the above matters, as appropriate.

C. Functions of the Committee on Economics, Statistics and Markets

1. Review structural conditions in international timber markets, emphasizing markets for tropical timber, including:
 - a. Current situation and short-term prospects;
 - b. Factors affecting market access;
 - c. Consumer preferences; and
 - d. Conditions leading to prices reflecting costs of sustainable forest management.
2. Make recommendations to the Council on the need for, and nature of, studies contributing to market transparency and understanding of market conditions and economic issues associated with tropical timber, including studies on:
 - a. Prices and market adjustments to changes in prices (price elasticities);
 - b. Factors affecting competitiveness and substitution;
 - c. Marketing and distribution of tropical timber and timber products, including new products;
 - d. Market trends, including information on species and trade-related data; and
 - e. Long-term trends in consumption and production.
3. Identify ways to promote consumer awareness of tropical timber and timber products from sustainably managed and legally harvested sources.
4. Advise the Council on the type of statistical information to be provided by Members.
5. Review the availability and quality of statistics and other information furnished by members under Article 27.5, and advise Council on appropriate action, including on technical capacity building needs of members of to meet their statistics and reporting requirements.
6. Make recommendations to Council on preparations for the biennial review of the international timber situation.

D. Functions of the Committee on Reforestation and Forest Management

1. [Exchange information on the management of tropical timber producing forests and identify ways to enhance the sustainable management of tropical forests, inter alia by reviewing developments on:
 - a. Research and development applications for improving management of tropical timber producing forests;
 - b. Afforestation and reforestation, and rehabilitation and restoration of degraded forest land;
 - c. [The use of criteria and indicators by members to monitor and assess forest resources;]
 - d. Conservation of other forest values, such as biodiversity and wildlife, in timber producing forests;
 - e. Integrated approaches to forest management, including protected areas;
 - f. [Addressing threats from fire, pests, diseases and invasive alien species;
 - g. The role of tropical forests in mitigation of and adaptation to climate change.]]
2. Share experiences on national policies aimed at sustainable utilization and conservation of timber producing forests, as well as on the implementation of national forest programmes.
3. Consider strategies to enhance the capacity of forest-dependent communities to sustainably manage tropical timber producing forests.

E. Functions of the Committee on Finance and Administration

1. Examine and make recommendations to the Council regarding approval of the Organization's administrative budget and the management operations of the Organization.
2. Review the assets of the Organization to ensure prudent asset management and to ensure that the Organization has sufficient reserves to carry out its work.
3. Examine and make recommendations to the Council on the budgetary implications of the Organization's biennial work programme and on actions that might be taken to secure the resources needed to implement the work programme.
4. Recommend to the Council the choice of independent auditors and review the independent audited statements.
5. Recommend to the Council any modifications the Committee may judge necessary to the Organization's Rules of Procedure or the Financial Rules.
6. Review the Organization's revenues and the extent to which they constrain the work of the Secretariat.
7. [Keep apprised of new international forest-related funding mechanisms and other potential sources of new and additional ITTO financing.]

F. Committee Procedures

1. Where appropriate, Committees should meet jointly. As a general rule, the three Technical Committees meet in joint sessions when considering matters of mutual interest including cross-cutting issues, annual market discussions, findings of diagnostic missions and ex-post evaluations of completed projects. The Committees on Forest Industry and on Economics, Statistics and Markets will continue to meet jointly due to their related agendas.

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ITTC(XLVIII)/
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Original: ENGLISH

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DRAFT
DECISION 9(XLVIII)

**RULES OF PROCEDURE AND FINANCIAL RULES
AND RULES RELATING TO PROJECTS OF THE ITTO**

The International Tropical Timber Council,

Recalling Decisions 6(XIII), and 8(XXIX) on the Revision of Rules of Procedure, and Financial Rules and Rules Relating to Projects of the ITTO;

Recalling further Decision 3(XLIII), which approved the draft Financial Rules and Rules Relating to Projects of the ITTO [Document CFA(XXII)/6 Rev.1] and the draft Rules of Procedure [Document CFA(XXII)/7 Rev.1] for adoption at the first meeting of the ITTC under the ITTA, 2006,

Noting the need to adopt the revised rules of procedure, the financial rules for the Administrative Account, Special Account, and Bali Partnership Fund as provided for by Articles 7(a), 18(2) and 20(3) of the ITTA, 2006

Noting further that the Forty-eighth Session of the Council is the first meeting under the ITTA, 2006;

Decides to adopt the:

1. Rules of Procedures, as contained in Document CFA(XXII)/7 Rev.1 [Annex 1]; and
2. Financial Rules and Rules Relating to Projects of the ITTO, as contained in the Document CFA(XXII)/6 Rev.1 [Annex 2].

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INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(XLVIII)/
.. November 2012

Original: ENGLISH

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

DRAFT DECISION 10(XLVIII)

ITTO PRINCIPLES AND GUIDELINES FOR THE SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS

The International Tropical Timber Council,

Recalling the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests published in 1990 as ITTO's first policy guidance document on the management of natural tropical forests;

Also recalling the ITTO Action Plan 2008-2011 which calls for review, revise and promote the use of the ITTO guidelines and ITTO Biennial Work Programme for the Years 2010-2011 which makes specific reference to the review and update of the ITTO "Guidelines for the Sustainable Management of Natural Tropical Forests (1990)" by taking into account recent developments in tropical forestry;

Further recalling the draft of the revised ITTO Guidelines for the Sustainable Management of Natural Tropical Forests [Document CRF(XLV)/7] and the comments on the draft from Member Countries;

Welcoming the report of the revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests [Document CRF(XLVI)/8a] and the report of validating the Draft Revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests [Document CRF(XLVI)/8b];

Also welcoming the additional comments on the report of the revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests made during the Forty-sixth Session of the Committee on Reforestation and Forest Management and the Forty-eighth Session of the Council;

Acknowledging the outcomes of the Rio+20 United Nations Conference on Sustainable Development which highlight the social, economic and environmental benefits of forests to people and the contributions of sustainable forest management to the themes and objective of the Conference;

Recognizing the current and potential contributions of sustainable forest management to the conservation of forest biodiversity, climate change mitigation and adaptation, livelihoods of forest-dependant people, and the sustainable supply of timber and non-timber forest products;

Also recognizing the need for ITTO to assist Member Countries to build capacity and help accelerate progress towards sustainable forest management;

Noting that the "ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests" will assist Member Countries in the development of forest policies and best practices of forest management in the tropics;

Decides to:

1. Adopt the ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests contained in Document CRF(XLVI)/8a;
2. Request the Executive Director to prepare and publish the ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests to distribute the publication widely to Members and other interested parties;
3. Request the Executive Director to undertake the following actions to promote the Principles and Guidelines and their application by Members:
 - a. Hold three regional capacity building training workshops to promote the understanding of the Principles and Guidelines and encourage country-level initiatives, according to the attached Terms of Reference;
 - b. Publish an information brochure summarizing the Principles and Guidelines ("Principles and Guidelines at a Glance") in the three official languages of ITTO to be widely distributed;
 - c. Encourage Member Countries to apply the Guidelines on a pilot scale and to submit project proposals to ITTO where appropriate;
4. Commend the Guidelines as an international reference standard to Members and the international community in general as a major contribution towards the sustainable management of tropical forests;
5. Authorize the Executive Director to seek voluntary contributions from Member Countries to meet the financial requirements of this Decision, not exceeding US\$340,000.00.

Terms of Reference for the Workshop

Three regional capacity building training workshops (one in each tropical region) will be held to facilitate the effective and wider application of the ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests.

The objectives of the workshop are:

- To facilitate consultations and promote a better understanding of the Principles and Guidelines for Sustainable Management of Natural Tropical Forests in particular to revitalize and renew the basics of sustainable forest management especially among professional foresters of producer countries
- To raise awareness among governments, donor agencies, NGOs and international organizations on the benefits of sustainable forest management to the conservation of forest biodiversity, climate change mitigation and adaptation, livelihoods of forest-dependant people, and the sustainable supply of timber and non-timber forest products
- To encourage the effective implementation of the ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests
- To enhance partnerships with relevant agencies engaged in sustainable forest management in the tropics

Participants in the workshop should include representatives from:

- ITTO producing member countries
- Trade Advisory Group and Civil Society Advisory Group
- Local educational and research institutions

Costs of each workshop will be not exceeding US\$80,000 and three workshops will be running under the amount of US\$240,000.

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