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14-19 November 2011  
La Antigua Guatemala, Guatemala

**REPORT OF THE  
INTERNATIONAL TROPICAL TIMBER COUNCIL  
AT ITS FORTY-SEVENTH SESSION**

**La Antigua Guatemala, Guatemala**

**14 – 19 November 2011**

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## REPORT

### OPENING OF THE SESSION (Agenda Item 1)

1. The Forty-seventh Session of the International Tropical Timber Council (ITTC) was opened by the Chairperson of the Council, Mr. Bile Allogho Joachim (Gabon). He warmly welcomed all delegates and expressed his profound gratitude and appreciation to the Government of Guatemala for hosting the Session. He also extended a warm welcome to H.E. Mr. Christian Magnagna, Minister of Forests and Water of Gabon, H. E. Señor Juan Alfonso De León García, Minister of Agriculture, Livestock and Food of Guatemala, Madam Jan McAlpine, Director of the United Nations Forum on Forests, and Señor Josué Ivan Morales Dardón, Director of INAB.
2. The Chairperson noted that the Forty-seventh Session of the Council was being convened in the same year as the Twenty-fifth Anniversary of the establishment of ITTO and called for a sober reflection on the objectives, achievements and the future of the Organization. He referred to the report on the Status of Tropical Forest Management 2011 which stated inter alia that forest policies in the tropics were evolving in line with ITTO's policy work and that forest management was improving, with the area of forest under SFM increasing from almost zero in 1988 to 53 million hectares in 2010. He also noted that the Organization had assisted its member countries to implement over one thousand projects in the three tropical regions of Africa, Asia-Pacific, and Latin America and expressed his sincere thanks to the donor community for their assistance. He, however, called for more assistance considering the fact that the problems of deforestation and forest degradation were still persisting in many tropical countries and noted that Latin America and Africa had the highest net annual loss of forests between 2000-2010, with 4.0 and 3.4 million hectares respectively. The Chairperson urged all Member Countries to re-double their efforts in curbing forest destruction and degradation. He also called for a more effective and focused response to the problems confronting tropical forests in order to reduce poverty, protect biodiversity and mitigate the effects of climate change.
3. The Chairperson referred to the number of projects pending financing or being sunset for lack of financing and indicated that that was surely affecting Producers' interest and commitment to the Organization, as evident by the slow pace of ratification of the ITTA, 2006 by Producer countries. He said that with fewer projects being financed coupled with increased assessed contributions to the Administrative Budget, the interest of Producer countries in ITTO would continue to wane. He called on donors to show more generosity in funding the activities of the Organization.
4. In his keynote address, H. E. Señor Juan Alfonso De León García, Minister of Agriculture, Livestock and Food of Guatemala expressed his gratitude to the Council for honouring the invitation from the Government of Guatemala to host the Forty-seventh Session of the Council. He underscored the importance of the occasion and indicated that the name "Guatemala" means "the land of trees." He noted, however, that with the rapid increase in population the forest resources of Guatemala had decreased considerably in spite of the fact that 33% of the national territory of the country had been designated as protected areas. The Honourable Minister stated that Guatemala was the birth place of the Mayan civilization and underlined the fact that the strength of Guatemala's forest resources was in its diversity and must be utilized in a sustainable manner in accordance with the objectives of ITTO. The Honourable Minister indicated that the decisions and conclusions of the Forty-seventh Session would undoubtedly lead to the strengthening and promotion of conservation, management, utilization and sustainable trade of the resources from tropical forests. He underlined the importance of joint efforts with international organizations. However, he also stressed that communities must be organized in a unified manner so that forest activities would not pose any damage to the forest thereby decreasing the capacity of forest to provide goods and services such as biodiversity, protection of water catchment areas and production of timber.
5. In his welcome address Señor Josué Ivan Morales Dardón, Director of INAB, informed the Council that Guatemala ratified the ITTA, 2006 in February 2011. He recalled that the Forestry Law of Guatemala was approved in 1996, bringing into force the Guatemala Forestry Service (INAB). He indicated that the establishment of INAB had led to the recovery of over 100,000 ha of land which previously had no forest cover as well as the establishment of 180,000 ha of tropical forest. Señor Morales stated that since joining ITTO, Guatemala had received support for the implementation of 8 projects at a total cost of approximately USD 2 million contributing to the sustainable management and conservation of Guatemala's forests and thanked donors for the financial support. Mr. Morales indicated that the current forestry sector of Guatemala was much more organized with many stakeholders, including the private sector, environmental NGOs, and land owners.

6. In his statement to the Council, H. E. Mr. Christian Magnagna, Minister of Forests and Water of Gabon expressed his gratitude to the Government and People of Guatemala for hosting the Session and for the hospitality accorded to delegates. He informed the Council that substantial progress had been made by Gabon in the sustainable management of its forest resources with over 2.0 million ha of forests certified by the FSC. In terms of conservation, the Government of Gabon had established a network of thirteen (13) national parks representing 11% of the national territory in compliance with its commitment made at the CBD COP 10 held in Nagoya, Japan in 2010. The goal of the government is to put 17% or 4.0 million ha of its national territory under protected areas and called for the support of development partners. The Honourable Minister stated that with a deforestation rate of less than one percent, the forest cover of Gabon was one of the highest in the world.

#### **ASCERTAINMENT OF THE QUORUM (Agenda Item 2)**

7. The Executive Director reported that the quorum for the Forty-seventh Session of the Council had been met. The list of participants is contained in Annex 1.

#### **ADOPTION OF AGENDA AND ORGANIZATION OF WORK (Agenda Item 3)**

8. The Chairperson referred to document ITTC(XLVII)/1Rev.1 and invited comments on the provisional agenda. In the absence of any comments, the provisional agenda was adopted.

#### **REPORT ON MEMBERSHIP OF THE COUNCIL (Agenda Item 4)**

9. The Executive Director informed the Council that there had been no change in the membership of the Council, which stood at sixty (60), comprising thirty-three (33) Producing and twenty-seven (27) Consuming members, including the European Union. The list of members of the Council is attached to the Agenda (Annex II).

#### **REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 5)**

10. The report of the Credentials Committee was presented by Ms. Neria Andin (Philippines.), Chairperson of the Committee. The Committee, composed of Australia, Cameroon, Japan, Malaysia, Mexico, New Zealand and Norway convened a meeting on 18 November 2011 to examine the credentials of thirty-six (36) countries and the European Union participating in the Forty-seventh Session of the ITTC. The Committee accepted the credentials of all Members and requested Member Countries which had not submitted their credentials in original form to do so as soon as possible.

#### **DISTRIBUTION OF VOTES FOR 2010 (Agenda Item 6)**

11. The Chairperson referred to document ITTC(XLVII)/1Rev.1 containing the proposed distribution of votes for 2011. He reminded Members that in accordance with Article 19(4) of the ITTA, 1994, the approved distribution of votes would be used for the assessment of the contribution of each Member to the Administrative Budget for 2012. In the absence of any comments, the Council approved the proposed distribution of votes.

#### **ADMISSION OF OBSERVERS (Agenda Item 7)**

12. The Chairperson drew the Council's attention to document ITTC(XLVII)/Info.3 which lists states, inter-governmental and non-governmental organizations applying for observer status and invited comments. In the absence of any comments, the Council admitted all the Observers.

#### **STATEMENT BY THE EXECUTIVE DIRECTOR (Agenda Item 8)**

13. The Executive Director, Mr. Emmanuel Ze Meka, welcomed all delegates to the Session. He expressed his gratitude to the Honourable Ministers who had found time to participate in the Session: H.E. Señor Juan Alfonso de Leon Garcia, Minister of Agriculture, Livestock and Food of Guatemala and H. E. Mr. Christian Magnagna, Minister of Forests and Water of Gabon. He also expressed his appreciation to Ms. Jan McAlpine, Director of the United Nations Forum on Forests and Mr. Josué Dardón, Director of INAB.

14. The Executive Director reported on ITTO's active participation in the celebration of 2011 as the International Year of Forests which also marked the 25th Anniversary of the establishment of ITTO. He cited among others, the following activities which ITTO organized or co-organized:
- Participation in the Ninth Session of the UNFF in February 2011 in New York, during which the international year of forests was launched. ITTO marked the event by organizing a side event on "Community-based Approaches to Sustainable Forest Management" in collaboration with the Forestry Agency of Japan, Japan International Cooperation Agency (JICA) and the National Land Afforestation Promotion Organization (NLAPO) of Japan;
  - On 7 June 2011, ITTO launched its second report on "The Status of Tropical Forests Management, SFM Tropics 2011". which was hosted by the Government of Switzerland in Bern and received world-wide publicity, and was also featured in many major international news papers;
  - From 30 June to 7 July 2011, ITTO, in collaboration with the Government of Indonesia and Rights and Resources Initiatives (RRI) and with the support of 20 other regional and international organizations and institutions, organized an international conference on "Forest Tenure, Governance and Enterprise: Experiences and Opportunities for Asia in a Changing Context" in Lombok, Indonesia;
  - In September 2011, ITTO participated in the World Environmental Forum organized by the Asahi Shimbun, one of the major newspapers in Japan;
  - In September 2011, the Government of China organized the first APEC Meeting of Ministers Responsible for Forestry in the Asia-Pacific region, under the auspices of the International Year of Forests. ITTO participated in that meeting and made a statement on "Strengthening forest Governance and Management to Promote Multiple Functions for Green Economy." The meeting was opened by H. E. Mr. Hu Jintao, the President of the People's Republic of China and closed by the Chinese Vice-President H. Mr. Xi Jinping;
  - Commemoration of the 25th Anniversary of the establishment of ITTO was jointly organized in Yokohama, Japan, on 28 October 2011 by ITTO the City of Yokohama and the Ministry of Foreign Affairs of Japan, in collaboration with the Japan Organizing Committee in charge of the United Nations "International Year of Forests." The event included a symposium on "Celebrating a Quarter Century of Sustaining Tropical Forests";
15. The Executive Director mentioned that the Year 2011 started with the expectation that the ITTA, 2006 would come into force in the course of the year and that although some additional members had completed their processes of ratification, the threshold that would allow the ITTA, 2006 to come into force had not yet been achieved for Producer countries. He noted that the situation continued to be a matter of concern and frustration for the Secretariat, and indeed, for many member countries. He underlined that the entry into force of the ITTA, 2006 was a matter of urgency in order to preserve the credibility of ITTO.
16. The Executive Director reported that the importance of the Thematic Programmes to achieve the objective of the Organization was growing and was receiving a great deal of enthusiasm from producing member countries. He indicated that during the year, 17 proposals; 14 under the REDDES Thematic Programme and 3 under the Trade and Market Transparency Thematic Programme, with a budget totaling USD 4.1 million and USD 800,000 respectively were funded. However for lack of funding no call for proposals was made for the other Thematic Programmes, namely, Community Forest Management and Enterprise (CFME), Industrial Development and Efficiency (IDE) and Tropical Forest Law Enforcement, Governance and Trade (TFLET). He indicated that, in his opinion, the implementation of Thematic Programmes had proved to be a credible channel to achieving the objectives of the Organization.
17. The Executive Director reported that ITTO was continuing its collaboration with other international organizations and institutions associated with the promotion of tropical forests, in particular with members of the Collaborative Partnership on Forests (CPF). He cited strong cooperation with the UNFF for the celebration of the International Year of Forest and ITTO's continued membership of the Advisory Group on Forest financing, piloted by the UNFF. He further cited cooperation with FAO on an initiative for the promotion of further processing of tropical timber in the Congo Basin, including the organization of country-specific workshops in four countries as well as holding discussions with FAO on how to

strengthen synergies between the Forest Resources Assessment (FRA) undertaken by FAO and SFM Tropics published by ITTO. The Executive Director also indicated that relationships had also been strengthened with the Japan International Cooperation Agency (JICA) further to the signing of an MOU between JICA and ITTO on 3 September 2010. He further reported that MOUs would soon be finalized with Birdlife International, and with the UNCCD, in order to strengthen cooperation with these institutions.

18. The Executive Director stated that in recent years, ITTO had been subjected to many changes, partly due to the dynamic thinking of the Council, new challenges regarding the management of tropical forests and priorities established by the international forestry agenda. He indicated that the Secretariat would need to adapt to the new environment. He cited the thematic programmes approach decided by the Council to pursue the objectives of the organization, with the approval of 5 thematic programmes and noted that the implementation of the pilot phase of thematic programmes had clearly shown an imbalance in the work load of the Divisions in the Secretariat. He also cited the substantial reduction in funding of the Biennial work programmes, resulting in unevenly distribution of workload between the Divisions. The Executive Director sought the Council's approval to undertake a restructuring of the Secretariat in order to make the best use of available staff and to increase its efficiency. He stated that he would initiate the restructuring process in year 2012 and submit to the Council at its Forty-eighth Session a proposed budget based on a new structure of the Secretariat.
19. In his concluding remarks, the Executive Director stated that the entry into force of the ITTA, 2006 would provide a golden opportunity to reinvigorate the Organization and he was confident that members and the Council would seize the opportunity to make the Organization even stronger in the international arena and more relevant to its members.

#### **REPORT OF THE INFORMAL ADVISORY GROUP (IAG) – DECISION 5(XXVI) (Agenda Item 9)**

20. The Chairperson presented the report of the Twenty-fifth meeting of the Informal Advisory Group (IAG) convened on Sunday, 13 November 2011. In attendance were the Chairperson of the Council, the Chairpersons of the Committees, the Producer Spokesperson, a representative of the Government of Japan and the Executive Director. The IAG was informed about the vacancy of the post of Vice-Chairperson of the Council following the resignation of Ms. Carla Boonstra (The Netherlands) and the unavailability of Ms. Jennifer Conje, the Consumer Spokesperson. The Chairperson requested Dr. Atsushi Suganaka (Japan) to advise the Consumer Caucus of the immediate need to select the replacement for Ms. Carla Boonstra and Ms. Jennifer Conje (U.S.A.).
21. The following issues were considered by the IAG:
  - (i) Report of the IAG at its Twenty-fourth Meeting convened on 12 December 2010;
  - (ii) General observation by IAG Members;
  - (iii) Election of the Vice-Chairperson of the Council for 2011;
  - (iv) Briefing on the outcomes of the informal teleconference held on 13 September 2011 on the following issues:
    - Entry into force of the ITTA, 2006
    - ITTO Biennial Work Programme 2012-2013
    - Briefing on preparations for the Forty-seventh Session of the Council in Guatemala
    - ITTO Biennial Work Programme 2010-2011 - Activity 12: Requirements of Legality and Procurement Policies for Timber Products
  - (v) 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(XLVII)]
    - ITTO Biennial Work Programme 2012-2013
    - New ITTO Action Plan
    - Further Guidance on Monitoring and Evaluation
    - 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 ITTO
  - (vi) List of possible decisions for the Forty-seventh Session of the Council and report to the Council;

22. The IAG considered the possible list of decisions to be adopted by the Council at its Forty-seventh Session as follows:
- (i) Projects, Pre-projects and Activities;
  - (ii) ITTO Biennial Work Programme for the Years 2012-2013;
  - (iii) New ITTO Action Plan;
  - (iv) Further Guidance on Monitoring and Evaluation; and
  - (v) Entry into Force of the International Tropical Timber Agreement, 2006.
23. Under Any Other Issues, the IAG noted the proposal made by Japan during the teleconference that ITTO should consider participating in the United Nations Conference on Sustainable Development (UNCSD)(Rio+20) to be held in Rio de Janeiro, Brazil from 20 to 22 June 2012 and co-hosting a side-event with the Government of Japan at the Conference. The Executive Director informed the IAG that following the proposal, activity 5 'Provide for ITTO's participation in and visibility at the United Nations Conference on Sustainable Development (UNCSD)(Rio+20)' had been included in the Draft ITTO Biennial Work Programme for 2012-2013 as contained in document ITTC(XLVII)/8. Dr. Atsushi Suginaka (Japan) indicated the interest of the Government of Japan in funding the activity and invited other ITTO Member Countries to participate in the Side-event. The IAG recommended to the Council that this activity be given due consideration under item 13(b) of its agenda.
24. The full report of the Informal Advisory Group (IAG) is contained in Annex V.

#### **ENHANCING COOPERATION BETWEEN ITTO AND CITES – DECISIONS 3(XVI), 7(XXXIV) AND 2(XXXVII) (Agenda Item 10)**

##### **(a) CITES Listing Proposals by Members – Decision 3(XVI)**

25. Dr. Steven Johnson (ITTO Secretariat) referred to Decision 3(XVI) which requested Members to inform ITTO at the earliest opportunity of any proposals by them to include internationally traded tropical timber species in the CITES Appendices. He reported on recent listings of tropical timber and tree species in the Appendices of CITES. Brazil and Bolivia listed *Cedrela odorata* (Spanish cedar) in Appendix III in April 2011 and October 2010, respectively. Bolivia also listed *Cedrela fissilis* and *C. liloi* in Appendix III at the same time. Brazil and Bolivia joined Guatemala (2008), Peru and Colombia (both 2001) in having *Cedrela odorata* listed in Appendix III. All of these listings apply to logs, sawnwood and veneer sheets.
26. The Secretariat further informed that Madagascar had requested CITES to list 104 species of the genus *Diospyros* (ebony) and five species of the genus *Dalbergia* (rosewood) on Appendix III, with the listing to cover logs, sawnwood and veneer sheets. Panama had requested CITES to list *Dalbergia darienensis* and *D. retusa* (cocobolo or black rosewood; all parts and derivatives for both species) on Appendix III. These listings will enter into force from 22 December 2011.
27. The Secretariat noted that assistance was being offered to Madagascar under the ITTO-CITES capacity building program to implement the new listings and to decide which (if any) might be listed in Appendix II. The Secretariat further reported that ITTO would be represented at the next meeting of the CITES Plants Committee (March 2012) and the CITES Conference of the Parties (March 2013) where these and other tropical tree listings would be discussed.

##### **(b) Report on the Implementation of the CITES Programme**

28. Dr. Steven Johnson (ITTO Secretariat) presented the report as contained in document ITTC(XLVII)/4. He noted that during 2011 the ITTO CITES programme continued to build capacity in member countries to implement CITES commitments for tropical timber. Activities had been undertaken in all range states covered (Cameroon, Congo, DRC, Indonesia, Malaysia, Bolivia, Brazil and Peru), with many activities already completed. The programme had assisted countries to carry out non-detriment findings and established export quotas for important species listed in CITES Appendix II. He cited ramin (*Gonystylus* spp.), afrormosia (*Pericopsis elata*) and mahogany (*Swietenia macrophylla*) as three key timber species listed in CITES Appendix II. The programme had also provided training and other capacity building on wood identification, timber tracking, conversion factors, etc. in a range of countries. Recent activities had facilitated the re-commencement of trade in *Pericopsis elata* and *Prunus africana* (the latter with assistance from the private sector) following trade suspensions in several African countries due to non-compliance with CITES regulations; produced a market and supply study for *Cedrela odorata* (an Appendix III listed species); and developed an identification guide for CITES listed tree

species in four languages (English, French, Spanish and Chinese). Baselines had been established for biological and trade information on all species covered by the program, training on various CITES matters had been provided to national authorities and some of the information that was missing before the programme commenced had been generated. Many channels of communication had been opened among the different participating stakeholders.

29. Dr. Johnson reported that three regional workshops were convened with the participation of ITTO and CITES Secretariats during the biennium to share experiences gained under the programme and to plan future actions: Africa (Cameroon, October 2010); Asia (Malaysia, December 2010); and Latin America (Brazil, February 2011). A report on programme activities carried out during 2007-2010 was submitted to the EC in mid-2011 under the terms of their grant contribution to the programme, marking the end of the initial EC grant period under their contract with ITTO. However, work under the programme continued due to the on-going interest of countries and other donors. Switzerland, Germany and several private sector pharmaceutical firms became programme donors in 2010-11, adding to the funding made available by the EC, the USA and others. Norway provided funding through the programme to support CITES listing of timber species in Madagascar (which was called for by a decision at CITES COP 15) and negotiations were underway with that country to determine how to assist it most effectively. Negotiations were also currently underway with Germany to jointly fund a workshop for African member countries to consider possible additional tree species of conservation concern that could potentially benefit from CITES listing. The Secretariat indicated that the demand for support had substantially exceeded available resources under the program, with many eligible activities submitted by countries still pending financing. ITTO and CITES had, therefore, submitted a second grant application to the EC covering the 4 year period 2012-15 for a total amount of 7.5 million euro (about \$10 million). He reported that the EC had approved this grant application, and had pledged an amount of 5.0 million Euro for the second phase of the programme leaving a balance of 2.5 million Euro to be raised from non-EC donors, primarily through ITTO's Biennial Work Programmes for 2012-13 and 2014-15. An appropriate request for donor support had therefore, been requested through the 2012-13 Biennial Work Programme.
30. Ms. Milena Sosa Schmidt (CITES Secretariat) provided further update on the ITTO-CITES collaboration. She stated that the ITTO-CITES programme had proven to be very effective in strengthening the implementation of CITES for tree species and helped to ensure the sustainable use of the tree species concerned and thereby being of great benefit to the ecosystems in which they occur. She noted that as a direct result of the close collaboration between ITTO and CITES, the capacity of eight of the main exporting countries of timber products had been strengthened to more effectively implement CITES which had been of great benefit to the countries involved and as well as supporting the livelihood of local people. She indicated that Parties were increasingly recognizing the use of CITES to strengthen their forest management strategies and reported that since the last conference of the Parties in 2010, Bolivia listed *Cedrella odorata*, *Cedrella fissilis* and *Cedrella lilo* in Appendix III. Brazil and Bolivia joined Guatemala (2008), Peru and Colombia (both 2001) in having *Cedrella odorata* listed in Appendix III. Madagascar had requested CITES to list 104 species of the genus *Diospyros* (ebony) and five species of the genus *Dalbergia* (rosewood) on Appendix III, with the listing to cover logs, sawnwood and veneer sheets. Panama had requested CITES to list *Dalbergia darienensis* and *D. retusa* (cocobolo or black rosewood; all parts and derivatives for both species) on Appendix III. Ms Schmidt stated that within the last two years a total of one hundred and fifteen species had been listed in CITES Appendix III with more to follow.
31. Mr. Ebia Ndongo (Cameroon) stated that Cameroon had been active with ITTO and EU in the research on tropical forestry flora listed in CITES Appendices. He noted that Cameroon had been participating in the ITTO-CITES programme with satisfactory results. He reported that the CITES Secretariat had just accepted the proposal for the 2010 quota for *Prunus africanus* from Cameroon. and mentioned that exports of the species from Cameroon had been suspended by the EU since 2007. However, as a result of the ITTO-CITES programme a quota system had been agreed for Cameroon's exports of *Prunus africana* since September 2010. He commended the programme which had allowed Cameroon to establish a sustainable management system for the species, which would allow the country to negotiate with the European Union. He also mentioned that the programme had enabled Cameroon to establish a trading system for *Pericopsis elata* for 2010 and that the data so far collected would allow Cameroon to provide the necessary information required at the next meeting of the Plant Committee of CITES in March 2012. He commended the Secretariats of the two Organizations for the effective implementation of the Programme. He also expressed his gratitude to the donors who had supported the Programme.



32. Mr. Enzo Barattini (European Union) stated that the European Union was glad to note that the ITTO-CITES programme was proceeding successfully. He was confident that the second grant application to the EC covering the 4 year period 2012-15 would be approved by the European Union and that the European Union would continue to support the ITTO-CITES programme.
33. Datuk Aziyah Mohamed (Malaysia) stated that the integrated effort between the two multilateral entities in supporting and assisting member countries in their effort towards implementing sustainable forest management was indeed laudable and recognized. She underlined that the collaboration between ITTO and CITES, in providing funding and assistance to further enhance the research and development component, had contributed towards complementing the activities of Malaysia to enforce its commitments under CITES. Malaysia had implemented a total of 8 projects for the period from 2008 to 2011 under the ITTO-CITES Programme. Among others, the projects implemented included a workshop to disseminate information and enforcement compliance on specific timber species such as Ramin (*Gonystylus*). These projects had succeeded in assisting Malaysia in developing Non-detriment findings of Ramin and determining the distribution of the species, utilizing technologies such as Hyper- spectral imaging. It had also contributed towards data and information sharing among ASEAN countries. She extended special thanks to the EU for the financial assistance provided under the ITTO-CITES programme. In addition, she expressed her appreciation to the ITTO secretariat and ITTO-CITES Asia Coordinator for their assistance and cooperation rendered in ensuring the smooth implementation of all the activities under the ITTO-CITES Programme and was looking forward to further strengthening this form of cooperation in the future.
34. Mr. Makoto Ozawa (Japan) underscored the importance of the ITTO-CITES programme as the only mechanism supporting the implementation of tree species listed in the CITES Appendices. He commended the effectiveness of the programme particularly the capacity building programme in the range states. He proposed that more stakeholders should be involved in the programme especially, the private sector companies.
35. Mr. David Oliver (U.S.A.) welcomed the report. He commended the Secretariats of both organizations and the Member countries involved in the programme. He indicated that the United States as one of the early contributors to the programme would continue to provide financial support for this area of the Organization's work since it contributes to achieving the objectives of both CITES and ITTO regarding trade in timber and related species as well as the sustainable management of the resource base of those species. He pledged that the United States would continue its support to the programme.
36. Dr. Agus Sarsito (Indonesia) welcomed the report and commended the Secretariats of CITES and ITTO for the successful collaboration in promoting the sustainable management of CITES-listed tropical timber species. He cited three Indonesian species listed in Appendix II of CITES namely, Ramin, *Aquilaria* spp. and *Cyathea* spp. He expressed Indonesia's gratitude to the European Union and other donors for their support to the programme and hoped that they would continue to support the next phase of the programme spanning the period 2012-2015. He noted that Indonesia had been participating in the ITTO-CITES programme with satisfactory results and the programme was yielding concrete benefits especially with regard to capacity building. He indicated that the programme had enabled Indonesia to effectively manage its trade through sustainable harvesting of Ramin species under CITES regulation, including the establishment of Ramin Task Force. He indicated that following the successful implementation of the programme in Ramin species, Indonesia would propose that agarwood be the next important tropical timber species to be included in the ITTO-CITES programme for 2012-2015, since the species is distributed in fourteen (14) countries, from North-East India to continental South-East Asia and as far as Papua New Guinea and South-Eastern Province of China. He informed the Council that an Asian regional workshop on Agarwood would be convened on 22-24 November 2011 in Bangka, Indonesia.

**ANNUAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TROPICAL TIMBER SITUATION IN 2011 (Agenda Item 11)**

37. Elements for the 2011 Annual Review and Assessment of the International Tropical Timber Situation were presented by Ms. Frances Maplesden (Consultant). The report is contained in document ITTC(XLVII)/5. She informed the Council that the base data for the Annual Review was derived from the ITTO Joint Questionnaire. For 2011, only 33 out of 60 Member Countries returned the questionnaire, either fully or partially completed. The thirty-three (33) countries comprised 19 Consuming Countries and 14 Producing Member Countries. She further noted that only 7 countries fully completed the Joint Questionnaire, representing 12% of ITTO Member Countries. Among the 33 countries that returned the questionnaire, in some cases the data was incomplete or there were large discrepancies between what countries said they imported and exported from each other. She indicated that production data continued to be very problematic and the Secretariat had to rely on alternative information sources such as COMTRADE for trade data. However, the JQ remained the only source of information on tropical production and the provision of that data was inadequate for many of those countries who responded. She regretted that the Secretariat had not received production data from producer countries such as Nigeria, Cameroon, Cote d'Ivoire, India, Myanmar, and Thailand for a number of years.
38. She expressed concern about India, Mexico and Thailand that had received considerable assistance from ITTO to improve their reporting capability but still failed to submit their JQ. She also noted with disappointment that some consumer countries had not reported –particularly some European countries which are known to have very good reporting capacities. She pointed out that statistical discrepancies continued to disrupt analyses of the tropical trade and the problem had been compounded by limited reporting by ITTO members via the JQ. She cited some of the limitations in the reported data, including 84 tropical species named at HS 6-digit level, making it difficult for Customs to identify, as well as high number of errors in accuracy of data entry and the use of conversion factors. Ms. Maplesden further underlined the fact that there were still discrepancies between import and export trade flows between certain countries as well as a significant amount of production and trade in the informal sector and unaccounted for. She stressed the importance of countries providing the Secretariat with a completed JQ because the quality of analysis for the annual review and the ability to monitor the transparency of the trade, is dependent on countries providing timely and quality information.
39. Most of the production of tropical roundwood was from the Asia-Pacific region followed by Latin America and Africa. The major trade flows in tropical logs in 2010 showed that the major trade was restricted to only a few exporters and importers with the bulk of the trade being in the Asia-Pacific region with some supplies from Africa. The bulk of exports were to China and India with the largest being from Malaysia to India followed by PNG and Gabon to China. However, Gabon's export volume was expected to drop with the ban on the export of logs beginning to have an impact. She noted further that historically Malaysia's log exports began to drop in 2006 and 2007 due to a new conservation policy restricting supply and placing greater emphasis on value-addition and in 2008 and 2009, supplies tightened further, as the demand effects of the global economic slowdown began to show its effects in the major export markets. All the other major players with the exception of Gabon and Myanmar had shown signs of recovery in 2010 and 2011.
40. China's imports had almost recovered to pre-crisis levels and India had had relatively high growth in GDP and significant subsidies to the housing sector and was the only major importer to have sustained import growth over the last 4 years.
41. The index of log prices showed the impact of supply constraints and strong economic growth and consumer demand in many export markets until 2008 which pushed up market prices. Towards the end of 2008 this was counterbalanced by reduced consumer confidence and demand which negatively impacted prices. Prices, however, picked up in 2010 and 2011 indicating fairly strong demand in India and China, restocking by importers who had reduced inventories during the economic crisis period, as well as disruptions to log supply because of log export restrictions in Gabon and the political unrest in Côte d'Ivoire. Exchange rates also had their influence on the relative price competitiveness of tropical exporters particularly as the African logs were generally priced in euros whereas Asian logs were in USD.
42. For tropical sawnwood, the major trade flows in 2010 showed less dominance by a few exporters than for log exports and this was a reflection of the restrictions being imposed on log exports and more domestic processing in many of the supplying countries. China, and to a lesser extent Thailand, had started to dominate the trade but there were still a significant number of other important sawnwood

markets compared to the situation with the log trade. Export trends over the last decade, showed that the Asian suppliers had been dominating sawnwood exports and 60% of the trade was within the Asian region with exports dominated by Malaysia and Thailand. China was the largest country importer and a rebound in imports in 2010 had been fuelled by a significant recovery in export flooring and furniture markets. Most of that supply was from the Asian region, and a large proportion was lower cost material from Thailand which had become popular in furniture production.

43. Malaysia and Indonesia continued to be the major suppliers of tropical plywood, and although Japan continued to be a dominant market, there was an increasing trade to Middle Eastern countries. The tropical plywood trade had also undergone some quite significant changes over the last few years with Malaysia dominating exports. The dramatic plunge in exports over the last decade was fairly evident, particularly from Indonesia and Brazil which had its exports diverted to the domestic market. China's exports had fallen after a period of phenomenal growth in its own plywood processing industry, reflecting the relatively low demand in the E.U and the U.S.A. and growing domestic consumption resulting from some significant government incentives to construction projects.
44. Japan remained the major tropical plywood importer, although demand had been on a clear downward trend even before the global economic downturn. The overall drop in global demand since 2004 had been a consequence of a number of factors, but mostly because of the reduced availability of tropical peeler logs to the plywood industries and reduced demand caused by the availability of very competitive substitute products, including softwood plywood and a number of other products. In 2008 and 2009 construction activity dropped in most of the major importing countries, including Japan, U.S.A., and EU countries. Demand had stabilized at relatively low levels, but considerably less than in previous years. And China had been consuming more of its own plywood production at home. Japan's imports were expected to turn around sharply in 2011 in expectation of strong domestic demand when reconstruction in the earthquake/tsunami disaster zones moved into full swing.
45. Similar to the price trends for other primary products, Southeast Asian plywood prices showed significant price gains which were sustained until about mid to late-2008. These gains were mainly caused by supply-side constraints and fairly robust demand but prices plunged in late 2008 as the market generally responded to very depressed market conditions with low demand. In 2010 and 2011 prices started to pick up because of rising raw material costs but yet to reach the peaks of late 2008.
46. Ms. Maplesden reported that demand and prices for tropical plywood exports were still dependent on the Japanese construction industry. Japan housing starts dropped in 2009 to a record low but crept up in 2010, assisted by government incentives to the housing sector. She further noted that the United States had not yet emerged from its housing crisis and continued to experience a decline in construction demand and consumer confidence, hence wood products demand was expected to remain at low levels in 2011 and recovery would be slow. The IMF forecasts for GDP growth showed that ITTO Producing Countries, particularly in the Asia region were in a better position for recovery than the more advanced economies.
47. In her concluding remarks, Ms. Maplesden stated that tropical wood products were losing market share because of their constrained supply and their relative competitiveness was being challenged by environmental policy measures in importing countries. The supply chain for tropical wood products was becoming more complex with China's exports of tropical processed wood products replacing those manufactured from primary products in import markets, posing some challenges for trade policies and legislation targeting wood products of illegal origin. Many tropical suppliers were also not keeping pace with product, processing, market and business innovations, contributing to loss of market competitiveness in a dwindling market. And the global economic outlook remained very uncertain, particularly in the Euro zone, bringing with it more uncertainty about the outlook for tropical wood products markets.
48. Dr. Agus Sarsito (Indonesia) informed the Council that Indonesia first banned the export of logs in 1985. However, the ban was lifted in 1998 and then re-imposed in 2002. He also stated that Indonesia had also banned the export of sawn timber since 2004. He, therefore, called on the Secretariat to re-examine the figures presented in the Annual Review with regard to Indonesia's exports of wood and wood products.
49. Mr. Koji Hattori (Japan) underlined the importance of Member countries sharing their market information on their production and trade in tropical timber and urged Member countries that had not submitted their completed JQs to the Secretariat to do so as soon as possible in order to improve the quality of data for the Annual Review.

50. Mr. David Oliver (U.S.A.) echoed the sentiments expressed by Japan and underlined the importance of member countries sharing information and providing quality data to the Secretariat. He noted that the Annual Review of the International Timber Situation represents an important area of work of the Organization.
51. Mr. Enzo Barattini (European Union) commended the Secretariat for the thorough presentation of the international tropical timber situation in 2011. He noted that the debate on the Annual Review had been more interesting than in previous years because the presentation had also analyzed the effect of the global financial crisis and its impact on the economies of member countries, including the downturn in the markets. He expressed his appreciation for the elements provided in the Annual Review of the International Tropical Timber Situation 2011.

#### **ENTRY INTO FORCE OF THE ITTA, 2006 – DECISIONS 3(XLI), 7(XLIV) and 3(XLV) (Agenda Item 12)**

52. The Executive Director, Mr. Emmanuel Ze Meka, presented the report on the status of deposit of instruments of ratification, approval and signature to the ITTA, 2006 pursuant to Council Decisions 3(XLI), 7(XLIV) and 3(XLV) as contained in document ITTC(XLVII)/6 Rev.1. He recalled that the Agreement was adopted in January 2006 and in accordance with Article 36, it was opened for signature on 3 February 2006. He informed the Council that so far signatories to the Agreement stood at fifty-nine (59), while sixty (60) countries including the European Union had completed their processes of ratification, acceptance, approval or definitive signature, and therefore, considered as parties to the Agreement. The sixty (60) countries comprised twenty-three (23) Producer Members and thirty-seven (37) Consumer Members.
53. The Executive Director indicated that the threshold for the new Agreement to enter into force had been met for the Consumers. On the other hand the twenty-three (23) Producers listed in Annex A of the ITTA, 2006, who were already Parties to the Agreement were holding 580 of the Producer votes shown in Annex A of the ITTA, 2006, falling short of the required threshold for the Agreement to enter into force with regard to the Producer countries. He noted that some member countries had not taken any action towards the ratification of the ITTA, 2006 and mentioned Thailand, Bolivia, Suriname, Trinidad and Tobago, Vanuatu, Venezuela, Egypt and Nepal as countries who had not taken any action towards the ratification of the new Agreement.
54. Dr. Atsushi Suginaka (Japan) noted that the ITTA, 2006 had not yet entered into force after 5 years of concluding the Agreement. He hoped that the new Agreement would enter into force as soon as possible since there was the possibility that the new Agreement would bring new and additional financial resources to the Organization. He urged member countries which had not yet ratified the ITTA, 2006 to speed up their internal processes. Dr. Suginaka stated that it would have been very appropriate for the new Agreement to enter into force during the International Year of Forests. However, it appeared that that might not be possible. He hoped that the new Agreement would enter into force before the Rio+20 Conference in June 2012. Dr. Suginaka also indicated that considering the status of ratification it was likely that the new Agreement would enter into force inter-sessionally, and called on the Council to take some transitional measures in order not to lose the legal grounds regarding the Administrative budget between the period of the ITTA, 2006 entering into force and the next Council Session scheduled in November 2012.
55. Ms. Carolina Costellini (Brazil) on behalf of the Producer Group, urged all countries which had not yet ratified the ITTA, 2006 to take all necessary measures regarding the ratification process. She also called on the Council to examine the possible reasons for the delay in the ratification of the new Agreement. From the perspective of the Producer countries, the Spokesperson stated that the lack of resources to finance many projects and activities of the Organization was a possible reason for the delay in the ratification of the new Agreement. Secondly, she indicated that certain key issues pertinent to Producer countries were not receiving the attention of the Organization. She reiterated that the Council should examine not only the process but also the possible reasons for the delay in the ratification of the ITTA, 2006.
56. The Council, after extensive deliberations on transitional measures upon the entry into force of the ITTA, 2006 adopted the following text by consensus and requested it to be included in the report of the Council:

## **Paper on the Entry into Force of the ITTA, 2006**

### **Consensus:**

- (1) A single Council Session for 2012 will be convened in Yokohama, Japan.
- (2) Pursuant to Article 39 (5) of the ITTA, 2006, the Executive Director shall convene the first Council Session under the ITTA, 2006 as soon as possible after the threshold for the definitive entry into force of the Agreement as stipulated in Article 39 (1) is met. The Council expects that the Executive Director will convene the first session of the Council within six months after the ITTA, 2006 enters into force.
- (3) In the event that the ITTA, 2006 enters into force before the next regularly scheduled session of the Council in November 2012, the administrative budget for 2012 as approved by the Council (document CFA(XXVI)/7) shall, in accordance to Article 46 (2) of the ITTA, 2006, remain in effect unless modified by the Council when it meets under the ITTA, 2006.
- (4) The Executive Director is requested to contact UNCTAD regarding the extent to which governments that have signed the ITTA, 2006, but have not yet ratified, accepted or approved it in accordance with Article 36 of the ITTA, 2006, may participate in the Council's work, including, in particular, whether such governments may retain and exercise speaking and voting rights under the ITTA, 2006. The Executive Director shall report to the Council on the results of these consultations.
- (5) The Executive Director is requested to inform the Council of any precedents from other commodity-related organizations on point (4) above.

### **Remark:**

The report of the Council at its Forty-seventh Session will reflect the consensus reached above.

## **ITTO BIENNIAL WORK PROGRAMME (Agenda Item 13)**

### **(a) Progress Report in the Implementation of the ITTO Biennial Work Programme 2010-2011**

57. The Executive Director presented the progress report on the implementation of the Biennial Work Programme 2010-2011 as contained in document ITTC(XLVII)/7. He noted that the BWP 2010-2011 comprised twenty-nine (29) Core/Council activities, three (3) Committee activities, six (6) Financial/Administrative activities, and nineteen (19) activities for further development under the Thematic Programmes. Total funds required for the implementation of the BWP 2010-2011 was approximately USD 9.70 million out of which USD 5.20 million had been funded leaving a balance of USD 4.57 million yet to be funded.
58. The Executive Director highlighted the implementation status of a number of activities including:
  - Undertake studies with partner organizations to review the achievement of sustainable management of tropical timber producing forests;
  - Monitoring progress in the application of Criteria and Indicators for sustainable forest management;
  - Children's Environmental Education Programme on Tropical Forests;
  - Studying the implications of climate change for tropical forests and the contribution of tropical forests to the mitigation of effects of climate change;
  - Considering the impact of economic and financial crises on tropical timber sector and helping countries to build resilience;
  - Consider impacts of conservation and protection in transboundary areas;
  - Strengthening the capacity to promote efficient wood processing technologies;
  - Update the ITTO Guidelines for Sustainable Management of Natural Tropical Forests;
  - Application of ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests; and
  - Enhanced Cooperation between ITTO and CITES.

**(b) ITTO Biennial Work Programme 2012-2013**

59. The Executive Director presented the ITTO Work Programme 2012-2013 as contained in Document ITTC(XLVII)/8. The Biennial Work Programme comprised twenty-four (24) Core/Council activities, twenty (20) Committee activities and six (6) Financial and Administrative activities. The total budget for the Biennial Work Programme 2012-2013 was USD 9.06 million, composed of USD 4.848 million for 2012 and 4.21 for 2013. The total cost of the Core/Council activities was USD 5.2 million while the cost of the activities to be undertaken by the Committees was USD 3.85 million. An amount of USD 6.987 million of the total budget was to be financed from voluntary contributions while an amount of USD 1.24 million was to be financed from the Administrative Budget and USD 830,000 from the Programme Support.
60. Some of the activities to be undertaken in the Biennial Work Programme include the following:
- Publication of the Tropical Forest Update;
  - Facilitate the participation of TAG and CSAG in Council Sessions;
  - Further enhance public relations, education and outreach activities to convey the objectives of ITTO;
  - With the assistance of the Expert Panel, appraise project and pre-project proposals submitted by Members;
  - ITTO's participation in and visibility at the UNCSO (Rio +20);
  - Continue to provide for ITTO's cooperation and consultation with the CPF and support for the UNFF and other entities;
  - Continue to monitor progress in the application of C&I for SFM;
  - Formulate and approve a new ITTO Action Plan;
  - Support for the Children's Environmental Education Programme on Tropical Forests (CEEP);
  - Continue to study the implications & effects between climate change and tropical forests;
  - Enhance cooperation between ITTO and CITES;
  - Evaluation of the pilot ITTO Thematic Programmes;
  - Disseminate information on ITTO's project work and its contribution to SFM;
  - Support producers to promote wood-based bioenergy using wood residues and wastes;
  - Strengthening the capacity to promote efficient wood processing technologies;
  - Matching needs of forest industry with technologies developed through projects;
  - Demonstration and adoption of credit schemes for SMEs in the forest sector;
  - Promoting innovations in the utilization of tropical timber;
  - Collaborate with TAG in organizing the ITTO Annual market Discussion during Council Sessions;
  - Enhancing the technical capacity of members to meet statistics and reporting requirements
  - Review the timber market in two tropical timber importing countries
  - Continue to promote improvement in forest law enforcement
  - Promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources
  - Analyze economic impact of governmental procurement policies;
  - Promote understanding of contribution of environmental services;
  - Update Guidelines for establishment & sustainable management of planted tropical forests;
  - Validate revised ITTO Guidelines for the Sustainable Management of Natural Tropical Forests with ITTO C&I;
  - Promote the implementation of guidelines for management of secondary tropical forests & rehabilitation of degraded forest land;
  - Facilitate application of ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Producing Forests; and
  - Contribute to efforts in the area of prevention and management of fire.
61. Mr. Mohamad Sanuri Shahid (Malaysia) commended the Secretariat for ensuring the successful implementation of the Biennial Work Programme 2010-2011. He highlighted the implementation of Activity 41 in the BWP 2010-2011 on "Strengthening the Capacity to Promote Efficient Wood Processing Technologies in Tropical Timber Producing Countries" and noted that this activity had contributed significantly towards strengthening the timber industry in Malaysia. He indicated that the activity was also in tandem with the Government's policy of promoting downstream processing. He commended the Secretariat for including the same activity in the Biennial Work Programme 2012-2013 and indicated that the implementation of such an activity would contribute to further enhancing the value-addition of timber exports from timber exporting countries.

62. Ms Anne Schick (Switzerland) commended the Secretariat for the preparation of the Biennial Work Programme. She noted that the report showed a number of achievements in several areas of work of the Organization. However, she indicated that the report did not have an analytical introduction and proposed that future reports should have a short introduction and an overview of the main achievements and the major difficulties encountered in the implementation of the Work Programme.
63. Mr. Koji Hattori (Japan) commended the Secretariat for the successful implementation of the Biennial Work Programme 2010-2011. He expressed his regret that many activities remained unfunded and attributed this to the fact that there were no discussions between Producer countries and Donor countries on the TORs of these activities and called for more flexibility in developing the TORs of the activities in the BWP 2012-2013.
64. Mr. David Oliver (U.S.A) cautioned that there appeared to be an assumption in the draft proposed BWP 2012-2013 that a number of activities would be funded out of the Administrative budget in the event that the ITTA, 2006 should enter into force in the second year of the biennium. He indicated that it would be up the Council under the ITTA, 2006 to determine which activities should be funded from the Administrative Budget.
65. Mr. Enzo Barattini (European Union) commended the Executive Director for the comprehensive reports on the Biennial Work Programme. He indicated that like the United States, the European Union was concerned about the assumption that certain activities would be financed through the Administrative budget in the event that the ITTA, 2006 should come into force in the course of the biennium.

#### **ITTO THEMATIC PROGRAMMES (Agenda Item 14)**

##### **(a) Report on the Current Status of Implementation of the ITTO Thematic Programmes**

66. Dr. Gerhard Breulmann (ITTO Secretariat) presented the report as contained in document ITTC(XLVII)/9.
67. The funding pledged (US\$ 5,393,784) to the Thematic Programmes during the 46th session of the ITTC allowed for the launching of one call for proposals in 2011 under REDDES and TMT. Although pledges were also received for CFME and TFLET the total funding remaining under those programmes was not considered sufficient to launch a call for proposals in 2011. By the third year of the Thematic Programme pilot phase, four out of the five programmes approved by Council were being implemented with partial funding, while the Thematic Programme on Industry Development and Efficiency (IDE) had not received funding yet.
68. During the First Cycle 2011 Call for Proposals, 42 eligible proposals were received from 21 member countries and the ITTO Secretariat, seeking a total of US\$ 15,725,260. Based on the Secretariat pre-appraisal and the TPAC expert review, the ITTO Executive Director gave conditional approval for funding to seventeen proposals, that is fourteen under REDDES and three under TMT. Final approval was given after reviewer comments had been addressed and properly integrated into revised proposals. The total funding allocation under the 1st Cycle 2011 was US\$ 4,875,003, made up of US\$ 4,134,251 under REDDES and US\$ 740,752 under TMT.
69. The total pledges received under TFLET amounted to US\$ 6,481,711 or 43.21 % of the programme total (US\$ 15 million) envisaged for the programme pilot phase, leaving a balance sought of US\$ 8,518,289 or 56.79 %. TFLET donors were: the Netherlands, Japan, United Kingdom, Switzerland, USA, Germany, Australia, New Zealand, Finland, Norway, Republic of Korea and the Japan Lumber Importers Association. A total of US\$ 5,966,652 had been committed under TFLET, leaving a balance of US\$ 515,059 considered not sufficient to launch another call for proposals under the programme.
70. The total pledges received under REDDES amounted to US\$ 9,232,742 or 51.29 % of the programme total (US\$ 18 million) envisaged for the programme pilot phase, leaving a balance sought of US\$ 8,767,258 or 48.7 %. Programme donors were Norway, Japan, Switzerland and the USA. A total of US\$ 8,353,616 had been committed under REDDES, leaving an amount available for allocation of US\$ 879,126 not considered sufficient to launch another call for proposals under the programme.
71. The total pledges received under CFME amounted to US\$ 1,100,000 or 11.0 % of the programme total (US\$ 10 million) envisaged for the programme pilot phase, leaving a balance sought of US\$ 8,900,000 or 89.0%. Programme donors were Japan, USA, Switzerland, Norway and Sweden. A total of

US\$ 1,000,524 had already been committed under CFME, leaving an amount available for allocation of US\$ 99,476 which was considered not sufficient to launch another call for proposals.

72. The total pledges received under TMT amount to US\$ 1,200,000 or 24.0 % of the programme total (US\$5 million) envisaged for the programme pilot phase, leaving a balance sought of US\$ 3,800,000 or 76.0 %. Programme donors were Switzerland, USA, Japan and Finland. A total of US\$ 926,752 had already been committed under TMT, leaving an amount available for allocation of US\$ 273,248.
73. In his concluding remarks, Dr. Breulmann stated that the funding pledged so far for the TP pilot phase had enabled the Organization to already address a substantial spectrum of Thematic Programme outputs, albeit partially. However, the funds remaining for allocation under CFME, REDDES, TFLET and TMT did not permit the launch of another call for proposals. New funding was therefore, needed to more comprehensively address the defined outputs in pursuit of achieving the programmatic objectives and to enable ITTO to launch the fifth approved Thematic Programme on Industry Development and Efficiency (IDE).
74. Dr. Agus Sarsito (Indonesia) expressed Indonesia's gratitude to ITTO and all the donors who had supported the country's programme in addressing issues also considered as priority in its forestry development. He mentioned that Indonesia had received assistance for the implementation of five (5) projects comprising, TFLET (2), REDDES (2) and CFME (1). He indicated that Indonesia was in the process of submitting five (5) new project proposals, comprising TFLET (1) and REDDES (4).
75. Mr. Koji Hattori (Japan) stated that the effective implementation of TP on a pilot basis was very important in terms of improving the project management capacity of the ITTO Secretariat and Executing Agencies. He welcomed the screening of proposals for compliance with the requirements as well as the technical pre-appraisal by the ITTO Secretariat which greatly contributed to reducing the burden of expert review by the respective Thematic Programme Advisory Committees. He also welcomed the introduction of innovative ideas such as the integrated web-based ITTO Online Monitoring System and Monitoring Protocol and the improvement and efficiency caused by those introductions. He also referred to Activity 12 on "Evaluation of the pilot operation of the ITTO Thematic Programmes" as proposed in BWP 2012-2013 and indicated Japan's expectation that the implementation of that activity would produce recommendations to further improve the efficiency and effectiveness of the TP's operation under ITTA, 2006.
76. Mr. Mario Rafael Rodriguez Palma (Guatemala) expressed satisfaction with the implementation of the Thematic Programmes. He noted that the Thematic Programmes had assisted in the strengthening of national policies as well as supporting the institutional strengthening of the forestry sector of Producing member countries. Mr. Rodriguez stated that Guatemala had received assistance for the implementation of three (3) projects under the Thematic Programmes and expressed satisfaction with the outcomes. He expressed his country's interest in participating in the evaluation of the Thematic Programmes to be conducted under Activity 12 of the BWP 2012-2013 and called on donors to continue to provide financial support to the Thematic Programmes. He also called for continued support to the regular project cycle since the Thematic Programmes were only complementary to the regular project cycle.
77. Mr. Edward Goberdhan (Guyana) expressed gratitude to the ITTO for the financial support Guyana had received under the Thematic Programmes. He stated that Guyana had received funding for one project under the REDDES Thematic Programme on "Strengthening Guyana's capacity to manage forest resources and environmental services through resources assessment and monitoring changes in deforestation and degradation". He noted that the project had been successfully completed. He also reported that another project had been approved for funding under the TMT Thematic Programme on "Strengthening market information systems to enhance trade and market intelligence in the forest sector of Guyana." He called for the continuation of the Thematic Programmes since they had been very successful during the pilot phase and thanked the Secretariat for the successful implementation of the Thematic Programmes.
78. Dr. James Gasana (Switzerland) underlined the importance Switzerland attaches to the Thematic Programmes as reflected by its contributions to four out of the five Thematic Programmes approved by the Council. He stated that Switzerland would like to see how the lessons learnt could help generate approaches and methods to be used to upscale and mainstream the experiences gained from the implementation of the programmes beyond the beneficiary countries. He noted that the report outlined the problem of insufficient funding to meet the objectives of the Thematic Programmes and indicated that given the satisfactory way in which the programmes had evolved over the past two or three years



the Council must face the problem of insufficient funding during its reflection on how to move ahead with the Programme. He noted that an activity to review the implementation of the Thematic Programme had been included in the BWP 2012-2013 and indicated that the review should also take into consideration the problem of insufficient funding as well as the lessons learnt. On the REDDES Thematic Programme, Dr. Gasana proposed that work should be done to provide and enhance clear understanding of the environmental services. He indicated that that could be achieved in the revision of the ITTO Guidelines on SFM as one way of further defining environmental services as one of the objectives of sustainable forest management.

79. Mr. David Oliver (U.S.A.) stated that the United States would continue to be a strong supporter of the Thematic Programmes. He noted that although the Thematic Programmes had been implemented on pilot basis they had been successful in attracting funds to the Organization, including from non-traditional sources and also in providing a streamline and targeted approach to the development of projects and activities. He also noted the need for additional funds to achieve the objectives of the Programmes as contained in the report and encouraged the Secretariat to continue its efforts in attracting funds for the Programmes. The United States delegation sought clarification on the level of funding considered sufficient to allow the Secretariat to launch a call for proposals since the report indicated that the remaining funds in the Thematic Programmes were not sufficient to launch a call for proposals.
80. Dr. Norini Haron (Malaysia) expressed Malaysia's appreciation to the donors for their pledges to the ITTO Thematic Programme. She indicated that Malaysia had benefited from one project under the REDDES Thematic Programme. She highlighted the fact that except for the Thematic Programme on Industry Development and Efficiency (IDE), the rest of the Thematic Programmes had been successfully funded and there was the need to continue exploring funding for the IDE Thematic Programme. She referred to Article 20 of the ITTA 2006, which calls for the establishment of two sub-accounts under the Special Account viz. the Project Sub-Account for activities under the normal project cycle, and the Thematic Programmes Sub-Account to cover projects financed by a broader base of donors. She underlined the importance of all the five Thematic Programmes in supporting and contributing to sustainable forest management (SFM) and looked forward to more funding from donor countries in support of activities under all the Thematic Programmes.
81. Mr. Samuel Ebia Ndongo (Cameroon) commended the Secretariat for the efficient implementation of the Thematic Programmes. He stated that the implementation of the Thematic Programmes had been very successful and thanked donors for their support. Mr. Ndongo mentioned that Cameroon had benefited from the implementation of projects under both the TFLET and REDDES Thematic Programmes. He called on all donor countries to continue to support the funding of the Thematic Programmes in order to achieve the full objectives of the Programmes.
82. Mr. Enzo Barattini (European Union) welcomed the report and recalled that the European Union together with Norway were the proponents for the inclusion of the Thematic Programmes in the ITTA, 2006 and that the EU would continue to support their implementation. He noted with satisfaction the successful implementation of projects under four of the Thematic Programmes and regretted that one of the Thematic Programmes had not yet received any funding because of lack of donor interest and called for its review during the evaluation of the Thematic Programmes. He hoped that more donors would support the implementation of the Thematic Programmes.
83. Mr. Jon Heikki Aas (Norway) reaffirmed Norway's support for the Thematic Programmes and indicated that the Thematic Programmes represent a programmatic and more strategic way of working as compared to the traditional project cycle. He noted with satisfaction that the Thematic Programmes had received positive response from member countries and proposed that the strategic impact of the Thematic Programmes should be reflected as a regular feature in future progress report. He commended the Secretariat for the successful implementation of the Thematic Programmes.
84. Ms. Carolina Costellini (Brazil) expressed Brazil's support for the implementation of the Thematic Programmes. She recalled that Brazil was one of the countries that supported the inclusion of the Thematic Programmes in the ITTA, 2006. She welcomed Activity 12 of the BWP 2012-1-2013 on the evaluation of the Thematic Programmes and hoped that the evaluation would examine all issues, including the imbalance in the financing of the various Thematic Programmes. Ms. Costellini also expressed concern about some apparent duplication of efforts in the Organization and indicated that the structure created by the Thematic Programmes was quite elaborate. However, some current initiatives in the Organization appeared to sound like new Thematic Programmes and referred specifically to the collaboration between ITTO and CITES and the ITTO /CBD partnership. She called on the Secretariat

to undertake further analysis of these initiatives to ensure that they were not new Thematic Programmes under different structures. She noted that the Thematic Programmes had been established with clear structures for the implementation of projects and new structures must be avoided.

85. Mr. Jon Heikki Aas (Norway) supported the proposal made by Brazil for the Secretariat to develop the ITTO/CBD partnership as a Thematic Programme for the consideration of the Council.
86. Mr. Magno Antonio Matamoros Burgos (ACTO) commended ITTO for the implementation of projects under the Thematic Programmes in the Amazon region. He indicated that the Thematic Programmes being implemented were of great benefit to the countries in the Amazon region. He also commended Brazil for the support provided especially in terms of capacity building for the implementation of the ITTO Thematic Programmes in the region.

**b) Pledges to the ITTO Thematic Programmes**

87. The Chairperson invited pledges to the Thematic Programmes. There were no new pledges.

**DEVELOPMENTS IN THE UNFCCC REGARDING FORESTS AND THEIR POTENTIAL IMPLICATIONS FOR TROPICAL FORESTS AND THE WORLD TROPICAL TIMBER ECONOMY – DECISIONS 2(XXXIX), 1(XLI) (Agenda Item 15)**

**(a) Developments in the UNFCCC regarding Forests**

88. The report was presented by Dr. Carmenza Robledo (Consultant). She referred to document ITTC(XLVII)/10 and stated that two discussions were on-going in the UNFCCC regarding forests:
- Use of forest activities in a Second commitment period of the Kyoto Protocol through the A/R CDM flexible mechanism; and
  - REDD+: Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
89. Dr. Robledo informed the Council that the UNFCCC COP16 at Cancun, Mexico adopted the following decisions on REDD+:
- Recognition of the importance of REDD+ for mitigating climate change;
  - Activities included in REDD+ were clarified, but no definitions were provided;
  - Presented the three phases of REDD+ :
    - Phase I “Readiness“;
    - Phase II “Investments“ and
    - Phase III “Performance-based payments“
  - Requested developing country parties to undertake the following activities:
    - (a) Design a national strategy or action plan;
    - (b) Establish a national forest reference emission level and/or forest reference level (national or sub-national)
    - (c) Design a robust and transparent national forest monitoring system
    - (d) Design a system for providing information on progress on social and environmental safeguards
90. On funding of REDD+, Dr. Robledo stated that USD 20 billion would be required by 2015 towards a 25% per cent reduction in deforestation and an additional USD 4 billion for reduction of emissions from forest degradation.
91. She highlighted the three phases of REDD+:

Phase I: “Readiness“: development of national strategies or action plans, policies and measures, and capacity-building,

Phase II: “Investments“: implementation of national policies and measures and national strategies or action plans that could involve further capacity-building, technology development and transfer and results-based demonstration activities

Phase III: "Performance-based payments": results-based actions that should be fully measured, reported and verified;

92. Dr. Robledo mentioned that 21 of the 33 ITTO Producing Member countries were participating in the World Bank's Forest Carbon Partnership Facility and 8 of the 33 ITTO Producer Members had UN-REDD country programs, while 11 member countries were UN-REDD observers.

93. In conclusion, Dr. Robledo stated that:

REDD+ was an emergent area where ITTO Producing members were gaining experience. She noted that relevant aspects in the current discussions were focused on:

- Methods for quantifying and monitoring changes in C stocks in REDD+
- Implementing, monitoring and reporting safeguards, including governance
- Financing mechanism(s) for all three phases of REDD+
- The operationalization of the REDD+ mechanism;
- Voluntary carbon markets had contracted for a greater volume of forest credits and a larger prospective value than any compliance market.
- ITTO producer members were getting very relevant experience in REDD+ through the ITTO Thematic Programme on REDDES.
- ITTO provides a very good space for exchanging experiences and lessons learnt
- Experiences gained by the ITTO have enhanced its capacity\_in identifying opportunities, methods and barriers for future implementation of REDD+ mechanism in ITTO producer member countries.

94. Datuk Aziyah Mohamed (Malaysia) expressed Malaysia's appreciation to the Secretariat for the update on developments in the UNFCCC regarding forests and their potential implications to tropical forests and the world tropical timber economy. Malaysia recognizes the opportunities in exploring a comprehensive approach to mitigate climate change through Reducing Emissions from Deforestation and Forest Degradation in developing countries including conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries, through REDD plus policies and mechanisms, that envisage payment of compensation in developing economies for conserving forests. She noted however, that Malaysia would need to ascertain the extent of carbon assessments measurement and the financial compensation. She urged the international community to make the REDD plus mechanism simpler, reachable/technically/feasible, cost-effective and flexible to ensure the successful outcomes of its noble intentions. Datuk Aziyah Mohamed hoped that aggressive steps would be taken by relevant partners to ensure that REDD plus becomes a reality and allowing wider participation from developing countries. She underlined that to ensure that developing countries were able to implement REDD plus projects effectively, sufficient financial and capacity building support for the implementation of permanent national-scale measuring, reporting, and verification systems were necessary. She informed the Council that Malaysia was developing her National REDD plus Strategy, which would provide analysis of the following components:

- i. National circumstances
- ii. National baselines
- iii. Monitoring, reporting and verification
- iv. Institutional arrangement
- v. Sustainable financing
- vi. Communications

95. These activities would be carried out in full consultation with stakeholders and a national level consultation process. She also stated that Malaysia would welcome ITTO's support in the REDDES Thematic Programme and underlined continued financial support was going to be a critical element since many developing countries were in the dark with regard to the negotiations and stressed that the involvement of ITTO was very crucial.

96. Ms. Carolina Costellini (Brazil) stated that Brazil was not against the exercise of reporting on the negotiations in the UNFCCC and recalled that Brazil had previously agreed to the inclusion of some activities related to climate change in previous BWPs. Nevertheless, Brazil had year after year expressed some concerns about the content of the report and indicated that Brazil's concerns were based on comprehensive analysis of the work presented by the consultants. She stressed that the exercise of reporting on the negotiations in the UNFCCC should be completely neutral and that in case of any controversial issues all positions should be presented in an unbiased manner without making any

prescriptions or recommendations. She noted that the report contained in document ITTC(XLVII)/10 had made recommendations and prescriptions and that the Government of Brazil disagrees with the use of carbon markets as the main solution for financing REDD+ activities and that there were methodological difficulties with that approach as well as difficulties such as the issue of leakages in the REDD context.

97. Ms. Costellini also referred to a study in Acre which was being supported by ITTO and stated categorically that the Government of Brazil was not in support of that study. She indicated that the feasibility study was analyzing the potential of obtaining forest carbon credit in selected areas and that was not in line with the position of Brazil in the UNFCCC.
98. Dr. Agus Sarsito (Indonesia) stated that Indonesia was at the conclusion stage of the REDD+ readiness phase through bilateral cooperation with countries like Australia, Germany, Japan as well as multilateral cooperation with ITTO. He noted that REDD+ was still under preparation and countries were exploring various mechanisms for the implementation of REDD+ and it was on that basis that Indonesia was undertaken REDD+ demonstration activities and studies, including studies in collaboration with Marubeni Corporation and other collaboration organizations. He expressed the Indonesian Government's appreciation to the ITTO Secretariat for facilitating the collaboration between Marubeni Corporation, the Government of Japan as well as other collaborating institutions.
99. Mr. Koji Hattori (Japan) stated that it was essential for member countries to share their latest information and discussions regarding climate change and tropical forest especially on issues relating to REDD+ and the role of ITTO. He further noted that ITTO had organized various Side-events during international conferences and introduced the Organization's experiences regarding the implementation of activities under the REDDES Thematic Programme as well as dissemination of its policy works such as the development of guidelines related to sustainable management of tropical forest and C&I. He welcomed these ITTO Side-events as a means of ensuring ITTO's visibility in the various international fora. Mr. Hattori also underlined the role of ITTO in providing a forum for exchanging experiences and lessons learnt on issues relating to climate change. .
100. Dr. Atsushi Suginaka (Japan) called for more collaboration between ITTO and UNFCCC. He sought further clarification with regard to whether ITTO would be able to participate in future UNFCCC projects as an implementing agency.
101. Mr. Jon Heikki Aas (Norway) welcomed the report and stated that it was important for ITTO member countries to be aware of developments in the UNFCCC regarding forests since financial mechanisms were being established that would be important for the financing of sustainable forest management. He was glad to note that the ITTO REDDES Thematic Programme had provided valuable experience to member countries and had proved the Organization's importance in the field of sustainable forest management.
102. Ms. Neria Andin (Philippines) affirmed Philippines participation in the readiness phase of UN-REDD. She stated that Philippines consists of many small islands and, therefore, recognizes the impact climate change would have on the country. She called on ITTO and other development partners to provide complimentary assistance in the REDD readiness phase.

**ITTO/CBD COLLABORATIVE INITIATIVE TO CONSERVE TROPICAL FORESTS - DECISION 6(XLVI)  
(Agenda Item 16)**

103. The report was presented by Mr. Eduardo Mansur (ITTO Secretariat) and Dr. Atsuhiko Yoshinaka (CBD Secretariat). The report is contained in document ITTC(XLVII)/11.
104. In the framework of the International Year of Biodiversity 2010 and the International Year of Forests 2011, the International Tropical Timber Organization (ITTO) and the Convention on Biodiversity (CBD) signed a Memorandum of Understanding to strengthen collaboration in the pursuit of their common objectives of conserving and sustainably managing tropical forest resources. In October and December 2010, respectively, the governing bodies of CBD and ITTC adopted Decisions welcoming the ITTO/CBD collaboration (CBD Decision X/36 and ITTC Decision 6 (XLVI)).
105. The overall objective of this Initiative is to enhance biodiversity conservation in tropical forests with the direct participation of local stakeholders, addressing the main drivers of biodiversity loss in tropical forests: deforestation and forest degradation.

106. The initiative aims at achieving four key outputs, with the assistance of donors and with the close collaboration of partners in producer member countries:
  - Enhanced local capacity for biodiversity conservation in production forests and for the rehabilitation of degraded and secondary forests;
  - Improved conservation and management of protected areas, especially in association with buffering protected areas, and transboundary conservation;
  - Safeguarding tropical forest biodiversity in forestry interventions, including in REDD+ related projects; and
  - Improved welfare of local communities and indigenous groups through biodiversity conservation and sustainable use of natural resources.
107. The expected outputs of the Initiative would be achieved through the promotion of sustainable forest management (SFM), with a particular emphasis on biodiversity protection; forest monitoring and adaptive management to generate multiple benefits on a sustainable basis; protection against invasive species; and enhancing the value of natural tropical forests to avoid land use change.
108. The report stated that ITTO would lead the implementation of the proposed Initiative in close consultation with the CBD Secretariat, donors, other partners and especially the beneficiary countries. Interested countries would have to submit a concept note to the ITTO Secretariat indicating their intention to develop a project or specific activity in the framework of this Initiative. The CBD and ITTO Secretariats would assess the pertinence of the request together with the relevant stakeholders of the proposing country and would support the formulation of a full project proposal, and fund raising. Donors would be invited to allocate funds to a specific project of the Initiative, or as an unearmarked contribution to the Initiative.
109. An Advisory Committee would be established to oversee and guide the overall development of the Initiative towards its objective and expected outputs, comprising representatives of ITTO and CBD Secretariats, a balanced representation of donors and recipient countries.
110. The total budget for the collaborative initiative had been estimated at \$US15 million for the initial period of 4 years, covering the three tropical regions.
111. Mr. Magno Antonio Matamoros Burgos (ACTO) stated that ACTO member countries had been working in various areas related to biodiversity in the Amazon Basin. He expressed his gratitude to ITTO and CBD for the assistance provided to ACTO member countries in terms of capacity building for biodiversity conservation.
112. Eang Savet (Cambodia) expressed his government's appreciation to Japan for the financial support and to the ITTO Secretariat for the technical support provided for the project PD 577/10 Rev 1(F) "Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Transboundary Biodiversity Conservation between Thailand, Cambodia, and Laos (Phase III)". He stated that Cambodia had already held preparatory meetings with JICA in May 2011. Based on the recommendations of the meeting, Cambodia had already prepared the necessary activities and was ready to sign an agreement with the government of Thailand and ITTO for the implementation of the project in 2012. Mr. Savet pledged his government's commitment to sustainable forest management, including biodiversity conservation and combating illegal logging activities. Mr. Savet indicated that Cambodia was also implementing an ITTO FLEGT project PD 493/07 Rev.1(F) "Strengthening the capacity of Forest law Enforcement and Governance in Cambodia in order to reduce Illegal activities." He reiterated the importance of these projects to Cambodia and expressed his country's commitment to working with Thailand and Laos to implement the project.
113. Dr. Atsushi Suginaka (Japan) stated that as the host country of the ITTO Headquarters and the co-Presidency of the CBD, Japan believes that collaborative initiative between ITTO and CBD was a meaningful and an effective tool from the perspective of sustainable forest management as well as biodiversity conservation. He pledged Japan's financial support to the Activity PP-A/47-266 "Building Capacities for ACTO Member Countries in Ecologically Responsible Forest Management and Biodiversity Conservation in Managed Forests of the Amazon". He hoped that the financing of this activity would serve as an incentive to speed up the ratification of the ITTA, 2006 in the Latin American region. Dr. Suginaka also referred to the project PD 577/10 Rev 1(F) "Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Transboundary Biodiversity Conservation between Thailand, Cambodia, and Laos (Phase III)" and noted that there were some problems between Thailand and Cambodia which were affecting the smooth implementation of the project. He indicated that although Cambodia was ready for the implementation of the project, the

government of Thailand did not appear ready to begin the implementation of the project and hoped that the project would be implemented as soon as possible.

114. Dato' Dr. Hj. Abdul Rahman Hj. Abdul Rahim (Malaysia) expressed his government's appreciation to the ITTO Secretariat for the update on the developments in the ITTO/CBD Collaborative Initiative to conserve tropical forests. He stated that Malaysia recognizes the importance of biological diversity conservation as well as protecting and enhancing the quality of the environment. He indicated that in order to ensure the protection and conservation of biological resources for the benefit of the present and future generations, Malaysia had signed more than two hundred Multilateral Environmental Agreements (MEAs) and Legally-Binding Instruments including, the Convention of Biological Diversity (CBD), World Heritage Convention (WHC), the Convention on International Trade of Endangered Species of Flora and Fauna (CITES), Ramsar Convention, UNFCCC, the Kyoto Protocol, and the Heart of Borneo (HoB) Initiatives.
115. Dato' Dr. Hj. Abdul Rahman Hj. Abdul Rahim indicated that on the same note, Malaysia has also formulated a Strategic Plan for Biodiversity 2011–2020 and National Biodiversity Strategies and Action Plans, including:
  - Management of existing Permanent Reserved Forests (PRFs) through SFM practices;
  - Classifying existing PRFs into functional classes;
  - Establishment of Virgin Jungle Reserves (VJR), High Conservation Value Forests (HCVF) and Central Forest Spine (CFS);
  - Establishment of Guidelines for the management of VJR, HCVF and CFS; and
  - Planting of coastline areas with mangroves and other suitable species.
116. Dato' Dr. Hj. Abdul Rahman Hj. Abdul Rahim expressed Malaysia's gratitude to donors and ITTO for supporting the implementation of two conservation projects in Sarawak, namely the Lanjak Entimau Wildlife Sanctuary project and the Pulong Tau National Park project. These conservation projects had demonstrated that involving local communities and the timber industry in community-based development activities in forest conservation and sustainable utilization of forest resources was not only important but necessary. The implementation of these projects enabled the Forest Department of Sarawak to form a Community Service Initiative Unit in January 2011, to continue to promote local community involvement in conservation and the sustainable utilization of tropical forest resources.
117. Mr. Suchat Kalyawongsa (Thailand) expressed Thailand's gratitude to the government of Japan for the financing of project PD 577/10 Rev 1(F) "Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Transboundary Biodiversity Conservation between Thailand, Cambodia and Laos (Phase III)" as part of the ITTO/CBD collaborative initiative. He also expressed his country's gratitude to the governments of Switzerland and U.S.A for supporting the earlier phases of the project. He regretted the delay in the signing of the Agreement and attributed it to the long internal bureaucratic processes, the flooding in Thailand, including Bangkok as well as the political situation in the country. He hoped that the Agreement would be signed by December 2011 as part of the celebration of the 25th Anniversary of the establishment of ITTO and in the International Year of Forests.
118. Mr. Kalyawongsa also informed the Council that Thailand would propose the listing of *Dalbergia cochinchinensis* in Appendix III of CITES to control the problem of illegal logging of the species in Thailand and therefore, the government would contact the ITTO Secretariat in due course.
119. Dr. Teguh Rahardjo (Indonesia) commended the two Secretariats and pledged Indonesia's support for the ITTO/CBD collaboration. He mentioned the CBD Forest-related target and cited Target 5 which states inter alia that "By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced". He also referred to Target 7 which states inter-alia that "By 2020 areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity." He noted that these were very important and relevant targets for ITTO and Indonesia would support the attainment of these targets.
120. Mr. Roger Kouadio Yao (Côte d'Ivoire) informed the Council that the political situation in Côte d'Ivoire had affected the country's full participation in activities organized by the Organization. He hoped that the situation would soon return to normal to enable the country's full participation in activities financed by ITTO. He welcomed the ITTO/CBD collaborative initiative and indicated that Côte d'Ivoire had already carried out a feasibility study in the biosphere reserve lying between the borders of Côte d'Ivoire and Liberia which was financed by Wildlife Chimpanzee. The feasibility study recommended the

establishment of a transboundary conservation reserve to protect the biodiversity in the area. He hoped that the ITTO/CBD initiative would support this project.

121. Mr. Jon Heikki Aas (Norway) referred to Output 4 of the ITTO/CBD collaborative Initiative to Conserve Tropical Forests i.e. "Improved welfare of local communities and indigenous groups through biodiversity conservation and sustainable use of natural resources" and stated that it was his expectation that CBD's work on traditional knowledge would be part of this collaborative initiative.

**INTERNATIONAL YEAR OF FORESTS AND THE 25<sup>TH</sup> ANNIVERSARY OF ITTO - DECISION 3(XLVI)  
(Agenda Item 17)**

122. Dr. Steven Johnson (ITTO Secretariat) reported on this Agenda item as contained in document ITTC(XLVII)/12.
123. He stated that ITTO carried out numerous activities during 2011 to commemorate its 25th anniversary during the IYF, with several other activities planned for the last quarter of the year. Some of the activities mentioned were:
- Launching of SFM Tropics 2010 report in three languages and associated public relations events in selected countries;
  - Publication of revised SFM Guidelines;
  - Asian forest tenure conference
  - Participation, Side-events and/or booths at CITES Plants Committee (April); three (3) Rainforest basins Summit (June); FAO FRA meeting (September); UNCCD COP (October); APFC meeting (November); UNFCCC COP/Forest Day 5 (December); UNFF IYF closing ceremony (December).
  - Commemorative posters, pamphlets, stickers, eco-bags, USB sticks, Calendars, etc. All ITTO publications in 2011 contained IYF and 25 year anniversary logos on cover(s);
  - Publication of ITTO success stories focusing on successful field projects to promote SFM; and
  - ITTO's participation in an event commemorating IYF in Rio Branco, Brazil (August), including establishing a booth to disseminate materials. ITTO collaborated with government of Japan and City of Yokohama on commemorative event for IYF/25th anniversary of ITTO (October).
124. Dr. Johnson further reported that ITTO's 25th anniversary had been prominently featured in several Japanese newspapers during 2011, including Kanagawa Shimbun, Asahi Shimbun, etc. The Organization sponsored a poster contest for local school children focusing on Japan's links with tropical forests.
125. In addition to the above, the Secretariat also participated in CPF meetings in 2011 during which CPF Partners reported on their respective IYF-related activities and planned a series of CPF-endorsed Press Releases during the year. The Secretariat provided comments and inputs to several of these CPF Press releases and was responsible, with FAO, for the November CPF press release on markets and trade in forest products.
126. Mr. Makoto Ozawa (Japan) commended the Executive Director and the ITTO Secretariat for organizing activities related to the celebration of the International Year of Forests and the 25th Anniversary of ITTO. He noted that it was very timely for ITTO to utilize the opportunities offered by the International Year of Forests to publicize the importance of tropical forests as well as the contribution of ITTO. He hoped that ITTO would involve more private sector organizations interested in climate change and tropical forests conservation in its future work. He regretted that the 25th Anniversary did not coincide with the entry into force of the ITTA, 2006 and hoped that the ITTA, 2006 would enter into force before the Rio+20 conference in June 2012.
127. Dato' Dr. Hj. Abdul Rahman Hj. Abdul Rahim (Malaysia) reiterated Malaysia's commitment to the implementation of SFM. He noted that in conjunction with the celebration of the International Year of Forests (IYF) 2011, Malaysia had planned and conducted several activities throughout the year and that all the programs and events for IYF 2011 had been incorporated into the existing "26 Million Trees Planting Campaign" under the theme "Greening the Earth: One Malaysian One Tree". In that context, Malaysia would host three important events i.e. the 'International Conference on Sabah Heart of Borneo (HoB) Green Economy Development: Engaging Business for Environment, the 'National Seminar on Social Forestry' and 'Malaysia Forestry Conference'. He underlined that Malaysia would continue to promote SFM and to play an active role to ensure the success of timber trade from sustainable and legal sources. Malaysia believes that all ITTO member states should synergize on IYF 2011 to increase

awareness on the contribution of forests towards sustainable development, and more importantly to strengthen commitment towards achieving SFM.

**THE ROLE OF ITTO IN INTERNATIONAL AND REGIONAL ORGANIZATIONS AND Fora -  
DECISION 7(XXX) (Agenda Item 18)**

**(a) Enhancing Collaboration between ITTO and Japan International Cooperation Agency (JICA)**

128. The report was presented by Mr. Takeo Sasaki, Resident representative of JICA, in Guatemala. He provided the following brief background information about JICA:

- The Executing Agency of Japanese Official Development Assistance;
- The World's Largest Bilateral Development Agency;
- Providing technical assistance, concessional loans and grant aid in a harmonized manner;
- Working in over 150 countries and regions; and
- Covering a wide range of sectors including forest and nature conservation.

129. Mr. Sasaki noted the common interest of the two Organizations in promoting and supporting sustainable development through the sustainable management of tropical rain forest and signed a Memorandum of Understanding (MOU) for collaboration on 3 September 2010 with the following objectives:

- Identify, develop and implement targeted joint activities on the sustainable use and conservation of tropical forest in support of the overall sustainable development of ITTO developing member countries assisted by JICA and in accordance with their national development policies;
- Promote capacity building in ITTO developing member countries and facilitate information exchange between the Parties and interested countries, to advance the implementation of sustainable forest management in the tropics.

The Memorandum of Understanding would be for period of four (4) years from 3 September 2010 to 31 December 2014, with the possibility of extension by mutual agreement

130. Mr. Sasaki informed the Council that ITTO and JICA consequently undertook the following joint activities in 2010 and 2011:

- Grant Aid Projects with ITTO in Asia and Africa;
- Joint Side-events during CBD COP 10 and UNFCCC COP 16 on "Poverty Alleviation and Biodiversity Conservation" at CBD COP 10 in Nagoya, Japan and "REDD+ , Environmental Services and Private Sector participation" at UNFCCC COP 16 in Cancun, Mexico;
- Joint Publication of materials on REDD Plus and Japanese version of the ITTO Tropical Forest Update on the "Status of Tropical Forest Management 2010";
- Information Sharing and periodic Working Group meetings in ITTO (Yokohama) or JICA (Tokyo); and
- Consultation on project formulation and management in various countries including PNG, Gabon and Brazil.

131. On the issue Grant Aid Projects in Asia-Pacific, Mr. Sasaki cited the following project: "Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Transboundary Biodiversity Conservation between Thailand, Cambodia and Laos (Phase III)" and known by JICA as "The Project for Transboundary biodiversity conservation of Mekong Protected Forest Area with a total budget USD 2.2 million to be financed by JICA through ITTO. The Grant agreement was signed between ITTO and JICA on 2 November 2010.

132. Mr. Sasaki also reported on the following Grant Aid Project between JICA and ITTO in Africa

- "Capacity Building for Sustainable Management of Tropical Rainforests and Biodiversity Conservation in the ITTO Congo basin Countries". The targeted Countries include: Gabon, Cameroon, Rep. of Congo, Democratic Rep. of Congo and Central African Republic

133. Mr. Sasaki informed the Council that the grant aid project was approved by the Japanese Cabinet on 28 October 2011 with a total budget of approximately USD 4.5 million with a JICA contribution of USD 3.6 million.



134. Mr. Sasaki mentioned that joint activities between the two Organizations in 2012 would include the following:
- Facilitation of ITTO Grant Aid Projects;
  - Joint Side events at Rio+ 20, CBD COP 11 and UNFCCC COP18; and
  - Joint Publication of Materials
135. Mr. Koji Hattori (Japan) noted the many achievements of JICA in forestry and the forestry industry sector and hoped that both JICA and ITTO would be more efficient and effective by working together and sharing experiences and lessons learnt, including on policy work. Mr. Hattori also stated that JICA's activities in ITTO Producer countries would contribute to improving the countries' access to JICA's assistance. He hoped that the joint activities between the two Organizations, including the organization of Side-events at international conferences of the CPF, such as meetings of the UNFCCC and CBD would facilitate discussions and improve the publicity of both organizations. He pledged that the Government of Japan's would continue to support the partnership.

**(b) Collaboration between ITTO, FAO and IFIA Towards a Strategy to Promote the Forest Industry Development in the Congo Basin**

136. The report was presented by Mr. Olman Serrano, Senior Forestry Officer, FAO. He underlined that the main stakeholder of the cooperation was the private sector. He reported that four meetings were organized in the Cameroon, Republic of Congo, Democratic Republic of Congo and Gabon with the objectives of developing both national and regional strategies for the development of the wood processing industry in the Congo Basin countries. This was followed by the Racewood meeting in Pointe Noir, Republic of Congo in September 2011. He noted that 50% of the participants of these meetings were from the private sector. Other participants were from governments, NGOs, and various local institutions.
137. Mr. Serrano stated that the outcome of the work carried out would be a white paper on the strategy to promote the forest industry development in the Congo Basin, including the challenges related to the development of the forestry industry. He noted that the forest industry development strategy had been based on:
- Accra Action Plan developed by ITTO in June 2010; and
  - Fifth Strategic Axis for the Convergence Plan of the Central African Forest Commission (COMIFAC).
138. Priority issues considered in the strategy include the following:
- Supporting policies;
  - Monitoring/auditing;
  - Infrastructure development;
  - Informal markets;
  - Access to resources;
  - Market barriers;
  - Financing mechanisms;
  - Training and education;
  - Market development; and
  - Outreach and public relations.
139. Mr. Serrano underscored the huge interest shown in the countries and that at all the four meetings organized, Ministers in charge of forests of these countries participated in the meetings. He reported that in Gabon, the meeting was opened by the Prime Minister and attended by eight cabinet Ministers. He noted that the challenges for the future would include maintaining the high political interest, continuing to promote dialogue among all stakeholders, and involving financial institutions to invest in the Congo Basin.
140. Mr. Antoine Ndongou (Gabon) commended the cooperation between ITTO, FAO and the Inter-African Forest Industry Association (IFIA) for the development of the wood processing industry in the Congo Basin. He noted that the workshops had enabled the countries to concentrate on a strategy for the development of wood processing in the various countries. He also supported the need for the development of the African regional market. Mr. Ndongou called for support for the FLEGT process to

enable the countries to fulfill the requirements for a Voluntary Partnership Agreement with the European Union.

141. Mr. Remy Shabantu Mukongo (Economic Community of Central African States (CEEAC)) referred to the ITTO project funded by the Common Fund for Commodities also focusing on the development of further processing within the Congo Basin Countries and stated that the project would identify the needs of these countries and target these needs for the development of further processing of timber in the region. He called for synergy between the ITTO/FAO/IFIA initiative and the ITTO project being implemented by CEEAC.

#### **ITTO FELLOWSHIP PROGRAMME – DECISION 4(XXVII) (Agenda Item 19)**

##### **(a) Progress Report on the ITTO Fellowship Programme**

142. Dr. Chisato Aoki (ITTO Secretariat) presented the report as contained in document ITTC(XLVI)/13. She noted that the Fellowship Programme which began in 1989, had enabled 1,128 young and mid career people from 44 countries working for governments, universities, research institutions, NGOs and the private sector to pursue their professional development and improve their career prospects. Forty-three percent of the fellowships had been awarded to people from Asia-Pacific, 30% to people from Africa and 24% from Caribbean/Latin America and 3% to people from developed consumer countries that carried out their activities in Producer Member Countries. Seventy percent of the fellowships awarded were in the field of Reforestation and Forest Management, 21% in Forest Industry and 9% in Economic Information and Market Intelligence. Total value of fellowships awarded amounted to USD 6.6 million with funding provided through the generous voluntary contributions from Japan (74%), U.S.A. (14%), The Netherlands (7%), Australia (4%), and others (1%) including Sweden, U.K., and Bali Partnership Fund Sub-Account B.
143. Dr. Aoki also reported on an impact assessment of the Fellowship Programme conducted by the Secretariat in spring 2010, which showed that the programme had made a significant contribution to human capacity development in ITTO Producing Member Countries.
144. A new on-line application system was also introduced in September 2011 to enhance the efficiency of the application process.

##### **(b) Report of the Fellowship Selection Panel**

145. The report was presented by Mr. Makoto Ozawa (Japan), Chairperson of the Panel. The report is contained in document ITTC(XLVI)/14. The selection panel was composed of representatives of Brazil, Ghana, Thailand, Canada, U.S.A and Japan. In 2011, the selection panel considered a total of 216 applications. The panel recommended that 48 applications should be approved by the Council, subject to the availability of funds at a total cost of USD 286,595. Women accounted for 38% of the approved applications. Thirty-eight percent of the awardees were from Africa, 29% from Asia-Pacific and 33% from Latin-America and Caribbean region.
146. Mr. David Oliver (U.S.A.) underscored the fact that the Fellowship Programme had been one of the most important areas of work of ITTO. He indicated that as one of the major contributors to the Programme since its inception, the United States would continue to support the Fellowship Programme through additional pledges for 2012.
147. Dr. Atsushi Suginaka (Japan) noted that the ITTO Fellowship programme had been one of the successful programmes of the Organization. He stated that as the largest donor to the Programme, Japan would continue its support to the ITTO Fellowship programme in 2012.

#### **ANNUAL REPORT FOR 2010 (Agenda Item 20)**

148. The Annual Report for 2010 was presented by Mr. E. Collins Ahadome (ITTO Secretariat). The report highlighted the work of the Organization in 2010, including key decisions of the Council, policy work, activities sponsored by the Organization, a summary of projects, pre-projects and activities funded by the Organization as well as voluntary contributions received by the Organization in 2010.
149. Some of the highlights of the work of the Organization in 2010 were:

- Monitoring developments in the UNFCCC regarding forests and their potential implications for tropical forests and the world timber economy;
- Enhancing cooperation between ITTO and CITES;
- Supporting civil society/private sector partnership for sustainable forest management and certification;
- Promoting trade in tropical timber and timber products from sustainably managed and legally harvested sources;
- Maintaining ITTO's active involvement in international cooperation and collaboration;
- Requirements of Legality and procurement policies for timber products;
- Market Access;
- Forest and timber certification;
- Strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries;
- Enhancing cooperation between ITTO and CBD in the framework of the International Year of Biodiversity 2010;
- Enhancing cooperation between ITTO and UNFF; and
- Strengthening collaboration between ITTO and JICA.

## **SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 21)**

### **(a) Pledges to the Special Account and the Bali Partnership Fund (BPF)**

150. There were no new pledges to the Special Account and the Bali Partnership Fund.

### **(b) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)**

151. The report was presented by Dr. Agus Sarsito (Indonesia), Chairperson of the Committee on Finance and Administration. The Panel was composed of representatives of Japan, Switzerland, U.S.A., Mexico, Liberia, Papua New Guinea and the Executive Director. The Panel noted that at the end of the Forty-sixth Session of the Council, forty-five activities (including activities for the biennial work programme), five pre-projects and five projects had been approved for financing through the resources of the Sub-Account B of the Bali Partnership Fund. It further noted that as at 30 September 2011, the total funds received in the Sub-Account B of the BPF since its establishment, amounted to USD 19.34 million. The projected available fund balance as of 31 December 2011 was USD 72.38.
152. The Secretariat further informed the Panel that the projected funds to be available in the "Unearmarked Funds" as of 31 December 2011 was USD 565.40, after taking into account the total allocations of USD 13.27 million, made at the previous Sessions held from November 2003 to December 2010.
153. The Panel took note of the on-going work on the various pre-projects, projects and activities and was dismayed at the unavailability of funds for continuing with some fundamental activities of the Organization during 2012 that were previously funded through these sources viz., ITTO Information Network (TFU) and the Market Information Services (MIS). The Panel noted that these activities could become eligible for funding through the "Core Operational Costs" of the Administrative Budget under the ITTA, 2006, and urged that in the meantime, these could be funded through the voluntary contributions during 2012, as indicated in the proposed Biennial Work Programme for 2012-2013.
154. The Panel identified a number of projects and activities that could become eligible for financing from the resources of the Sub-Account B of the Bali Partnership Fund and/or Unearmarked Funds. However, after reviewing the available resources, which was estimated at the amount of only US\$638.00 as of 31 December 2011, decided on allocating these funds plus any possible additional incoming funds during 2012, as follows:
- |      |                                                                     |               |
|------|---------------------------------------------------------------------|---------------|
| (i)  | Annual Market Discussion 2012                                       | USD 50,000.00 |
| (ii) | Support participation of CSAG-TAG at<br>Session of the ITTC in 2012 | USD 40,000.00 |
155. The report of the Panel was approved by the Council.

## REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 22)

### Joint Session of the Committees

156. The Joint Session of the Committees was chaired by Dr. James Gasana (Switzerland), Vice-Chairperson of the Committee on Forest Industry. The Joint Session considered the reports of the Expert Panel for Technical Appraisal of Project Proposals at its Forty-first and Forty-second meetings held on 7-10 March and on 1-4 August 2011 in Yokohama, Japan as contained in documents ITTC/EP-41 and ITTC/EP-42, respectively. In summary, the reports of the Expert Panel indicated:

- (i) A total number of 21 and 33 proposals appraised at its Forty-first and Forty-second meetings respectively;
- (ii) A total number of 4 proposals (19% of proposals evaluated) comprising 4 projects were accorded category 1 rating at the Forty-first meeting and a total number of 5 proposals (15% of proposals evaluated) comprising 3 projects and 1 pre-project were accorded category 1 rating at the Forty-second meeting;
- (iii) Two (2) out of the 4 proposals accorded category 1 rating during the Forty-first meeting and 4 out of the 5 proposals accorded category 1 rating at the Forty-second meeting were new proposals; and
- (iv) Seven (7) proposals appraised during the Forty-first meeting and 16 proposals during the Forty-second meeting were sent back to proponents for revision and nine (9) proposals appraised during the Forty-first meeting and 12 proposals during the Forty-second meeting were recommended not to be approved by the Committees.

157. To facilitate the sharing of experiences and lessons learned, the Joint Committee considered the following ex-post evaluation reports in the field of Economic Information and Market Intelligence:

|                         |                                                                                                                           |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------|
| PD 353/05 Rev.2 (M,F,I) | Adoption and Implementation of the Forestry Information System (FIS) for the Philippines                                  |
| PD 440/07 Rev.1 (M,I)   | Improving the Detection and Prevention of Illegal Logging and Illegality in Shipment and Trade of Wood Products in Guyana |

The reports were presented by Mr. Erik Lammerts van Bueren and Dr. Kwame Asumadu (Consultants)

158. The Joint Committee also considered the following ex-post evaluation reports in the field of Forest Industry:

|                     |                                                                                                           |
|---------------------|-----------------------------------------------------------------------------------------------------------|
| PD 37/94 Rev.3 (I)  | Strengthening of the Forest Products Laboratory of IBAMA (Brazil)                                         |
| PD 100/01 Rev.3 (I) | Capacity Building for the Development of a Sustainable Rattan Sector in China based on Plantation Sources |

The reports were presented by Dr. Sadaaki Ohta and Dr. Florence P. Soriano (Consultants)

159. The Joint Committee considered the following ex-post evaluation reports in the field of Reforestation and Forest Management:

(a) Thematic Group Evaluation: Geographic Information System/Demonstrations Areas

|                     |                                                                                                                              |
|---------------------|------------------------------------------------------------------------------------------------------------------------------|
| PD 57/99 Rev.2 (F)  | Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase I                       |
| PD 176/02 Rev.1 (F) | Use of Remote Sensing Technology and Information Systems to Support Forestry Legislation Monitoring in the Republic of Congo |

The reports of these ex-post evaluations were presented by Mr. Jorge Malleux (Consultant)

(b) Individual Project Evaluation

|                     |                                                                                |
|---------------------|--------------------------------------------------------------------------------|
| PD 392/06 Rev.1 (F) | Phase I: Regional Project to Promote Reduced Impact Logging in the Congo Basin |
|---------------------|--------------------------------------------------------------------------------|

The report of this ex-post evaluation was presented by Mr. Yann Petrucci (Consultant)

160. As instructed by the 46th ITTC, a Meta-Evaluation of ITTO ex-post evaluations had been carried out, according to the TOR approved at the previous Session of the Council. The Meta-Evaluation report was presented by the consultant, Dr. Markku Simula, during the Joint Committee Session held on 15 November 2011. To facilitate the finalization of the report, he encouraged written comments to be submitted by 15 December 2011.
161. During the Joint Committee session, members also considered a report on field level application of criteria and indicators presented by the consultants Ms. Stephanie Caswell and Dr. Ivan Tomaselli. The consultants presented the draft results of the ITTO global study on the "Use and impact of criteria and indicators (C&I) for sustainable forest management (SFM) at the field/FMU and other operational levels." They provided an overview of responses to two surveys circulated, respectively, to forest authorities and private forest companies and other stakeholders, on how C&I was being used and operationalized, constraints encountered, and perceptions of the impact of C&I on forest management. They recommended that ITTO continue its leadership role on C&I but consider a strategic approach to future work, which might include a focus on country-specific C&I issues, especially at the FMU level, and the subsequent review and update of ITTO's 2004 C&I, taking into account relevant emerging issues, such as forest carbon assessments in the context of REDD+ and initiatives on C&I for sustainable wood fuel production, forest governance, biodiversity and land degradation. The consultants requested members who had not responded to the survey to do so by 15 December 2011 so the report could be finalized with input from all members by March 2012.
162. The ITTO Annual Market Discussion – 2011, was held in the Joint Session of the Committees on 16 November 2011. The theme of the Market Discussion was "The Crisis, the Impact and the Recovery". Dr. James Gasana, Vice-Chairperson of CFI, chaired the meeting and Mr. Brent J. McClendon (TAG Coordinator) served as the moderator of the Market Discussion.
163. The following feature presentations were made during the Market Discussion:
- |                                                                                                 |                                                     |
|-------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| Mr. André de Boer<br>European Timber Trade Federation                                           | The Market for Tropical Timber in Europe            |
| Ms. Luo XinaJian<br>Center for Intl. Forest Products Trade<br>China State Forest Administration | Crisis, Impact and Recovery in China                |
| Mr. Ramkrishna T. Somaiya<br>Timbers Importers Association of India Ltd.                        | India, an Oasis of Growth                           |
| Mr. Alhassan Attah<br>Timber Industry Development Division<br>Forestry Commission of Ghana      | The Crises, the Impacts and the Recovery            |
| Mr. Brent J. McClendon, CAE<br>Intl. Wood Products Association (U.S.A.)                         | State of the US Industry                            |
| Dr. Akihiko Nemoto<br>Tottori University of Environment (Japan)                                 | The Great East Japan Earthquake and Forest Industry |

#### **Committee on Economic Information and Market Intelligence**

164. Ing. Josue Ivan Morales Dardon (Guatemala), Chairperson of the Committee on Economic Information and Market Intelligence, presented the report of the Committee, as contained in document CEM-CFI(XLV)/5. The Committee met in Joint Session with the Committee on Forest Industry.
165. The Committee considered the reports of three (3) completed projects and one (1) completed pre-projects and declared these duly complete. The Committee further considered the progress in implementation of nine (9) projects and two (2) pre-projects.
166. On policy work, the Committee on Economic Information and Market Intelligence held discussions on the following issues: (i) market access; (ii) forest and timber certification; (iii) selected data and analysis from ITTO Annual Review and Assessment of the World Timber Situation; (iv) Enhancement of Statistical Work and Training Workshops on Statistics; (v) Promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources; and (vi) Establishment of a

working group to develop guidelines on legality and sustainability for timber products for public procurement; and (vii) Draft ITTO Biennial Work Programme 2012-2013.

167. Following the usual consultations undertaken by the producer and consumer groups, Mr. Rob Busink (The Netherlands) was elected Chairperson of the CEM and Mr. Moses D. Wogbeh, Sr. (Liberia) was elected Vice-chair for 2012.

168. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

#### **Committee on Reforestation and Forest Management**

169. Dato' Dr. Hj. Abdul Rahman Hj. Abdul Rahim (Malaysia), Vice-Chair of the Committee on Reforestation and Forest Management presented the report of the Committee, as contained in document CRF(XLV)/8.

170. The Committee considered the reports on ten (10) completed projects and two (2) completed pre-projects and declared these as duly complete. The Committee reviewed the status of implementation of twenty-nine (29) projects and three (3) pre-projects categorized as either having implementation problems, requiring additional funds, requesting extension in time of more than 6 months beyond the original duration of the project or requesting essential modifications of the work plan and budget. The Committee noted that nineteen (19) projects approved at earlier Sessions were still awaiting funding, out of which four (4) would be sunset if funding was not secured before the next Session

171. On policy work, the Committee considered the following issues: (i) Review and update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to take into account recent developments in tropical forestry; (ii) Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests; (iii) Monitoring the progress in the application of criteria and indicators for sustainable forest management; (iv) strengthening cooperation and collaboration between ITTO and ACTO countries on C&I and related topics, including organizing a regional workshop to consolidate ITTO C&I and the Tarapoto Process; (v) international conference on forest tenure, governance and small and medium enterprises with focus on the Asia-Pacific region; and (vi) Review of draft ITTO Biennial Work Programme for 2012 to 2013, as contained in Document ITTC(XLVII)/8, especially the section pertaining to the activities of the Committee on Reforestation and Forest Management.

172. Dato' Dr. Hj. Abdul Rahman Hj. Abdul Rahim (Malaysia) was elected as Chairperson for 2012 and Ms. Alicia Grimes (U.S.A) was elected as Vice-Chairperson for 2012

173. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

#### **Committee on Forest Industry**

174. Dr. Samuel Ebia Ndongo (Cameroon), Chairperson of the Committee on Forest Industry presented the report of the Committee as contained in document CEM-CFI(XLV)/5.

175. The Committee considered the completion reports on thirteen (13) projects and three (3) pre-projects and duly declared these as complete and selected the following two completed projects for ex-post evaluation:

|                     |                                                                                                             |
|---------------------|-------------------------------------------------------------------------------------------------------------|
| PD 233/03 Rev.2 (I) | Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)                           |
| PD 275/04 Rev.3 (I) | Improvement of the Sustainable Management and Utilization of Non-Timber Forest Products (NTFPs) in Cambodia |

The Committee further reviewed the progress in implementation of sixteen (16) projects and noted that six (6) previously approved projects were still pending finance and recommended to the Council that funding be made immediately available for these projects.

176. On policy work, the Committee on Forest Industry held discussions on the following:

- (i) Strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries [PP-A/45-247];
- (ii) Life Cycle Assessment (LCA) analysis of tropical wood products; and
- (iii) Draft ITTO Biennial Work Programme 2012-2013

177. Following the usual consultations undertaken in the Producer and Consumer caucus groups, Dr. James Gasana (Switzerland) was elected Chairperson of CFI and Dr. Ruth Turia (Papua New Guinea) was elected Vice-chair for 2012.
178. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

#### **Committee on Finance and Administration**

179. Dr. Agus Sarsito (Indonesia), Chairperson of the Committee on Finance and Administration presented the report of the Committee, as contained in document CFA(XXVI)/7.
180. The CFA reviewed the draft Administrative Budget for 2012 and recommended to the Council to approve the Administrative Budget for 2012 in the amount of US\$7,337,730.00. The assessed contributions from Members for 2012 would be US\$7,528,000.00 to take account of the discount to be given to Members for timely payment of their contributions in 2011 and utilization of part of the bank interest earned in the same year. The CFA also reviewed Members' contribution to the Administrative Budget and noted that in 2011 an amount of US\$2,578,509.00 had been received from Producing Members out of the total net assessment of US\$3,561,358.00; and US\$3,184,975.60 had been received from Consuming Members out of the net assessed amount of US\$3,496,870.00. The Committee urged all Members in arrears to settle these arrears promptly. The Committee further reviewed the status of the Administrative Account. The Secretariat informed the Committee that in spite of the weaker strength of the U.S. dollar which would have increased the expenditures in 2011, the estimated expenditures for the current year would amount to US\$6,737,838.00 (i.e. US\$321,064.00 less than the total amount approved in the budget for 2011 of \$7,058,902.00). The Secretariat further informed the Committee that the total contributions received to-date was US\$5,763,484.60, and together with contributions expected to be paid by members before the end of 2011 (of US\$624,488.40), it was anticipated that a deficit in the amount of US\$349,191.00 would be incurred in 2011. The Committee noted that a Council Decision had already been taken to authorize the Executive Director to utilize funds in the Working Capital Account to cover such shortfall up to the limit of US\$500,000.00. The Secretariat also informed the Committee that the resources of the Working Capital Account had been slightly increased from the balance of US\$2,640,781.00 at the beginning of 2011 to US\$3,149,029.79 as at 14 November 2011.
181. The Committee on Finance and Administration reviewed the Auditor's report for the Financial Year 2010 and recommended to the Council to approve the report of the Independent Public Accountants on the Accounts of the Organization for the Year 2010. The Committee also recommended to the Executive Director to re-engage the same Auditor for the second year to audit the Accounts of the Organization for the financial year 2011.
182. The Vice-Chairperson of the Committee for 2011, Dr. Atsushi Suginaka of Japan, was elected Chairperson of the Committee for 2012. Mr. Pearl Jules of Suriname was elected Vice-Chairperson of the Committee for 2012.
183. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

#### **ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2011 (Agenda Item 23)**

184. Ms. Carolina Costellini (Brazil.), on behalf of the Producer Group, nominated Mr. Makoto Ozawa (Japan) as Chairperson of the Council for 2012.
185. Ms. Ellen Shaw (U.S.A), on behalf of the Consumer Group, nominated Mr. Jose Trinidad Suazo Bulnes (Honduras) as Vice-Chairperson for the Council for 2012.
186. The Council unanimously approved both nominations.

#### **DATES AND VENUES OF THE FORTY-EIGHTH AND FORTY-NINTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 24)**

187. Mr. Antoine Ndongou (Gabon) announced that pursuant to Council Decision 8(XLVI) the Forty-ninth Session of the Council would be convened in Libreville, Gabon on 25-30 November 2013.

188. Ms. Yoshiko Horiguchi (Japan) confirmed that the Forty-eighth Session of the ITTC would be convened in Yokohama, Japan on 5-10 November 2012.

#### **OTHER BUSINESS (Agenda Item 25)**

189. Ms. Eheth Nee Ongmanong Victoire (Cameroon) apologized to the Council for the inability of H.E. Dr. Elvis Ngolle Ngolle, Minister of Forests and Wildlife of Cameroon to attend the Forty-seventh Session due to circumstances beyond his control. She commended the Chairperson of the Council for his able leadership of the Council. She also expressed her country's gratitude to the Council for the confidence reposed in the Executive Director, Mr. Emmanuel Ze Meka, a national of Cameroon, by extending his tenure of office for a second term of four years. She wished the Executive Director and his team every success in his new mandate.
190. Mr. Jose Trinidad Suazo Bulnes (Honduras) expressed his country's gratitude to the Council for the gratification received on the announcement of the ratification of the ITTA, 2006 by the Government of Honduras. He thanked the Government of Guatemala for the hospitality accorded to delegates during the Forty-seventh Session of the Council. He particularly expressed his gratitude to Mr. Ivan Morales, Director of INAB. He drew the Council's attention to his country's concern about the state of its mangrove forests which had for centuries supported the livelihoods of communities and the development of the forest industry but was coming under threat because of over-exploitation and urban expansion. He referred to the ITTO Mangrove Work plan which was adopted by the Council in 2006 to direct the efforts of member countries requesting support from ITTO. He noted, however, that the Mangrove Work plan had not been updated and called for its review and update to guide member countries in formulating projects for the management, conservation, and rehabilitation of mangrove ecosystems. In this regard he proposed that ITTO should organize a world forum on mangroves, involving all the three tropical regions of Africa, Asia-Pacific and Latin America. In his concluding remarks, Mr. Bulnes expressed his gratitude to the Council for the trust and confidence reposed in him by electing him as Vice-Chairperson of the Council for 2012.

#### **Statement by the Civil Society Advisory Group**

191. The Civil Society Advisory Group (CSAG) expressed gratitude to the Government of Guatemala for the warm hospitality accorded to both delegates and observers. CSAG also thanked the Executive Director for the support given to the CSAG which allowed the Group to secure the participation of the representatives of forest communities and producers of Guatemala and Mesoamerica in the Forty-seventh Session of the ITTC and expressed its commitment to fulfill its role as civil society stakeholders contributing to the development of ITTO policies, as partners of the member governments and other entities, and as potential implementing agents of ITTO activities, including ITTO sponsored projects.
192. CSAG was glad to have organized on 15 November 2011 the Side-event of the Mesoamerican Alliance for Peoples and Forests (AMPB) and the National Alliance of Community Forestry Organizations (ANFC) with the support of the Rights and Resources Initiative (RRI), the International Union for the Conservation of Nature (IUCN) and the Rainforest Alliance (RA). It noted that these groups of foresters and producers from 7 countries had collective rights over 50 million hectares of forests, constituting the majority of the forest cover in the region, supporting biodiversity and the livelihoods of many communities as well as generating income and earnings. The experience of these producers was a demonstration of the potential of communities with collective rights over forests to implement Sustainable Forest Management (SFM) in tropical forests and, at the same time, contribute to poverty alleviation by managing healthy community enterprises and promoting social wellbeing. CSAG further noted that the Side-event also highlighted the commitment of the Government of Guatemala to promote community forestry as well as the exemplary cooperation between the Government of Guatemala and local communities.
193. In this context, CSAG noted some relevant issues addressed during the deliberations of the 47th ITTC Session, particularly in the Annual Market Discussion, given the impacts of the current financial crisis and the dynamic global context of the timber trade and the management of tropical forests and its related implications to the on-going forest tenure changes and reforms, as shown during the Asian Conference on Forest Tenure held in Lombok,
194. CSAG brought to the attention of ITTO members the importance of the following emerging issues:
- The Annual Market Discussion showed the response of producers and markets to the continued financial crisis. CSAG noted that some producers had gone bankrupt and others had shifted



their sales from export markets to local or inter-regional markets. Small export-oriented producers had been the group most negatively affected as market demand had decreased and access to financial mechanisms, including credit facilities and risk insurance, had also been reduced. On the positive side, the crisis had generated new opportunities and new competitive advantages for certified green products. In some African countries, entrepreneurs had managed to improve their processing systems and their harvesting equipment because some of the older companies were forced to liquidate their assets.

- The impacts of these market changes and the opportunities for small-scale producers including community enterprises had not been fully analyzed as yet. While it was clear that the rapid growth of the economies of developing countries and demographic changes, including the expansion of the urban frontier, would result in the growth of domestic and inter-regional markets, the situation was still uncertain whether the shift to domestic markets would benefit local stakeholders and communities by incorporating them into the value chain or whether it would end up excluding them from the market. CSAG noted the importance of FLEGT, the Lacey Act and other regulatory measures for small companies and small-scale community enterprises but only if these companies took into account national regulations and legal barriers
- The new comparative advantages for green and certified products as well as the growing interest in the contribution of forests to climate change mitigation and adaptation activities could in fact favour an increased participation of small producers and indigenous peoples as well as community producers.

195. CSAG firmly believed that ITTO has a significant opportunity and responsibility to understand the possible benefits and disadvantages that could derive from this change of paradigm for producers and proposed that ITTO should implement a two-year program to review the following issues:

- (a) current involvement and future trends of small producers and community enterprises in domestic and inter-regional markets for both timber and non-timber products and other environmental services in the three tropical regions building on the initial work carried out in the Congo Basin; and
- (b) Regulatory barriers and incentives to support and ensure the participation of small producers and community enterprises in these domestic and inter-regional markets given the impact of the Lacey Act and the EU Timber Product Regulations on the markets,

196. CSAG noted that civil society stakeholders and community enterprises and their organizations were interested in proposing activities for the five ITTO thematic programmes as a potential avenue to expand the framework for proposals to be submitted to ITTO and its focal points, including those on non-timber forest products, under a proactive training and outreach process. CSAG also stated that the ITTO regional officers in Africa and Latin America, as well as the Secretariat in Asia should play an important role in providing information and guidelines to focal groups in government, as well as to civil society and community organizations, within the framework of the ITTA, 2006, including information on financing opportunities under the thematic programmes and that this should be done as a complement to capacity-building actions as part of the project proposal formulation process within the ITTO. CSAG emphasized the need for capacity-building for civil society and government officers in order for them to be able to provide direct support to small producers.

197. CSAG made the following recommendations to the Forty-seventh Session of the Council:

- (a) A study should be implemented in the three regions to review the current status and trends in the share of small producers and community enterprises in domestic and regional markets, as well as legal barriers and incentives to participate in these markets, so that these issues could be discussed in a conference setting in Africa, Asia and Latin America, and specific actions identified at the national and regional levels including specific inputs for ITTO.
- (b) After the completion of the series of conferences on forest tenure ITTO should generate information as a follow-up to the outputs of these conferences and should, therefore, establish mechanisms to monitor and report on the status of forest tenure and ownership on the basis of the information generated by ITTO members and other cooperating agencies with relevant mandates and experience.

- (c) Funding should be made available to ensure the formal participation of the members of the Civil Society Advisory Group in the formulation of policies and in particular to include an item in the agenda of ITTC Sessions to discuss, on an annual or biannual basis, relevant issues and policies at the CSAG level.

198. CSAG expressed its gratitude to ITTO for the opportunity to contribute to the revision of the sustainable forest management guidelines and recommended that the Group should continue its involvement in the field revision of these guidelines. The Group also stressed the importance of gender issues within ITTO despite the lack of funding in the Biennial Work Programme for 2010-2011 and hoped to be able to play an active role in both the Council and the Secretariat to ensure the future success of ITTO.

#### **La Antigua Guatemala Declaration Of Forest Owners and Producers of Mesoamerica**

199. Meeting in the City of La Antigua Guatemala on 14, 15, 16 and 17 November 2011, we, the representatives of indigenous and rural forest producer organizations of Panama, Costa Rica, Nicaragua, Honduras, El Salvador, Guatemala, Belize and Mexico, constituted as the Mesoamerican Alliance of Peoples and Forests, convened by the Civil Society Advisory Group – CSAG, within the framework of the Forty-seventh Session of the International Tropical Timber Organization (ITTO), hereby declare:

- That there are about 70 million hectares of temperate and tropical forests in the Mesoamerican region, 50 million of which are held by indigenous and rural communities, representing a strategic territory for mankind at large due to the contribution they are making in the common struggle against climate change.
- That we are forest producers who are managing our forests in accordance with our set of principles, standards and traditions without disturbing the ecological balance and thus demonstrating that we are working in harmony with the forests, the people and the community.
- That although our communities have ancestrally protected our forests and jungles, the legislation and governments in recent times has enabled the appropriation of the sustainable management and harvesting of these ecosystems by others.
- That the sustainable management and harvesting of our forests by indigenous and rural communities in the short period of time that it has been implemented in our countries and in some cases, despite recessive government policies, has demonstrated to be successful in conserving our ecosystems, guaranteeing the provision of environmental services, raising the income levels and living standards of the population, providing opportunities for young people and, in general, strengthening the social fabric of communities in order to fight off undesirable phenomena that destroy our forests.

200. In view of the above:

We hereby recommend that the ITTO include the following issues in its agenda as a matter of high priority:

- Strengthen social and production organization
- Provide access to credit for indigenous and rural communities
- Promote measures aimed at increasing the productivity of rural and indigenous enterprises
- Promote capacity-building for the development of rural and indigenous enterprises
- Promote a fair and equitable carbon market

201. We encourage consumer members and donors to provide financial support to the Thematic Programme on Community Forest Management and Enterprises as a matter of urgency so as to provide an alternative to promote the indigenous and rural communities' forestry agenda and thus reduce the timeframe for the processing, review and approval of project proposals.

202. Finally, we wish to affirm to the ITTO Council that we recognize the importance of multinational fora such as this, but that the fundamental pillar of its work must be to support rural and indigenous communities such as ours who are demonstrating in Mesoamerica that Community Forest Management makes it possible to strike a harmonious balance between forests, production and communities.

Issued in the City of La Antigua Guatemala on 17 November 2011.

## **DECISIONS AND REPORT OF THE SESSION (Agenda Item 26)**

203. The Chairperson referred to documents ITTC(XLVII)/16 – ITTC(XLVII)/18 comprising the three (3) Decisions for consideration and adoption by the Council.
204. The Council approved all the three (3) Decisions. Amendments and editorial corrections were noted. Rule 33 of the Rules of Procedures is to be applied to the circulation of the decisions and the report of the Council to Members.
205. The texts of the three Decisions adopted by the Council are contained in Annex III.

## **CLOSING OF THE SESSION (Agenda Item 27)**

206. Mr. Enzo Barattini (European Union) expressed gratitude to the Chairperson for his effective and able leadership of the Forty-seventh Session of the Council. He thanked the staff of the Secretariat for their professionalism and hard work. Mr. Barattini expressed his gratitude to all delegates and formally informed the Council of his retirement from active service and that the Forty-seventh Session was his last Session. The Council acknowledged the many years of service and immense contributions made to the Organization by Mr. Barattini with a round of applause.
207. Mr. David Oliver (U.S.A) on behalf of the United States delegation commended the Chairperson for managing a successful meeting of the Council. He expressed satisfaction with the package of projects, programmes and activities financed through voluntary contributions during the Session and that the outcome was a demonstration of the important role that the Organization plays in developing and disseminating information as well as in capacity building, policies and practice. Mr. Oliver expressed his gratitude to the Vice-Chairperson of the Council, Chairs, and Vice-chairs of the Committees as well as to the Consumer and Producer Spokespersons for their leadership role and in forging compromises on difficult issues. He commended the Executive Director and staff of the Secretariat for their professionalism, competence, hard work and patience and in particular expressed gratitude to Messrs. Mahboob Hasan and Charas Mayura for their long years of service and dedication to the Organization and congratulated them on their impending retirement. Mr. Oliver also paid tribute to the 25 years contribution of Mr. Enzo Barattini to the Organization. He noted that Mr. Barattini had been a towering figure in the Organization and the Council would miss his wisdom, expertise and institutional knowledge, particularly as the Organization transitions to the ITTA, 2006. Mr. Oliver expressed his gratitude to the Government of Guatemala for successfully hosting the Forty-seventh Session. He noted that as the Organization transitions to the ITTA, 2006, hopefully in 2012, there would be significant challenges in the short term but these challenges would put the Organization on a stronger footing in the longer term and was glad that the Forty-seventh Session was able to adopt important steps towards the transition.
208. Dato' Dr. B.C.Y. Freezailah (Malaysia) on behalf of the Malaysian delegation, thanked the Government of Guatemala for hosting the Forty-seventh Session of the International Tropical Timber Council (ITTC) Meeting in the beautiful and historical city of La Antigua and also extended appreciation to the Government of Guatemala for the excellent arrangements and the warm hospitality accorded to delegates during the Session. He expressed his appreciation to the Chairperson for his able leadership, skills and dedication. Dr. Freezailah also thanked members of the Chairperson's bureau, Chairs and Vice-chairs of the Committees as well as all donors for their generosity. He paid tribute to Mr. Enzo Barattini for his long years of service and dedication to ITTO and noted that his wisdom, depth of knowledge on issues related to commodities would continue to guide the Organization after his retirement. Dr. Freezailah also sent good wishes to Ms. Jan McAlpine, Director of the United Nations Forum on Forests who was taken ill in the course of the Session and wished her speedy recovery.
209. Dr. Freezailah stated that it was 25 years ago, when ITTO commenced operational activities and called on the Council to take stock of what the Organization had been able to achieve in terms of promoting and implementing sustainable forest management (SFM) to achieve trade in sustainable timber within the framework of the International Tropical Timber Agreement, 1994. He noted that on 6th June 2011, ITTO released a comprehensive report on the state of tropical forest management and quoted some statistics from the report which showed that forest cover in the thirty-three (33) ITTO Producing member countries was 1.42 billion ha with a permanent forest estate or PFE, totaling 403 million ha for timber production. From this total area, close to 30.6 million ha, or nearly 8 percent, could be considered to be under SFM, out of which only 17 million ha had been certified for sustainability. He indicated that

Malaysia has had a long history of systematically managing its forest resources and would like to further reiterate her commitment to the implementation of SFM. While placing greater emphasis on the conservation and management of forest resources on a sustainable manner, Malaysia was equally committed to conservation and sustainable management of biodiversity and forests in the country's socio-economic development agenda.

210. On the international front, Dr. Freezailah expressed concern about the developments and market requirements that affect tropical timber trade. He noted that the United States, through the Lacey Act, was compelling importers of timber to purchase only legal timber. Australia was also in the process of enacting legislation with similar objectives. Within the framework of its FLEGT Action Plan, the EU had passed legislation which would come into force in March of 2013. From that date, imported timber entering the EU, without a FLEGT timber license under the Voluntary Partnership Agreement would be subjected to due diligence to ensure its legality. With the implementation of public procurement policies, and enforcement of legislation demanding certified timber or timber that had been verified for legality, Malaysia was equally concerned on the future market access of tropical timber products and that these evolving regulations might divert timber products to less discerning markets fetching lower prices, with negative impact on the implementation of SFM. He underlined that in view of these perspectives and developments outlined, the Organization was indeed at a crucial juncture in order to remain relevant, effective and efficient.
211. In his concluding remarks, Dr. Freezailah expressed his gratitude to the Executive Director and staff of the Secretariat for their dedication and commitment to the Organization.
212. Mr. Moses D. Wogbeh Sr. (Liberia) extended greetings from the newly elected government of Liberia to the Council and commended the Chairperson for his able leadership of the Forty-seventh Session of the Council. He also extended his gratitude to the Government and People of Guatemala for hosting the Forty-seventh Session and looked forward to working with the newly elected Officers of the Council in 2012.
213. Ing. Josue Ivan Morales Dardon (Guatemala), on behalf of the Government of Guatemala, represented by the National Forest Institute (INAB), expressed deepest and sincere gratitude to the Council for the honour of hosting the Forty-seventh Session of the International Tropical Timber Council. He stated that INAB had focused on the task with a lot of motivation, great satisfaction and with a desire to serve and to provide all members with the best possible conditions to ensure the success of the Forty-seventh Session of the Council, particularly given the fact that the Session was being held within the framework of the International Year of Forests and coinciding with the 25th anniversary of the establishment of ITTO. He stressed that the organization of the Session took an enormous amount of effort, from the initial negotiations to change the venue for the Council Session, to the decision about the selection of the host country and, also because of the enormous budgetary difficulties faced by Guatemala and INAB - difficulties that on several occasions raised doubts about the Country's ability to comply with its commitment to hosting the Session. He noted, however, that with the support of some partner organizations and with the exceptional dedication of the Staff and the invaluable support of the ITTO Secretariat, they were extremely pleased and satisfied with the 'mission accomplished'. Mr. Morales stated that the hosting of the Forty-seventh Session by the Government of Guatemala had further reaffirmed the importance of alternating the host country for the Council sessions and its significance for producer member countries.
214. Mr. Morales acknowledged that the world was going through difficult times both in economic and environmental terms, as a result of the collapse of the economies of many countries and due to the effects of climate change, conditions that more than ever before would demand greater care of forests through actions that would ensure their sustainable management in order to ensure that forests continue to be a strategic element in economic, social and environmental wellbeing. He also recognized that countries were facing enormous challenges in their endeavour to ensure the management, conservation and productivity of forests, including challenges such as illegal logging, the lack of appropriate financing mechanisms for forest activities and the difficulty of integrating production chains into the industry and market. He, however, noted that countries were consolidating their forest culture and development through different forest policy instruments, especially through public investments and decisions, including forest incentive programs, the issuing of community and industrial forest concessions, the provision of support for community, private and municipal organizations, and the strengthening of links between natural forests and plantations and the industry and market and thereby allowing countries to rehabilitate deforested lands, promote sustainable forest management and conserve strategic forest ecosystems. He underlined that organizations such as ITTO had become allies in countries' efforts to satisfy the social and economic demands of their people in general and of

the rural and indigenous communities in particular, as well as the global demands related to climate change.

215. Mr. Morales urged ITTO to continue supporting its member countries in their endeavour to promote the sustainable management of tropical forests. He reiterated his sincere thanks for the honour given to his country to host the Forty-seventh Session of the International Tropical Timber Council, and hoped that in the near future the Council would re-visit Guatemala for another Session of the Council. He wished all delegates and invited guests a safe trip back to their respective countries. He extended sincere appreciation to all the delegates of member countries, to the Council, to the Secretariat team and to the different national and international organizations, for providing Guatemala with the appropriate tools and conditions to host the Forty-seventh Session of the Council.

#### **Statement by the Consumers' Spokesperson**

216. Ms. Ellen Shaw (U.S.A.), on behalf of the Consumer Group, thanked the Government and People of Guatemala for hosting the Forty-seventh Session of the ITTC. She also commended the Chairperson of the Council, the Chairpersons and Vice-chairpersons of the various Committees and the entire staff of the Secretariat for their hard work. She recognized in particular Messrs. Mahboob Hasan and Charas Mayura for their long and distinguished years of service to the Organization and wished them success in their retirement. The Consumer Spokesperson also expressed her gratitude to Ms. Carolina Costellini, the Producer Spokesperson for her excellent work and cooperation with the Consumer Group. She noted with pride the accomplishments of the Forty-seventh Session of the Council, including the financing of projects, pre-projects and activities totaling almost USD 12.5 million as well as the excellent assessments and analyses presented in the Committees. She also expressed her gladness with the work of the Fellowship Selection Panel and the selection of impressive group of fellowship recipients. She was pleased with the successful resolution of Administration Budget for 2012, under the Committee on Finance and Administration.

#### **Statement by the Producers' Spokesperson**

217. Ms. Carolina Costellini (Brazil), on behalf of the Producer Group, commended the Chairperson for his able leadership of the Council. She also commended the Secretariat for their hard work and support. Ms. Costellini expressed her appreciation to the Producer Group for their support and the opportunity offered her to serve as Spokesperson for the Group which had been a fruitful personal and professional experience. She expressed her gratitude to all delegations, especially the Consumer Spokesperson for her cooperation, understanding and exchange of views and compromises. She thanked the Government of Guatemala for hosting the Session and for their hospitality.

#### **Statement by the Chairperson-Elect**

218. The Chairperson-Elect, Mr. Makoto Ozawa, stated that it would be his greatest honour to serve as the next Chairperson of the Council in 2012. He thanked the Council for the honour and confidence reposed in him. He commended the outgoing Chairperson, Mr. Bilé Joachim Allogho for his able and strong leadership of the Forty-seventh Session which enabled the Council to reach a successful conclusion. He pledged to do his utmost as Chairperson of the Council by maintaining close relationship with member countries and the Secretariat, with the support of the Vice-chairperson. He was convinced that ITTO would continue to play an important role in tackling the difficult issues of tropical forests and he was looking forward to working with the Organization as its Chairperson in 2012. The Chairperson-Elect thanked the Government of Guatemala for the warm hospitality and for hosting the Forty-seventh Session. He indicated that as a resident of the City of Yokohama he was looking forward to welcoming delegates to the city for the next Session of the Council in 2012.

#### **Closing Statement by the Chairperson**

219. In his closing address to the Council, the Chairperson, Mr. Bilé Joachim Allogho (Gabon) expressed his satisfaction with the outcome of the Forty-seventh Session of the ITTC and thanked all delegates for the spirit of cooperation. He cited the adoption of the Biennial Work Programme 2012-2013 and indicated that the activities already funded from the Biennial Work Program would open up new opportunities for the Organization and its members. He hoped that the unfunded activities in the new Work Program as well as other approved projects still pending funding would attract the interest of donors. He also referred to the Decision on the "New ITTO Action Plan 2013-2018" and indicated that the new Action Plan would provide the Council a guide to the future direction in what would certainly be a time of great change for ITTO and global forestry. The Chairperson stated that one change that

would almost certainly take place very soon would be the entry into force of the new agreement, the ITTA, 2006 and encouraged all governments that had not yet completed the necessary procedures to become parties to the new agreement to increase their efforts. He noted that it would not be acceptable that the new agreement should enter into force with the bare minimum of producer members on board; and looked forward to an expanded membership on the producer side under the new agreement. The Chairperson stated that the steps taken by the Council on the entry into force of the new agreement would provide the framework for the Council to continue its important work during the transitional period and allow all current members to take the necessary steps to remain members of ITTO under the new agreement. He hoped that all member countries would work together to make the transition process a smooth one. He acknowledged that there were a number of logistical, administrative, and more substantive issues facing the Organization during the transition to the ITTA, 2006 and that these issues would be challenging. However, he was hopeful that ITTO, as a family, and like all good family members, would achieve a smooth transition between the two Agreements.

220. The Chairperson was glad that the Forty-seventh Session had run very smoothly. He, however, admitted that the negotiations on the budget had given him some concerns and underlined that the dilemma over how to fund the Organization would be re-visited upon the entry into force of the ITTA, 2006. The Chairperson reminded delegates that as they were looking for ways to streamline and make the Organization more efficient, they should also bear in mind the morale of the dedicated Secretariat and the demands placed on them. He also reminded delegates that the Organization was competing for staff with a growing range of other national and international organizations active in forestry and that the Council's efforts to economize could lead to the departure of key staff, and that such initiative might in the end prove counter-productive. The Chairperson stated that he was expecting the negotiations on the first budget under the ITTA, 2006 to prove even more challenging, and requested members to return to their various countries and, before the next Session, undertake a careful and honest cost-benefit analysis of the resources they commit to ITTO (both mandatory assessments and voluntary contributions) as compared to other international organizations operating in the forestry sphere. He hoped that if member countries maintained their long-standing spirit of cooperation, the Council would be able to find a solution to the funding of the Organization which would allow ITTO to maintain its lean and efficient operating structure while maintaining a desirable environment for the talented Secretariat staff and thereby allowing the Organization to continue its valuable contributions to sustainable tropical forestry.
221. The Chairperson, on behalf of the Council, expressed profound gratitude and appreciation to the Government of Guatemala, for the hospitality and for hosting the Session. He also thanked the Executive Director and the staff for their professionalism and for their unwavering support to the Council.
222. In his concluding remarks, the Chairperson thanked the Council for the opportunity offered to him to serve the Council over the past two years, first in the capacity as Vice-chair and then Chairperson and that it had been especially rewarding for him to be Chair of the Council during the 25th anniversary of the Organization which also coincided with the International Year of Forests. He stated that the strong interest of Gabon in ITTO is manifested in the country's offer to host the Forty-ninth Session of the Council in 2013 and he was looking forward to welcoming all delegations to Libreville. He wished all delegations a safe trip home and a happy holiday season. The Chairperson extended his best wishes to Mr. Makoto Ozawa, the Chairperson-elect for 2012 and wished him every success.
223. The Chairperson officially closed the Forty-seventh Session of the ITTC.

## **ANNEX I**

### **LIST OF PARTICIPANTS**

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FORTY-SEVENTH SESSION  
14 – 19 November 2011  
La Antigua Guatemala, Guatemala

**LIST OF PARTICIPANTS**

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**LISTE DES PARTICIPANTS**

\* \* \* \* \*

**LISTA DE PARTICIPANTES**



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Punto Focal Mexico  
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|                  |                           |
|------------------|---------------------------|
| Chairperson      | Mr. Joachime Bilé Allogho |
| Vice-Chairperson | Mr. Makoto Ozawa          |

### **Economic Information and Market Intelligence**

|                  |                               |
|------------------|-------------------------------|
| Chairperson      | Mr. Josue Ivan Morales Dardon |
| Vice-Chairperson | Mr. Rob Busink                |

### **Reforestation and Forest Management**

|                  |                                    |
|------------------|------------------------------------|
| Vice-Chairperson | Dato' Dr. Abdul Rahman Abdul Rahim |
|------------------|------------------------------------|

### **Forestry Industry**

|                  |                        |
|------------------|------------------------|
| Chairperson      | Dr. Samuel Ebia Ndonga |
| Vice-Chairperson | Dr. James Gasana       |

### **Finance and Administration**

|                  |                      |
|------------------|----------------------|
| Chairperson      | Dr. Agus Sarsito     |
| Vice-Chairperson | Dr. Atsushi Suginaka |

### **Spokespersons**

|           |                         |
|-----------|-------------------------|
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\* \* \*

## **ANNEX II**

## **AGENDA**

**DOCUMENT: ITTC(XLVII)/Rev.1**



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18 October 2011

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FORTY-SEVENTH SESSION  
14-19 November 2011  
La Antigua Guatemala, Guatemala

## PROVISIONAL AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Report of the Credentials Committee
6. Proposed Distribution of Votes for 2011
7. Admission of Observers
8. Statement by the Executive Director
9. Report of the Informal Advisory Group (IAG) – Decision 5(XXVI)
10. Enhancing Cooperation between ITTO and CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)
  - (a) CITES Listing Proposals by Members – Decision 3(XVI)
  - (b) Report on the Implementation of the CITES Programme
11. Annual Review and Assessment of the International Tropical Timber Situation in 2011
12. Entry into force of the ITTA, 2006 – Decisions 3(XLI), 7(XLIV) and 3(XLV)
13. ITTO Biennial Work Programme
  - (a) Progress Report on the Implementation of the ITTO Biennial Work Programme 2010-2011
  - (b) ITTO Work Programme 2012-2013

14. ITTO Thematic Programmes
  - (a) Report on the Current Status of Implementation of the ITTO Thematic Programmes
  - (b) Pledges to the ITTO Thematic Programmes
15. Developments in the UNFCCC regarding Forests and their Potential Implications for Tropical Forests and the World Tropical Timber Economy – Decisions 2(XXXIX) and 1(XLI)
16. ITTO/CBD Collaborative Initiative to Conserve Tropical Forests – Decision 6(XLVI)
17. International Year of Forests, 2011 and the 25th Anniversary of ITTO – Decision 3(XLVI)
18. The Role of ITTO in International and Regional Organizations and Fora – Decision 7(XXX)
  - (a) Enhancing collaboration between ITTO and Japan International Cooperation Agency (JICA)
  - (b) Collaboration between ITTO, FAO and IFIA towards a Strategy to Promote the Forest Industry Development in the Congo Basin
19. ITTO Fellowship Programme – Decision 4(XXVII)
  - (a) Progress Report on the ITTO Fellowship Programme
  - (b) Report of the Chairperson of the Fellowship Selection Panel
20. Annual Report for 2010
21. Special Account and Bali Partnership Fund
  - (a) Pledges to the Special Account and the Bali Partnership Fund
  - (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)
22. Reports of the Associated Sessions of the Committees
23. Election of Chairperson and Vice-Chairperson of the Council for 2012
24. Dates and Venues of the Forty-eighth and Forty-ninth Sessions of the Council and the Associated Sessions of the Committees
25. Other Business
26. Decisions and Report of the Session
27. Closing of the Session

## **ANNOTATIONS TO THE PROVISIONAL AGENDA**

### **Item 1 - Opening of the Session**

The Forty-seventh Session of the Council will be opened by the Chairperson of the Council, Mr. Bilé Joachim Allogho (Gabon).

### **Item 2 - Ascertainment of the Quorum**

The Executive Director will report to the Council on the state of the quorum requirement for the start of the Session.

### **Item 3 - Adoption of Agenda and Organization of Work** [Document ITTC(XLVII)/1/Rev.1]

The Council may decide to consider and adopt its Agenda. On the schedule of meetings, the Council may consider the draft schedule distributed under Decision 5(XXII), the advice of the Informal Advisory Group (IAG) and undertake due consultations in the Chairperson's Coordinating Bureau, issuing the time-table daily and at more frequent intervals as necessary.

### **Item 4 - Report on Membership of the Council**

The Executive Director will report on the status of membership of the Council.

### **Item 5 - Report of the Credentials Committee** [Document ITTC(XLVII)/3]

The Council may consider and adopt the Report of the Credentials Committee and approve the credentials of delegations.

### **Item 6 - Proposed Distribution of Votes for 2011** [Document ITTC(XLVII)/1/Rev.1 Annex]

The proposed distribution of votes for the year 2011, in accordance with Article 10(6) of the ITTA, 1994, is shown in the Annex to this Provisional Agenda. In accordance with Article 19(4) of the ITTA, 1994, this distribution of votes will be used for the assessment of the contribution of each Member to the Biennial Administrative Budget for 2012-2013.

### **Item 7 - Admission of Observers** [Document ITTC(XLVII)/Info.3]

The Council may decide to admit those States and Organizations which request admission to the Session as Observers. Two lists of such applicants will be submitted at the Session for consideration and decision. The first such list shall contain the names of all States and Organizations which have previously been admitted to the Council Sessions and the second those States and Organizations who are applying for admission on the first occasion at this Session.

### **Item 8 - Statement by the Executive Director**

The Executive Director will address the Council and report on activities of the Organization and other developments of relevance to the Organization.

### **Item 9 - Report of the Informal Advisory Group (IAG) – Decision 5(XXVI)** [Document ITTC(XLVII)/2]

Pursuant to Decision 5(XXVI), and in order to organize its work for the Session, the Council may consider the report of the Twenty-fifth Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 13 November 2011.

The report of the Twenty-fifth Meeting of the IAG will be presented by the Chairperson, Mr. Bilé Joachim Allogho (Gabon).

**Item 10 - Enhancing Cooperation between ITTO and CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)**  
[Document ITTC(XLVII)/4]

- (a) Pursuant to its Decision 3(XVI) the Council may arrange consultations on Members' proposals to list internationally traded tropical timber species in the CITES Appendices which have been reported to the Secretariat since the last Session.
- (b) The Council will receive a report on the implementation of the programme to improve country capacity to implement CITES listings of tropical timber species.

**Item 11 - Annual Review and Assessment of the International Timber Situation in 2011**  
[Document ITTC(XLVII)/5]

The Council may wish to base its discussion on this item on the following:

(i) Elements for the 2011 Annual Review and Assessment of the International Timber Situation

This is prepared by the Secretariat and comprises statistics and available data on production, imports and exports of timber products, emphasizing tropical timber products, and an analysis of economic and market developments. The Elements for the 2011 Annual Review will be partly based on information extracted from national responses to the ITTO/UNECE/FAO/EUROSTAT Joint Forest Sector Questionnaire and partly from other sources.

(ii) A General Introductory Statement by the Secretariat

Using various sources of information including the Elements for the 2011 Annual Review, the Statement will give an overview of the world timber situation, focusing on tropical timber, including recent developments and the short-term outlook based on available forecasts.

The Council may also decide after due discussions the type of statistics and information and the format of presentation Members shall furnish on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests as stipulated in Article 29(2) of the ITTA, 1994.

**Item 12 - Entry into Force of the ITTA, 2006 – Decisions 3(XLI), 7(XLIV) and 3(XLV)**  
[Document ITTC(XLVII)/6]

Pursuant to its Decisions 3(XLI), 7(XLIV) and 3(XLV) the Council will receive the report of the Executive Director on the status of deposits of instruments of ratification, acceptance and approval to the ITTA, 2006 as contained in document ITTC(XLVII)/6.

**Item 13 - ITTO Biennial Work Programme**  
[Documents ITTC(XLVII)/7 and ITTC(XLVII)/8]

- (a) The Council will receive the progress report on the implementation of the Biennial Work Programme for 2010–2011.
- (b) The Council will consider and approve the Biennial Work Programme for 2012–2013.

**Item 14 - ITTO Thematic Programmes**  
[Document ITTC(XLVII)/9]

- (a) Report on the Current Status of Implementation of the ITTO Thematic Programmes.

The Council will receive the progress report on the status of implementation of the ITTO Thematic Programmes.



- (b) Pledges to the ITTO Thematic Programmes.

The Council may invite Members and Observers to announce any new contributions they may wish to pledge to the ITTO Thematic Programmes.

**Item 15 - Developments in the UNFCCC Regarding Forests and their Potential Implications for Tropical Forests and the World Tropical Timber Economy – Decisions 2(XXXIX), 1(XLI) and 2(XLIII)**

[Documents ITTC(XLVII)/10]

Pursuant to its Decisions 2(XXXIX), 1(XLI), and 2(XLIII) the Council will be updated on developments in the UNFCCC regarding forests.

**Item 16 - ITTO/CBD Collaborative Initiative to Conserve Tropical Forests– Decision 6(XLVI)**

[Document ITTC(XLVII)/11]

Pursuant to its Decision 6(XLVI), the Council will be updated on developments in the ITTO/Collaborative Initiative to conserve tropical forests.

**Item 17 - International Year of Forests, 2011 and the 25<sup>th</sup> Anniversary of ITTO – Decision 3(XLVI)**

[Document ITTC(XLVII)/12]

Pursuant to its Decision 3(XLVI) the Secretariat will report to the Council on ITTO activities undertaken in commemoration of the International Year of Forests, 2011 and the 25<sup>th</sup> Anniversary of ITTO's establishment.

**Item 18 - The Role of ITTO in International and Regional Organizations and Fora – Decision 7(XXX)**

- (a) Further to the Memorandum of Understanding established between ITTO and the Japan International Cooperation Agency (JICA) to enhance collaboration between the two institutions, the Council will receive a report on the status of collaboration between ITTO and JICA.
- (b) The Council will be informed on collaboration between ITTO, FAO and the Inter-African Forest Industry Association (IFIA) on a strategy to promote the development of further processing of tropical timber in the Congo Basin ITTO member countries.

**Item 19 - ITTO Fellowship Programme – Decision 4(XXVII)**

[Documents ITTC(XLVII)/13 and ITTC(XLVII)/14]

The Council may consider: (a) the progress report prepared by the Secretariat on the implementation of the ITTO Fellowship Programme, as called for in Decision 4(XXVII) [Document ITTC(XLVII)/13]; and (b) the report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(XLVII)/14]. The Council will announce the final selection of awards based on the Chairperson's report.

**Item 20 - Annual Report for 2010**

The Secretariat will present to the Council the Annual Report for 2010.

**Item 21 - Special Account and Bali Partnership Fund**

[Document ITTC(XLVII)/15]

- (a) Pledges to the Special Account and the Bali Partnership Fund.

The Council may invite Members and Observers to announce any new contributions they may wish to pledge to the Special Account and the Bali Partnership Fund.

- (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund.

The Council will have before it the report of the Panel on Sub-Account B of the Bali Partnership Fund established under Decision 4(XXX) to consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B. The Council may consider and adopt the recommendations contained in the report [Document ITTC(XLVII)/15].

**Item 22 - Reports of the Associated Sessions of the Committees**

The Council will have before it the Reports of the Associated Sessions of the Committees presented by the respective Chairpersons. The Council may consider and adopt the recommendations contained in each of the Reports.

**Item 23 - Election of Chairperson and Vice-Chairperson of the Council for 2012**

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2012. Under Article 8 of the ITTA, 1994, the Council is required to elect a Chairperson and Vice-Chairperson for each calendar year. Under Article 8, paragraph 2, the Chairperson and the Vice-Chairperson, one from among the representatives of producing countries, and the other from among the representatives of the consuming countries, are required to alternate each year between the two categories of Members, provided, however, that this shall not prohibit the re-election to either or both under exceptional circumstances by Special Vote of the Council.

**Item 24 - Dates and Venues of the Forty-eighth and Forty-ninth Sessions of the Council and the Associated Sessions of the Committees – Decision 8(XLVI)**

In order to maintain the established practice of setting Session dates and venues eighteen months or more in advance to facilitate logistical arrangements, the Council may wish to set the dates and venues of its Forty-eighth and Forty-ninth Sessions.

Pursuant to its Decision 8(XLVI), the Council decided that its Forty-eighth Session will be convened in Yokohama, Japan, on 5-10 November 2012; and its Forty-ninth Session in Libreville, Gabon. The Council may wish to confirm the dates and venue of the Forty-eighth Session and set the dates for the Forty-ninth Session in Libreville, Gabon.

**Item 25 - Other Business**

The Council may consider any matters brought under this item.

**Item 26 - Decisions and Report of the Session**

The Council shall consider the proposed Decision(s) and adopt it/them accordingly. In accordance with Rule 33 of the Rules of Procedure, a report on the proceedings shall be prepared by the Executive Director and shall be circulated to all Members as soon as possible.

Through Decision 7(XXXIII) the Council adopted the following procedures for its decision making:

- (a) The Council will give guidance to the Executive Director through the Council Chairperson on routine or non-controversial matters not having financial implications. This guidance will be included in the Report of the Session, not reflected as decisions of the Council.
- (b) In order for draft decisions by Members to be considered by the Council, the following procedures will be adopted:
  - In relation to the Provisional Agenda, Members submit proposals for Council decisions to the Executive Director for circulation to all Members not less than two weeks prior to the Council Session. Each proposal contains three elements: the subject, the purpose of the decision, and the proposed action, including any financial implications. The Executive Director will not circulate incomplete proposals.
  - Minus Day 1: The IAG considers the proposals for Council decisions from Members, as well as proposals from the Executive Director.
  - Council Day 1: The Chairperson presents the proposals to Council as part of the IAG report.
  - Day 2: The proposals for draft decisions are discussed in Caucuses and via informal consultations.

- Day 3: The Council decides the topics it will consider for decision; then the Chairperson, assisted by a small group and the Executive Director, develops preliminary draft decisions for circulation to and consideration by all Members.
- Day 4: The Chairperson's Open-Ended Drafting Group convenes to discuss and finalise draft decisions.
- Noon, Penultimate Day: Final decisions are submitted for translation. Decisions still under negotiation are deferred to the next Council Session.

The Council may wish to review the above procedures.

**Item 27 - Closing of the Session**

Following any final statements by Delegates, the Chairperson will close the Forty-seventh Session of the Council.

Annex

**PROPOSED DISTRIBUTION OF VOTES FOR 2011**

|                                  | <u>No. of Votes</u> |                    |
|----------------------------------|---------------------|--------------------|
|                                  | 2010                | 2011<br>(Proposed) |
| <u>PRODUCING MEMBERS</u>         |                     |                    |
| <b>Africa</b>                    |                     |                    |
| Cameroon                         | 27                  | 28                 |
| Central African Republic         | 27                  | 28                 |
| Congo                            | 27                  | 28                 |
| Côte d'Ivoire                    | 27                  | 28                 |
| Democratic Republic of the Congo | 28                  | 28                 |
| Gabon                            | 28                  | 28                 |
| Ghana                            | 27                  | 28                 |
| Liberia                          | 27                  | 28                 |
| Nigeria                          | 27                  | 28                 |
| Togo                             | 27                  | 27                 |
|                                  |                     |                    |
| Asia & Pacific                   |                     |                    |
| Cambodia                         | 16                  | 16                 |
| Fiji                             | 14                  | 14                 |
| India                            | 28                  | 28                 |
| Indonesia                        | 88                  | 84                 |
| Malaysia                         | 112                 | 112                |
| Myanmar                          | 45                  | 47                 |
| Papua New Guinea                 | 27                  | 26                 |
| Philippines                      | 15                  | 15                 |
| Thailand                         | 16                  | 17                 |
| Vanuatu                          | 13                  | 13                 |
|                                  |                     |                    |
| Latin America/Caribbean          |                     |                    |
| Bolivia                          | 25                  | 24                 |
| Brazil                           | 142                 | 144                |
| Colombia                         | 24                  | 23                 |
| Ecuador                          | 15                  | 14                 |
| Guatemala                        | 11                  | 11                 |
| Guyana                           | 15                  | 15                 |
| Honduras                         | 11                  | 11                 |
| Mexico                           | 24                  | 24                 |
| Panama                           | 12                  | 11                 |
| Peru                             | 30                  | 29                 |
| Suriname                         | 14                  | 13                 |
| Trinidad and Tobago              | 10                  | 10                 |
| Venezuela                        | 21                  | 20                 |
|                                  |                     |                    |
| Total:                           | 1,000               | 1,000              |

|                          | No. of Votes |                    |
|--------------------------|--------------|--------------------|
|                          | 2010         | 2011<br>(Proposed) |
| <u>CONSUMING MEMBERS</u> |              |                    |
| Australia                | 16           | 17                 |
| Canada                   | 16           | 18                 |
| China                    | 246          | 278                |
| Egypt                    | 17           | 20                 |
| European Union           |              |                    |
| Austria                  | 11           | 11                 |
| Belgium/Luxembourg       | 19           | 18                 |
| Denmark                  | 13           | 13                 |
| Finland                  | 10           | 10                 |
| France                   | 38           | 37                 |
| Germany                  | 21           | 21                 |
| Greece                   | 12           | 11                 |
| Ireland                  | 15           | 15                 |
| Italy                    | 33           | 31                 |
| Netherlands              | 36           | 37                 |
| Poland                   | 12           | 12                 |
| Portugal                 | 17           | 16                 |
| Spain                    | 28           | 24                 |
| Sweden                   | 11           | 11                 |
| United Kingdom           | 31           | 30                 |
| Japan                    | 184          | 177                |
| Nepal                    | 10           | 10                 |
| New Zealand              | 11           | 11                 |
| Norway                   | 11           | 11                 |
| Republic of Korea        | 78           | 73                 |
| Switzerland              | 11           | 12                 |
| United States of America | 93           | 76                 |
| Total:                   | 1,000        | 1,000              |

\* \* \*



### **ANNEX III**

#### **TEXT OF THE DECISIONS**

#### **ADOPTED BY THE COUNCIL AT ITS FORTY-SEVENTH SESSION**

**DOCUMENT: ITTC(XLVII)/16  
DOCUMENT: ITTC(XLVII)/17  
DOCUMENT: ITTC(XLVII)/18**





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FORTY-SEVENTH SESSION  
14-19 November 2011  
La Antigua Guatemala, Guatemala

## DECISION 1(XLVII)

### PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Forty-seventh Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM-CFI(XLV)/5 , and CRF(XLV)/8; and the report of the Seventeenth Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(XLVII)/15;

Noting that the time-bound electronic no objection procedures to accept Expert Panel Ratings for Projects and Pre-Projects and requests for their funding were conducted during the project cycle for Spring and Autumn 2011;

1. Decides to:

- (i) Endorse the approval obtained through the time-bound electronic no objection procedure for the following Projects and Pre-Project:

(a) Spring project cycle for 2011:

|                     |                                                                                                                                                                                                               |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PD 599/11 Rev.1 (M) | Development and Testing of National Forest Stock Monitoring Sysytem (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration<br>(The Philippines)<br>ITTO Budget: \$497,930.00 |
| PD 563/09 Rev.3 (F) | Community Based Forest Management of Sungai Medihit Watershed<br>(Malaysia)<br>ITTO Budget: \$537,704.00                                                                                                      |
| PD 584/10 Rev.2 (F) | Implementing the Cooperative Framework between ODEF and the Stakeholders for the Effective Participatory and Sustainable Management of the Eto-Lilicope Forest Complex<br>(Togo)<br>ITTO Budget: \$162,788.00 |
| PD 600/11 Rev.1 (I) | Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia<br>(Indonesia)<br>ITTO Budget: \$537,095.00                                                                |

(b) Autumn project cycle for 2011:

|                      |                                                                                                                                                                                                                                                                |
|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PD 620/11 Rev.1 (M)  | Development and Implementation of a Species Identification and Timber Tracking System in Africa with DNA Fingerprints and Stable Isotopes<br>(Germany)<br>ITTO Budget: \$1,695,342.00                                                                          |
| PD 581/10 Rev.2(F)   | Establishing a Geographic Information System for the Sustainable Management of the Forest Areas of Togo<br>(Togo)<br>ITTO Budget: \$345,840.00                                                                                                                 |
| PD 617/11 Rev.1 (F)  | Promoting Biodiversity Conservation in Betung Kerihun National Park (BKNP) as the Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia (Phase III)<br>(Indonesia)<br>ITTO Budget: \$663,147.00                                             |
| PD 622/11 Rev.1 (F)  | Marketing of Native Plant Seeds, Seedlings and Timber Products to Improve Living Standards and Strengthen Regional Forest Policies in the Amazon Region of Peru: A Pilot case on the Taulia Molinopampa Rural Community<br>(Peru)<br>ITTO Budget: \$149,958.00 |
| PPD 153/11 Rev.1 (F) | Forest Fire Prevention through the Implementation of Regional Actions with the Participation of Local Communities and other Relevant Stakeholders so as to Ensure the Protection of Forests and Ecosystem Services<br>(Colombia)<br>ITTO Budget: \$99,576.00   |

- (ii) Endorse the approval obtained through the time-bound electronic no objection procedure in accordance with Decision 4(XLVI), for the amendment in the project document and budget of the following Project which was approved earlier:

|                                                                                                                                                                                                                                                            |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| PD 456/07 Rev.4 (F)<br>Building the Capacities of Forestry Training Institutions<br>Members of the Network of Central African Forestry and<br>Environmental Training Institutions (RIFFEAC) for Providing<br>SFM Training for Forest Concessions<br>(ITTO) | \$4,408,557.00 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|

- (iii) Endorse the approval obtained through the time-bound electronic no objection procedure for the amendment in the budgets of the following Projects which were approved earlier:

|                                                                                                    |              |
|----------------------------------------------------------------------------------------------------|--------------|
| PD 13/99 Rev.2 (M,F,I) Phase II<br>ITTO Information Network (TFU)<br>Year 2011: Additional Funding | \$150,000.00 |
|----------------------------------------------------------------------------------------------------|--------------|

- (iv) Endorse the approval obtained through the time-bound electronic no objection procedure for the amendments in the project proposals including budget and/or re-submission of the following Projects which were approved earlier:

|                                                                                                                                                                                                                   |              |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| PD 477/07 Rev.4 (F)<br>Improving Forest Functions in Bengkulu Province through<br>Community Participation in Rehabilitation of Degraded<br>Forest by Using Local Prospective Commodities<br>(Indonesia)           | \$338,256.00 |
| PD 495/08 Rev.4 (F)<br>Guatemalan Forest Productivity Information System<br>(Guatemala)                                                                                                                           | \$492,588.00 |
| PD 541/09 Rev.2 (F)<br>Forest Promotion and Development by Native Communities<br>in Peru<br>(Peru)                                                                                                                | \$610,505.00 |
| PD 544/09 Rev.2 (F)<br>Increased Economic Returns from Forest Management in<br>Permanent Production Forests of Peru<br>(Peru)                                                                                     | \$592,229.00 |
| PD 554/09 Rev.2 (F)<br>Pilot Sustainable Management Systems for Secondary<br>Forests in the Collective Territory of the Bajo Calima<br>Community Council, Municipality of Buenaventura,<br>Colombia<br>(Colombia) | \$453,600.00 |
| PD 520/08 Rev.3 (I)<br>Promoting Timber Preservation for Reducing Forest<br>Resource Depletion in Indonesia<br>(Indonesia)                                                                                        | \$454,518.00 |
| PD 522/08 Rev.3 (I)<br>Properties, Processing and Marketing of Teak Wood<br>Products of Community Teak Plantations in Java and<br>Eastern Indonesia<br>(Indonesia)                                                | \$452,688.00 |
| PD 540/09 Rev.2 (I)<br>Support to Improve the Productivity of the Peruvian Timber<br>Industry for the Production of Higher Value-Added Products<br>(Peru)                                                         | \$448,362.00 |

- (v) Approve the budget amendment to the following Project which was approved earlier:

|                                                                                                                                                                  |              |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| PD 452/07 Rev.4 (F)<br>Sustainable Management of Production Forests at the<br>Commercial Scale in the Brazilian Amazon – Phase II<br>(Brazil)<br>Revised budget: | \$644,579.00 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|

- (vi) Approve the budget amendment to the Activity which was approved earlier:

|                                                                                |             |
|--------------------------------------------------------------------------------|-------------|
| PP-A/43-208<br>SFM Tropics 2010<br>Additional fund for worldwide dissemination | \$70,000.00 |
|--------------------------------------------------------------------------------|-------------|

- (vii) Authorize the financing for immediate implementation of the Projects, Pre-Projects and Activities as listed in the Annex 1 to this Decision; and
  - (viii) Authorize the financing for immediate implementation of the Projects, Pre-Projects and Activities as listed in the Annex 2 to this Decision, as soon as earmarked funds are available in the Special Account or in the Bali Partnership Fund Account.
- 2. Urges Members to consider financing those approved Projects, Pre-projects and Activities for which funds are not immediately available,
- 3. Appeals to Members to make unearmarked contributions to the Thematic Programmes Account and the Special Account,
- 4. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-projects and Activities to assist Members in achieving the Year 2000 Objective of ITTO, and
- 5. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects, Pre-projects and Activities for which funds are not immediately available.

**ANNEX 1**  
**to DECISION 1 (XLVII)**

**Financing during 2011 for the immediate implementation  
of the Projects, Pre-Projects and Activities  
as listed below**

(i) Approved during the 2011 project cycles:

|                                                                                                                                                                                                                                                                    |                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| PPD 153/11 Rev.1 (F)<br>Forest Fire Prevention through the Implementation of<br>Regional Actions with the Participation of Local<br>Communities and other Relevant Stakeholders so as to<br>Ensure the Protection of Forests and Ecosystem Services<br>(Colombia)  | \$99,576.00    |
| PD 620/11 Rev.1 (M)<br>Development and Implementation of a Species<br>Identification and Timber Tracking System in Africa with<br>DNA Fingerprints and Stable Isotopes<br>(Germany)<br>Partial funding (outstanding \$165,342.00)                                  | \$1,530,000.00 |
| PD 617/11 Rev.1 (F)<br>Promoting Biodiversity Conservation in Betung Kerihun<br>National Park (BKNP) as the Trans-boundary Ecosystem<br>between Indonesia and State of Sarawak Malaysia<br>(Phase III)<br>(Indonesia)<br>Partial funding (outstanding \$71,588.00) | \$591,559.00   |
| PD 622/11 Rev.1 (F)<br>Marketing of Native Plant Seeds, Seedlings and Timber<br>Products to Improve Living Standards and Strengthen<br>Regional Forest Policies in the Amazon Region of Peru: A<br>Pilot Case on the Taulia Molinopampa Rural Community<br>(Peru)  | \$149,958.00   |
| PD 600/11 Rev.1 (I)<br>Model Capacity Building for Efficient and Sustainable<br>Utilization of Bamboo Resources in Indonesia (Indonesia)                                                                                                                           | \$537,095.00   |

(ii) Approved in the earlier project cycles:

|                                                                                                                                                                                                                                                                                                          |                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| PD 599/11 Rev.1 (M)<br>Development and Testing of National Forest Stock<br>Monitoring System (FSMS) with Improved Governance<br>Capabilities at all levels of the Forest Administration<br>(The Philippines)                                                                                             | \$497,930.00   |
| PD 456/07 Rev.4 (F)<br>Building the Capacities of Forestry Training Institutions<br>Members of the Network of Central African Forestry and<br>Environmental Training Institutions (RIFFEAC) for<br>Providing SFM Training for Forest Concessions<br>(ITTO)<br>Partial funding (outstanding \$427,173.31) | \$3,884,347.00 |
| PD 495/08 Rev.4 (F)<br>Guatemalan Forest Productivity Information System<br>(Guatemala)                                                                                                                                                                                                                  | \$492,588.00   |

|       |                                                                                                                                                                                                                                                                                                                                    |              |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|       | <p>PD 530/08 Rev.3 (F)<br/>Phase II of ITTO Project [PD 30/97 Rev.6 (F)] Management of Forests Established through Rehabilitation of Degraded Forests by Local Communities in Ghana (Ghana)</p>                                                                                                                                    | \$569,665.00 |
|       | <p>PD 564/09 Rev.1 (F)<br/>Production of an Educational Book Series on Mangroves for Sustainable Management and Utilization of mangrove Ecosystems (Japan)</p>                                                                                                                                                                     | \$149,904.00 |
|       | <p>PD 584/10 Rev.2 (F)<br/>Implementing the Cooperative Framework between ODEF and Stakeholders for the Effective Participatory and Sustainable Management of the Eto-Lilicope Forest Complex (Togo)</p>                                                                                                                           | \$162,788.00 |
|       | <p>PD 540/09 Rev.2 (I)<br/>Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-Added Products (Peru)</p>                                                                                                                                                                        | \$448,362.00 |
|       | <p>PD 73/89 (M,F,I)<br/>Assistance for Project Identification and Formulation<br/>Additional funding:</p>                                                                                                                                                                                                                          | \$210,000.00 |
| (iii) | Activities approved in the Biennial Work Programme for the years 2012-2013:                                                                                                                                                                                                                                                        |              |
|       | <p>PP-A/ 47- 258<br/>Provide for ITTO's participation in and visibility at the United nations Conference on Sustainable Development (UNCSD) (Rio +20).<br/>(ITTO Biennial Programme Activity: 5)</p>                                                                                                                               | \$100,000.00 |
|       | <p>PP-A/47-259<br/>Formulate and approve a new ITTO Action Plan.<br/>(ITTO Biennial Programme Activity: 8)</p>                                                                                                                                                                                                                     | \$150,000.00 |
|       | <p>PP-A/47-260<br/>In cooperation with relevant organizations, continue to study the implications of climate change for tropical forests and the contribution of tropical forests to the mitigation of the effects of climate change.<br/>(ITTO Biennial Programme Activity: 10)<br/>Partial funding (outstanding \$50,000.00)</p> | \$100,000.00 |
|       | <p>PP-A/39-162A Phase II<br/>ITTO-CITES Implementation for Tree Species and Trade Market Transparency (TMT)<br/>(ITTO Biennial Programme Activity: 11)<br/>Partial funding (outstanding \$1,637,000.00)</p>                                                                                                                        | \$180,000.00 |
|       | <p>PP-A/47-261<br/>Evaluation of the pilot operation of the ITTO Thematic Programmes.<br/>(ITTO Biennial Programme Activity: 12)</p>                                                                                                                                                                                               | \$90,000.00  |

|      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                       |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
|      | <p>PP-A/47-262</p> <p>Strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries.</p> <p>(ITTO Biennial Programme Activity: 27)</p> <p>Partial funding (outstanding \$171,245.15)</p>                                                                                                                                                                                                                                     | \$78,754.85                           |
|      | <p>PP-A/47-263</p> <p>Matching the needs of forest industry with the innovations, technologies and know-how developed through ITTO projects.</p> <p>(ITTO Biennial Programme Activity: 28)</p> <p>Partial funding (outstanding \$20,000.00)</p>                                                                                                                                                                                                                                    | \$80,000.00                           |
|      | <p>PP-A/47-264</p> <p>Harmonize the reporting system of the ITTO Criteria and Indicators for the Sustainable Management of Tropical Forests with the validated and revised ITTO Guidelines for the Sustainable Management of Natural Tropical Forests.</p> <p>(ITTO Biennial Programme Activity: 42)</p>                                                                                                                                                                           | \$130,000.00                          |
|      | <p>PP-A/47-265</p> <p>Promote the implementation of guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land.</p> <p>(ITTO Biennial Programme Activity: 43)</p> <p>Partial funding (outstanding \$50,000.00)</p>                                                                                                                                                                   | \$50,000.00                           |
| (iv) | <p>Activitiy approved through Decision 6(XLVI):</p> <p>PP-A/47-266</p> <p>ITTO/CBD Collaborative Initiative to Conserve Tropical Forests [Decision 6(XLVI)]</p> <p>Building Capacities for ACTO Member Countries in Ecologically Responsible Forest Management and Biodiversity Conservation in Managed Forests of the Amazon</p>                                                                                                                                                  | \$1,320,224.00                        |
| (v)  | <p>Activities approved in the Biennial Work Programme for the years 2010-2011:</p> <p>PP-A/ 39-162A</p> <p>Enhance cooperation between ITTO and CITES: Continue to assist Members to implement CITES listings of timber species</p> <p>Partial funding (outstanding \$628,965.88):</p> <p>(ITTO Biennial Programme Activity: 51a)</p> <p>PP-A/43-208</p> <p>SFM Tropics 2010 - Worldwide dissemination</p> <p>Additional funding:</p> <p>(ITTO Biennial Programme Activity: 6)</p> | <p>\$50,000.00</p> <p>\$70,000.00</p> |
| (vi) | <p>Authorize the release of \$400,000.00 for the continued implementation of the Freezailah Fellowship Fund;</p>                                                                                                                                                                                                                                                                                                                                                                   |                                       |

- (vii) Additional funds for the continued implementation of the following Thematic Programmes approved earlier:

|                                                      |              |
|------------------------------------------------------|--------------|
| PP-A/ 44-236                                         | \$220,000.00 |
| Forest Law Enforcement, Governance and Trade (TFLET) |              |
| Decision 10(XLIV) - Additional Funding:              |              |

- (viii) Activity and pre-project financed from the Sub-Account B of the Bali Partnership Fund and/or the Unearmarked Funds of the Special Account.

|                                                           |                     |
|-----------------------------------------------------------|---------------------|
| PP-A/45-249                                               | Up to the amount of |
| Consider advice from and facilitate involvement of the    | \$40,000.00         |
| Trade Advisory Group (TAG) and the Civil Society Advisory |                     |
| Group (CSAG).                                             |                     |
| Encourage support for the participation of TAG and CSAG   |                     |
| members in Council Sessions.                              |                     |
| Budget for Year 2012                                      |                     |
| (ITTO Biennial Programme Activity: 2)                     |                     |

|                                        |                     |
|----------------------------------------|---------------------|
| PPD 14/00 (M)                          | Up to the amount of |
| Strengthening the Market Discussion    | \$50,000.00         |
| Budget for Year 2012                   |                     |
| (ITTO Biennial Programme Activity: 31) |                     |

Note: Total pledges during 2011 amount to US\$12,432,750.85.



**ANNEX 2**  
**to DECISION 1 (XLVII)**

**Financing for the immediate implementation as soon as earmarked funds are available  
of the Projects, Pre-Projects and Activities newly approved during 2011  
as listed below**

|                     |                                                                                                                                                   |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| PD 563/09 Rev.3 (F) | Community Based Forest Management of Sungai Medihit<br>Watershed<br>(Malaysia)<br>ITTO Budget: \$537,704.00                                       |
| PD 581/10 Rev.2 (F) | Establishing a Geographic Information System for the Sustainable<br>Management of the Forest Areas of Togo<br>(Togo)<br>ITTO Budget: \$345,840.00 |

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14-19 November 2011  
La Antigua Guatemala, Guatemala

## **DECISION 2(XLVII)**

### **ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2012-2013**

The International Tropical Timber Council,

Appreciating the work of the Secretariat in its proposal to Council on the Biennial Work Programme for the years 2012-2013;

Noting further that activities listed in paragraph 2 below are derived from the following: (a) ITTA, 1994; (b) ITTA, 2006; (c) the current ITTO Action Plan; (d) the four ITTO Committee Reports to the Forty-seventh Session of Council; and (e) previous Council decisions;

#### Decides to:

1. Adopt the Biennial Work Programme for the years 2012-2013 as contained in the Annex to this Decision, subject to revision as appropriate, should the ITTA, 2006, enter into force within this biennial period;
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 2012-2013, 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 2012-2013 during the Forty-eighth and Forty-ninth sessions of the Council.

## ANNEX

### BIENNIAL WORK PROGRAMME FOR THE YEARS 2012-2013

#### CORE/COUNCIL ACTIVITIES

| ACTIVITY                                                                                                                                                                                                                                                            | IMPLEMENTATION APPROACH AND COST IMPLICATIONS                                                                                                                                                                                                                                                                                                                                                                                                                   | RESPONSIBLE BODY |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 1. Continue to publish the ITTO quarterly Tropical Forest Update (TFU).<br>[ITTA, 2006, Articles 27, 28]<br>[ITTO Action Plan 2008-2011, Cross-cutting Actions (d), (f)]                                                                                            | Regular Sessions' work. Approve and finance two-year extension of Secretariat-implemented project PD 13/99 Rev.2 (M,F,I). Salary component to be shifted to programme support for 2012.<br><br>Estimated cost : US\$1,500,000<br>Expected funding sources: Voluntary Contributions<br>Year 2012 – US\$300,000<br><br>Programme Support<br>Year 2012 – US\$450,000<br><br>To be determined<br>Year 2013 – US\$750,000                                            | Council          |
| 2. Consider advice from and facilitate involvement of the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG).<br>[ITTC Decisions 9(XXVIII), 2(XXXII)]<br>[ITTO Action Plan 2008-2011, Cross-Cutting Action (p)]                                 | Regular Sessions' work.<br><br>Encourage support for the participation of TAG and CSAG members in Council Sessions.<br><br>Estimated cost: US\$80,000<br>Expected funding sources: Voluntary Contributions/Unearmarked funds<br>Year 2012 – US\$40,000<br>Year 2013 – US\$40,000                                                                                                                                                                                | Council          |
| 3. Further enhance public relations, education and outreach activities to best convey the achievement of the objectives of the Organization.<br>[ITTA, 2006, Article 1]<br>[ITTC Decision 5(XXVII)]<br>[ITTO Action Plan 2008-2011, Cross-cutting Actions (d), (f)] | Continue to ensure that ITTO reaches as wide an audience as possible by: continuing to improve the ITTO website; editing, publishing and disseminating relevant ITTO reports, including Annual Reports; producing and disseminating outreach materials; and convening side events and exhibiting ITTO outreach materials at relevant events.<br><br>Estimated cost: US\$300,000<br>Expected funding sources: Voluntary Contributions<br>Year 2012 – US\$150,000 | Council          |

|                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                             | To be determined<br>Year 2013 – US\$150,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                        |
| 4. With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise relevant committee project and pre-project proposals submitted by Member countries.<br><i>[ITTA, 2006, Article 26]</i><br><i>[ITTC Decisions 6(IX), 2(X), 7(XXI), 7(XXII)]</i>                                                                                                                            | Expert Panel for Technical Appraisal of Project Proposals.<br><br>Estimated cost: US\$380,000<br>Expected funding sources: Programme Support<br>Year 2012 – US\$190,000<br>Year 2013 – US\$190,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Council and Committees |
| 5. Provide for ITTO's participation in and visibility at the United Nations Conference on Sustainable Development (UNCSD) (Rio +20).<br><i>[ITTA, 2006, Article 15]</i><br><i>[ITTO Action Plan 2008-2011, Cross-Cutting Actions (n), (o)]</i>                                                                                                                                                              | Make provision for effective ITTO participation in and visibility at the United Nations Conference on Sustainable Development (Rio +20) to be held in Rio de Janeiro, Brazil from 4 to 6 June 2012 including the convening of a side-event and the opening of a booth to exhibit and disseminate ITTO outreach materials.<br><br>Estimated cost: US\$100,000<br>Expected funding sources: Voluntary Contributions                                                                                                                                                                                                                                                            | Council                |
| 6. Continue to provide for ITTO's cooperation and consultation with the Collaborative Partnership on Forests (CPF) in support of the United Nations Forum on Forests (UNFF) and other relevant international and regional organizations, institutions and initiatives.<br><i>[ITTA, 2006, Article 15]</i><br><i>[ITTC Decision 7(XXX)]</i><br><i>[ITTO Action Plan 2008-2011, Cross-Cutting Action (o)]</i> | Maintain ITTO's active involvement in the CPF and UNFF by providing relevant inputs, participating effectively in the relevant activities, work and meetings of the UNFF and CPF and shouldering part of the costs of relevant work and activities on the basis of equitable cost-sharing with other members of the CPF.<br><br>Estimated cost: US\$100,000<br>Expected funding sources: Voluntary Contributions<br>Year 2012 – US\$50,000<br>Year 2013 – US\$50,000                                                                                                                                                                                                         | Council                |
| 7. Continue to monitor progress in the application of criteria and indicators for sustainable forest management.<br><i>[ITTC Decisions 3(XXVI), 5(XXX), 9(XXX), 4(XXXIV)]</i><br><i>[ITTO Action Plan 2008-2011, EO6, Goal 2(1)]</i>                                                                                                                                                                        | Regular Sessions' work, which includes monitoring the implementation of Decision 4(XXXIV) under which 28 national workshops to promote application of C&I have already been implemented.<br><br>(a) Make provision for an additional 2-3 national workshops on C&I under Decision 4(XXXIV), incorporating related topics such as auditing, certification, international reporting requirements, etc. into the workshop curricula.<br><br>Estimated cost: US\$100,000<br>Expected funding source: Voluntary Contributions<br><br>(b) Convene an expert meeting to review the ITTO C&I in the light of experience gained in compiling the SFM Tropics reports, recommendations | Council                |

|                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
|                                                                                                                                                                                                                            | <p>from national C&amp;I workshops, revision of ITTO guidelines and policy papers, the review of field level implementation of the C&amp;I carried out in 2010-2011 and developments in international forestry (e.g. climate change). Print the revised C&amp;I following Council approval.</p> <p>Estimated cost: US\$100,000<br/>Expected funding sources: Voluntary Contributions</p> <p>(c) Participate in international C&amp;I related meetings/discussions/initiatives, including the CPF Task Force on Streamlining Forest Reporting, initiatives to take advantage of synergies between ITTO and FAO forest reporting (SFM Tropics and FRA) and relevant meetings of other C&amp;I processes.</p> <p>Estimated cost: US\$50,000<br/>Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                                                              |         |
| 8. Formulate and approve a new ITTO Action Plan.                                                                                                                                                                           | <p>Consultancy work and Working Group Meeting to prepare a draft of the next ITTO Action Plan for Council's consideration.</p> <p>Estimated cost: US\$150,000<br/>Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Council |
| <p>9. Support for the ITTO Children's Environmental Education Programme on Tropical Forests (CEEP).<br/>[ITTA, 2006, Article 1]<br/>[ITTC Decision 1(XLIV)]<br/>[ITTO Action Plan 2008-2011, Cross-Cutting Action (d)]</p> | <p>Following the approval of the Children's Environmental Education Programme on Tropical Forests (CEEP) at the Forty-fourth session of the Council, the Secretariat secured the initial fund to begin the Programme. The first Environmental Education Conference under the CEEP was convened in Yokohama on July 2009. In 2010, a side-event on the Programme was organized in conjunction with the XXIII IUFRO World Congress in Seoul. Activities to be undertaken in 2012-2013 include:</p> <ul style="list-style-type: none"> <li>• Creating research-led supplementary teaching materials</li> <li>• Establishing "school forests"</li> <li>• Leading a forest-friendship experience</li> <li>• Setting up a learning network</li> <li>• Organizing a forest education camp</li> <li>• Dispatching lecturers</li> <li>• Convening another environmental education conference</li> </ul> <p>Estimated cost: US\$240,000<br/>Expected funding sources: Voluntary Contributions<br/>Year 2012 – US\$120,000<br/>Year 2013 – US\$120,000</p> | Council |

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| <p>10. In cooperation with relevant organizations, continue to study the implications of climate change for tropical forests and the contribution of tropical forests to the mitigation of the effects of climate change.<br/> <i>[ITTA, 2006, Articles 1(f), (p)]</i><br/> <i>[ITTC Decision 1(XXXVIII)]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcomes 5 (B), (D), (G), Cross-cutting Action (c)]</i></p> | <p>Support is required for ITTO to provide information for members interested in formulating and implementing an integrated forest sector response to climate change, and for participation in the global debate related to the role of tropical forests in climate change mitigation and adaptation, including:</p> <ul style="list-style-type: none"> <li>• Attendance at UNFCCC meetings where tropical forests will be brought to debate;</li> <li>• Facilitate the participation of ITTO member countries in events where the theme of forests and climate change will be high in the agenda, to make sure that ITTO producer member countries are well informed, actively involved, and benefit from possible incentives for sustainable forest management in the tropics;</li> <li>• Organization of a side event at UNFCCC COPs on the role of sustainable forest management in the tropics to support climate change mitigation and adaptation, and to restore degraded tropical forests;</li> <li>• Taking into account the CPF Strategic Framework on Forests and Climate Change, participate in CPF related initiatives on forests and climate change to bring up tropical forest perspectives; and</li> <li>• Invite the Secretariat of the UNFCCC to update the Council on the development of the tropical forest debate under the UNFCCC framework.</li> </ul> <p>Estimated cost: US\$150,000<br/> Expected funding sources: Voluntary Contributions<br/> Year 2012 – US\$75,000<br/> Year 2013 – US\$75,000</p> | Council |
| <p>11. Enhance cooperation between ITTO and CITES.<br/> <i>[ITTA, 2006, Article 15]</i><br/> <i>[ITTC Decisions 3(XVI), 7(XXXIV), 2(XXXVII)]</i><br/> <i>[ITTO Action Plan 2008-2011, Cross-Cutting Action (n)]</i></p>                                                                                                                                                                                                 | <p>Continue to assist Members to implement CITES listings of timber species. Pursuant to Decision 5(XLVI) on “Multi-Donor Mechanism to Facilitate Enhanced Cooperation between ITTO and CITES”, the European Commission’s further grant in the amount of US\$7,268,000 (EUR 5,000,000) is being envisaged over a period of four years for the ITTO-CITES capacity building programme which commenced earlier in 2006. Matching ITTO contributions from other donors in the amount of US\$3,634,000 (EUR 2,500,000) during the same period are required, with US\$1,817,000 (EUR 1,250,000) for each of the biennial periods.</p> <p>Matching ITTO contributions for 2012-2013: US\$1,817,000 (EUR 1,250,000)<br/> Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Council |

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| <p>12. Evaluation of the pilot operation of the ITTO Thematic Programmes.<br/> <i>[ITTA, 2006, Articles 20, 24.3, 25]</i><br/> <i>[ITTC Decisions 9(XLIV)), 8(XLIV), 10 (XLIV)]</i><br/> <i>[ITTO Action Plan 2008-2011, Part II]</i></p>                                                                                                                             | <p>Pursuant to Decision 9(XLIV), the effectiveness of the pilot operation of the Thematic Programmes will be reviewed and evaluated after three years, i.e. in 2012.</p> <p>Estimated cost: US\$90,000<br/> Expected funding sources: Voluntary Contributions</p> | <p>Council</p> |
| <p>13. Consider impact of the global economic and financial crisis on the tropical timber sector and help countries build resilience to future downturns by understanding timber demand drivers.<br/> <i>[ITTA, 2006, Articles 1(c), (d), (e), (f), (i), (k), (m)]</i><br/> <i>[ITTO Action Plan 2008-2011, Cross-Cutting Action (c), Expected Outcome 3 (G)]</i></p> | <p>Consider the final report of the study on 'Improving Resilience of the Tropical Timber Sector to the Impacts of Global and Regional Economic and Financial Crises' undertaken under TMT-SPD 002/10 Rev.1 (M).</p>                                              | <p>Council</p> |
| <p>14. Consider the progress in the implementation of the ITTO Biennial Work Programme for 2012-2013.<br/> <i>[ITTA, 2006, Article 24]</i><br/> <i>[ITTO Action Plan 2008-2011: Delivery, monitoring and evaluation]</i></p>                                                                                                                                          | <p>Regular Sessions' work</p>                                                                                                                                                                                                                                     | <p>Council</p> |
| <p>15. Consider the Draft ITTO Biennial Work Programme for 2014-2015.<br/> <i>[ITTC Decisions 7(XXV), 2(XXXI), 9(XXXIV)]</i></p>                                                                                                                                                                                                                                      | <p>Regular Sessions' work.</p>                                                                                                                                                                                                                                    | <p>Council</p> |
| <p>16. Decide on eligibility of approved actions, projects and pre-projects for funding out of Sub-account B of the Bali Partnership Fund.<br/> <i>[ITTA, 2006, Article 21]</i><br/> <i>[ITTC Decision 4(XXX)]</i></p>                                                                                                                                                | <p>Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises the Council on eligibility of actions, pre-projects and projects for funding out of Sub-Account B.</p>                                                                        | <p>Council</p> |
| <p>17. Decide on project work, including financing, taking into account the recommendations made by the Committees on project proposals and on-going and completed approved projects.<br/> <i>[ITTA, 2006, Articles 20, 21, 25]</i></p>                                                                                                                               | <p>Regular Sessions' work.</p>                                                                                                                                                                                                                                    | <p>Council</p> |

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| 18. Make allocations from unearmarked funds available in the Bali Partnership Fund and/or Special Account to fund implementation of eligible approved actions, projects and pre-projects.<br><i>[ITTA, 2006, Article 21]</i><br><i>[ITTC Decision 4(XXX)]</i> | Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises Council on Sub-Account B funding. | Council |
| 19. Consider progress in the implementation, monitoring and evaluation of pre-projects, projects and activities under the Thematic Programmes Sub-Account.<br><i>[ITTA, 2006, Article 20(6)]</i><br><i>[ITTC Decisions 9(XLIV), 10(XLIV)]</i>                 | Regular Sessions' work                                                                                             | Council |
| 20. Undertake the biennial review and assessment of the international timber situation.<br><i>[ITTA, 2006, Article 28]</i><br><i>[ITTO Action Plan 2008-2011, Cross-Cutting Actions (c), (j), Expected Outcome 3 (A)]</i>                                     | Regular Sessions' work.                                                                                            | Council |
| 21. Consider the reports of the Informal Advisory Group (IAG).<br><i>[ITTC Decisions 3(XXII), 5(XXVI)]</i>                                                                                                                                                    | Regular Sessions' work.                                                                                            | Council |
| 22. Review the results of relevant project and policy work of the Committees.<br><i>[ITTA, 2006, Articles 24, 26]</i>                                                                                                                                         | Regular Sessions' work.                                                                                            | Council |
| 23. Approve selected projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII).<br><i>[ITTC Decision 3(XXVIII)]</i>                                                                                                            | Regular Sessions' work                                                                                             | Council |
| 24. Consider and, if appropriate, take action to disseminate information on project findings and results.<br><i>[ITTA, 2006, Article 26]</i>                                                                                                                  | Regular Sessions' work.                                                                                            | Council |



## **COMMITTEE WORK**

| ACTIVITY                                                                                                                                                                                                                                                                                                                   | IMPLEMENTATION APPROACH AND COST IMPLICATIONS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | RESPONSIBLE BODY        |
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| <p>25. Disseminate and share information on the outputs, outcomes, impacts and lessons learned from ITTO's project work and its contribution to sustainable forest management.<br/> <i>[ITTA, 2006, Articles 1(c), (r)]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcome 6 (F), Cross-Cutting Action (f)]</i></p> | <p>Disseminate and share information on the outputs, outcomes, impacts and lessons learned from ITTO's project work and its contribution to SFM and sustainable development in member countries, with special focus on poverty alleviation and sustainable development of local communities.</p> <p>(a) Building from the results of the meta-evaluation of the ITTO projects, make provisions for holding of regional workshops in the three tropical timber producing regions with the aim to disseminate and share outputs, outcomes, impacts and lessons learned from ITTO's project work and its contribution to SFM and sustainable development in ITTO member countries.</p> <p>Estimated cost: US\$250,000<br/> Expected funding sources: Voluntary Contributions/Pooled Sub-Account for Ex-Post Evaluations</p> <p>(b) In partnership with FAO, CIRAD and CIFOR, develop and disseminate a study on results of multipurpose forest management in selected ITTO producer countries.</p> <p>Estimated cost: US\$40,000<br/> Expected funding sources: Voluntary Contributions</p> <p>(c) In collaboration with members of the CPF, support the production of Fact-Sheets on SFM to be disseminated as policy briefs at relevant meetings related to sustainable development, including Rio + 20.</p> <p>Estimated cost: US\$40,000<br/> Expected funding sources: Voluntary Contributions</p> <p>(d) Assess resources required to implement sustainable forest management.</p> <p>Estimated cost: US\$40,000<br/> Expected funding sources: Voluntary Contributions</p> | <p>Joint Committees</p> |

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| <p>26. Support selected producing member countries to promote wood-based bioenergy using wood residues and waste.<br/> <i>[ITTA, 2006, Articles 1(a), (c), (f), (p), (s)]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcome 2 (A)]</i></p>                                                     | <p>Based on the outcomes and recommendations of the International and Regional Fora on Wood-based Bioenergy using wood wastes and residues, the activity aims at further assisting member countries to develop proposals on wood-based bioenergy.</p> <p>Estimated cost: US\$100,000<br/> Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                                                                                                                                                                                                             | CFI |
| <p>27. Strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries.<br/> <i>[ITTA, 2006, Articles 1(f), (i)]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcomes 2 (A), (C)]</i></p>                                                    | <p>This pilot activity will focus in producing member countries in the Africa, Asia Pacific and Latin America and Caribbean Regions in which their forest industries production chains encounter problems of inefficiency and lack of human resource capacity.</p> <p>The scope of the in-house training to be provided to industries in producing member countries, will include strengthening capacity in common problem areas in the wood-based industries, namely: log stocking and loading, kiln drying and boilers, saw doctoring, finger jointing, laminating, packaging, waste control, maintenance and work safety.</p> <p>Estimated cost: US\$250,000<br/> Expected funding sources: Voluntary Contributions</p>                  | CFI |
| <p>28. Matching the needs of forest industry with the innovations, technologies and know-how developed through ITTO projects.<br/> <i>[ITTA, 2006, Articles 1(f), (i), (p)]</i><br/> <i>[ITTO Action Plan 2008-2011, FI Outcomes 1 (D), (I), FI Outcomes 2 (A), (C), Cross-Cutting Action (a)]</i></p> | <p>During the last 10 years ITTO projects under the Committee of Forest Industry have produced a number of innovations, technologies and know-how. As recognized in the ITTO Action Plan 2008-2011, the role of Small-Medium Enterprises (SMEs) has been growing in the national and international markets of forest products. Findings, outputs and lessons from completed ITTO projects are valuable sources to support the development of SMEs in the forest industry sector. ITTO can further contribute to the development of forest industry by disseminating developed technologies and know-how that match the current needs of SMEs.</p> <p>Estimated cost: US\$100,000<br/> Expected funding sources: Voluntary Contributions</p> | CFI |
| <p>29. Demonstration and adoption of credit schemes for Small-Medium Enterprises (SMEs) in the forest sector.<br/> <i>[ITTA, 2006, Article 1(g)]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcome 1 (A)]</i></p>                                                                              | <p>One of the main recommendations of various investment fora organized by ITTO is the promotion of accessible credit lines for Small-Medium Enterprises (SMEs). It was subsequently demonstrated by the ITTO project PD 233/03 Rev.2 (I) that the establishment of a credit line associated with effective capacity building enables SMEs to move-up in a production chain. In this activity, ITTO will further demonstrate the effectiveness of the financing model developed through ITTO</p>                                                                                                                                                                                                                                            | CFI |

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|                                                                                                                                                                                                                                                                                                       | <p>project, by making provisions to assist two selected producer member countries in replicating the credit scheme for their SMEs.</p> <p>Estimated cost: US\$120,000<br/>Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |     |
| <p>30. Promoting innovations in the utilization of tropical timber.<br/>[ITTA, 2006, Articles 1(f), (i), (p)]<br/>[ITTO Action Plan 2008-2011, Expected Outcome 2 (D), Cross-Cutting Action (a)]</p>                                                                                                  | <p>Currently, technology transfer and innovations for utilizing tropical timber are not adequately promoted compared with temperate and boreal timber. Even amongst tropical timber producing countries, there are considerable differences in the capacity and capabilities to produce innovative products. In this activity, ITTO will support producer member countries to promote innovations in the utilization of tropical timber by investigating main drivers of and barriers to the development and application of innovative technologies. Under this activity ITTO will conduct a baseline study on the innovative technologies applicable for the efficient utilization of tropical timber in producer member countries and hold an international workshop to disseminate the results of the study.</p> <p>Estimated cost: US\$150,000<br/>Expected funding sources: Voluntary Contributions</p> | CFI |
| <p>31. Development of Environmental Product Declaration (EDP) for three tropical wood products.<br/>[ITTA, 2006, Article1 (a), (f), (s)]<br/>[ITTO Action Plan 2008-2011, Expected output 1 (D), Expected output 2 (C)]</p>                                                                           | <p>Compile Environmental Product Declarations (EPD's) through the development of a Life Cycle Inventory database and comparative Life Cycle Assessment (LCA) reports for three products, namely meranti plywood, ipe decking and khaya lumber representing three geographic regions.</p> <p>Estimated cost: US\$180,000<br/>Expected funding source: Voluntary Contributions</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | CFI |
| <p>32. Collaborate with the Trade Advisory Group (TAG) in organizing and holding the ITTO Annual Market Discussion on the world tropical timber trade during Sessions of the ITTC in 2012 and 2013.<br/>[ITTA, 2006, Articles 1(e), (h)]<br/>[ITTO Action Plan 2008-2011, Expected Outcome 3 (B)]</p> | <p>Regular Sessions' work. The themes for the Annual Market Discussions will be determined at the Council Sessions immediately preceding the discussions.</p> <p>Estimated cost: US\$100,000<br/>Expected funding sources: Voluntary Contributions<br/>Year 2012 – US\$50,000</p> <p>To be determined<br/>Year 2013 – US\$50,000</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | CEM |

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| <p>33. Continue to publish the ITTO bi-weekly Market Information Service (MIS).<br/> <i>[ITTA, 2006, Articles 27, 28]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcome 3 (C)]</i></p>                                                                       | <p>Regular Sessions' work. Approve and finance the two-year extension of project PD 16/93 Rev.4 (M) implemented by the Secretariat.</p> <p>Estimated cost : US\$480,000<br/> Expected funding sources: Voluntary Contributions<br/> Year 2012 – US\$240,000</p> <p>To be determined<br/> Year 2013 – US\$240,000</p>                                                                                                                                                                                    | CEM |
| <p>34. Enhance the technical capacity of member countries, particularly developing member countries, to meet the statistics and reporting requirements.<br/> <i>[ITTA, 2006, Article 28(5)]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcome 3 (D)]</i></p> | <p>Upon request, provide assistance to member countries to strengthen their statistics collection and enhance reporting. This activity was not funded under the 2010-2011 BWP and is submitted again due to its continuing relevance.</p> <p>Estimated cost: US\$100,000<br/> Expected funding sources: Voluntary Contributions<br/> Year 2012 – US\$50,000<br/> Year 2013 – US\$50,000</p>                                                                                                             | CEM |
| <p>35. Enhancement of statistical work and databases on statistics.<br/> <i>[ITTA, 2006, Article 27]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcomes 3 (D), (E)]</i></p>                                                                                  | <p>The Committee will make provisions for and consider the results of activities to improve statistical databases, maintain access to international forest products trade databases and to maintain involvement in the Intersecretariat Working Group on Forest Statistics and Joint Forest Sector Questionnaire Process.</p> <p>Estimated cost: US\$100,000<br/> Expected funding sources: Voluntary Contributions<br/> Year 2012 – US\$50,000</p> <p>To be determined<br/> Year 2013 – US\$50,000</p> | CEM |
| <p>36. Review of the timber market in two significant tropical timber importing countries.<br/> <i>[ITTA, 2006, Articles 1(e), (h)]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcome 3 (F)]</i></p>                                                         | <p>Regular Sessions' work. Provisions for the studies and markets to be covered may be proposed by the Committee.</p> <p>Estimated cost: US\$200,000<br/> Expected funding sources: Voluntary Contributions<br/> Year 2012 – US\$100,000<br/> Year 2013 – US\$100,000</p>                                                                                                                                                                                                                               | CEM |

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| <p>37. Continue to promote improvement in forest law enforcement.<br/>[ITTA, 2006, Article 1(n)]<br/>[ITTC Decision 6(XXXI)]<br/>[ITTO Action Plan 2008-2011, Expected Outcome 4 (A)]</p>                                                      | <p>In cooperation with FAO, continue, as necessary and upon request, to disseminate and promote use of “Best Practices for Improving Law Enforcement in the Forest Sector”, developed jointly by ITTO and FAO, and provide for feedback from the workshops. The cooperation will include developing a compendium of the current state of national technologies for monitoring illegal logging and related trade for consideration and approval of the Council. This activity was funded under the 2008-2009 BWP; an international workshop to review the compendium developed in 2011 and make recommendations for further work in this area will be convened in 2012.</p>                                                                                                    | <p>CEM</p> |
| <p>38. Promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources.<br/>[ITTA, 2006, Articles 1(d), (k), (n), (o)]<br/>[ITTO Action Plan 2008-2011, Expected Outcomes 4 (A), (B)]</p> | <p>(a) Consider outcomes and lessons learned from the development of innovative timber tracking systems implemented under the 2010-2011 BWP.</p> <p>(b) Further promote the development and implementation of web-based information systems designed and operated to make sound data and information available to assist consumers in identifying/purchasing legally/sustainably produced timber, in cooperation with governments and public-private partnerships.</p> <p>Estimated cost: US\$300,000<br/>Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                               | <p>CEM</p> |
| <p>39. Analyze the economic impact of governmental procurement policies on tropical timber markets.</p>                                                                                                                                        | <p>With a view to facilitating an in-depth consideration by the Committee on issues relating to legality and procurement policies, the activity will involve the preparation of a background paper that will, <i>inter alia</i>, cover the elements contained in the annexed TOR.</p> <p>One consultant from an ITTO producer member country and one consultant from an ITTO consumer member country will assist the Executive Director in the preparation of the background paper.</p> <p>The paper will be prepared in consultation with ITTO member countries, the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG) of ITTO and other relevant parties.</p> <p>Estimated cost: US\$200,000<br/>Expected funding sources: Voluntary Contributions</p> | <p>CEM</p> |

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| <p>40. Promote the understanding of the contribution of environmental services to the sustainable management of tropical forests.<br/> <i>[ITTA, 2006, Articles 1(g), (j) (m) (q), (r), (s)]</i><br/> <i>[ITTO Action 2008-2011, Expected Outcome 5 (E), (G)]</i></p>                                                                                                                                   | <p>Organize an International Forum on Environmental Services with the aim of enhancing the capacity of members to develop strategies to strengthen the contribution of forest environmental services in the implementation of sustainable forest management, and cooperating with relevant institutions and processes to this end. The Forum shall cover aspects related to conservation of tropical forest ecosystems, existing experiences and knowledge on payment for environmental services (PES), forest carbon as an emerging forest commodity, equity and gender balance in benefit sharing, and others.</p> <p>Estimated cost: US\$300,000<br/> Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | CRF |
| <p>41. Review and update the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests to take into account recent developments in tropical forestry.<br/> <i>[ITTA, 2006, Articles 1(j), (m)]</i><br/> <i>[Yokohama Action Plan 3.2, Goal 2(1)]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcome 6 (F)]</i></p>                                            | <p>Assess, review and update the <i>ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests</i> (PS 4, 1993), taking into account new developments emphasizing the role of tree planting in the tropics, including timber supply, energy production, provision of environmental services, restoration potential, as well as the potential of agroforestry and trees outside forests to provide forest goods and services.</p> <p>Estimated cost: US\$250,000<br/> Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | CRF |
| <p>42. Harmonize the reporting system of the ITTO Criteria and Indicators for the Sustainable Management of Tropical Forests with the validated and revised ITTO Guidelines for the Sustainable Management of Natural Tropical Forests.<br/> <i>[ITTA, 2006, Articles 1(c), (f), (l), (p), (p)]</i><br/> <i>[ITTO Action Plan 2008-2011, Expected Outcome 6 (A), (B), Cross-cutting Action (b)]</i></p> | <p>The expert meetings in Thun (Switzerland, June 2010) and in Antimary (Brazil, August 2011) convened under the 2010-2011 BWP resulted in the production of the final draft of the revised and updated <i>ITTO Guidelines for the Sustainable Management of Natural Tropical Forests</i>; there is a need for testing the new Guidelines and fine tune the reporting system of the <i>Revised ITTO Criteria and Indicators for the Sustainable Management of Tropical Forests</i> (ITTO PS 15, 2005). This validation exercise shall be carried out with strong stakeholder participation in three selected ITTO timber producing countries (one in each tropical region), with the aim to check its consistency, applicability and usefulness in promoting SFM at different levels.</p> <p>The testing and validation includes assessment of the Guidelines in the field with forest managers (state, private sector and communities) and a national workshop to validate the guidelines in different contexts. For the national workshops, adjustments in the reporting system of the ITTO Criteria and Indicators for SFM will be discussed, in line with the revised SFM Guidelines, strengthening the linkages between the SFM Guidelines and the C&amp;I process. The outputs of these workshops will feed into the C&amp;I review process contained in Council Activity 7.</p> | CRF |

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|                                                                                                                                                                                                                                                                                                                                        | <p>Estimated cost: US\$130,000<br/>Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |     |
| <p>43. Promote the implementation of guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land.<br/>[ITTA, 2006, Articles 1(j), (m)]<br/>[ITTC Decisions 1(XXXV), 4(XXXV)]<br/>[Action Plan 2008-2011, Expected Outcome 6 (B), (C)]</p> | <p>Make provisions for ITTO, in collaboration with the Global Partnership on Forest and Landscape Restoration (GPFLR) and national institutions to establish and consolidate a learning network of forest landscape restoration model sites for demonstration, exchange of experience and dissemination of best practices, including in the progress and new opportunities for the management of secondary tropical forests, restoration and rehabilitation of degraded forests land, as a contribution of ITTO to the Bonn Challenge, a global call for the restoration of 150 million ha by 2020 using a forest and landscape restoration approach..</p> <p>Estimated cost: US\$100,000<br/>Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                                       | CRF |
| <p>44. Facilitate the application of the <i>ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests</i>.<br/>[ITTA, 2006, Articles 1(m), (r)]<br/>[ITTC Decision 6(XLVI)]<br/>[Action Plan 2008-2011, Expected Outcomes 6 (B), (E), (G)]</p>                               | <p>Pursuant to Decision 6(XLVI), ITTO is required to promote the application of Biodiversity Guidelines at a range of scales in partnership with the timber producers, local communities and other stakeholders. In cooperation with other international organizations, civil society organizations and others, encourage members and timber producing companies to adapt and make use of the <i>ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests</i> wherever appropriate in their work, including in ITTO project proposals and reporting.</p> <p>Support will be provided to interested member countries and forest concessionaires to formulate proposals to adapt and implement the Guidelines at forest management unit level, as well as for the dissemination of the Guidelines in relevant fora.</p> <p>Estimated cost: US\$100,000<br/>Expected funding sources: Voluntary Contributions</p> | CRF |
| <p>45. Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests.<br/>[ITTA, 2006, Article 1(m)]<br/>[ITTC Decision 6(XXXIII)]<br/>[ITTO Action Plan 2008-2011, Expected Outcome 5 (C)]</p>                                     | <p>(a) Review and update the ITTO Guidelines on Fire Management in Tropical Forests to take into account the scientific insights of the state of forests and forest protection in the tropics in the last 15 years and the progress made in fire management research and development globally.</p> <p>Estimated cost: US\$150,000<br/>Expected funding sources: Voluntary Contributions</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | CRF |

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|  | <p>(b) Further ITTO's commitment as a Core Member of the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) and the Global Fire Monitoring Center (GFMC), and provide support for the Africa, Asia, and Latin America Regional Wildland Fire Networks and other inter-institutional cooperation efforts in their preparatory meetings for the 6<sup>th</sup> International Wildland Fire Conference to be held in 2015 in South Korea.</p> <p>Estimated cost: US\$150,000<br/> Expected funding sources: Voluntary Contributions<br/> Year 2012 - US\$75,000<br/> Year 2013 - US\$75,000</p> |  |
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### **FINANCIAL AND ADMINISTRATIVE ACTIVITIES**

| <b>ACTIVITY</b>                                                                                                                                                                                                                         | <b>IMPLEMENTATION APPROACH AND COST IMPLICATIONS</b> | <b>RESPONSIBLE BODY</b> |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|-------------------------|
| 46. Review the independent audited statements for the 2011 and 2012 financial years, and make recommendation to the Council for their approval.<br><i>[ITTA, 2006, Article 26(3)]</i>                                                   | Routine. Regular Sessions' work.                     | CFA                     |
| 47. Make recommendations to Council on the appointment of auditor for a three-year term for the purpose of auditing the accounts of the Organization for the 2013, 2014 and 2015 financial years.<br><i>[ITTA, 2006, Article 26(3)]</i> | Routine. Regular Sessions' work.                     | CFA                     |
| 48. Examine and make recommendations to Council, regarding the approval of the Organization's biennial administrative budget proposals for the financial years 2014-2015.<br><i>[ITTA, 2006, Article 26(3)]</i>                         | Routine. Regular Sessions' work.                     | CFA                     |
| 49. Review and make recommendations to Council, as necessary, regarding the Organization's administrative budget for the year 2013.<br><i>[ITTA, 2006, Article 26(3)]</i>                                                               | Routine. Regular Sessions' work.                     | CFA                     |



|                                                                                                                                                                                                                                                        |                                         |            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|------------|
| <p>50. Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work.<br/><i>[ITTA, 2006, Article 26(3)]</i></p>                                                    | <p>Routine. Regular Sessions' work.</p> | <p>CFA</p> |
| <p>51. Examine and make recommendations to Council, on the budgetary implications of the Organization's work programme, and the actions that might be taken to secure the resources needed to implement it.<br/><i>[ITTA, 2006, Article 26(3)]</i></p> | <p>Routine. Regular Sessions' work.</p> | <p>CFA</p> |



**TERMS OF REFERENCE FOR THE ACTIVITIES  
CONTAINED IN THE  
BIENNIAL WORK PROGRAMME  
FOR THE YEARS 2012-2013**



Activity No. 1

**CONTINUE TO PUBLISH THE ITTO QUARTERLY TROPICAL FOREST UPDATE (TFU)**

*[ITTA, 2006, Articles 27, Article 28]  
[ITTO Action Plan 2008-2011, Cross-cutting Actions (d), (f)]*

**I. Background**

The TFU has been produced since 1990, funded through the Special Account for projects and more latterly through unearmarked funds of the Bali Partnership Fund under ITTO's biannual work programmes.

**II. Description**

The activity will allow for production and distribution of up to 4 issues of the TFU in ITTO's three working languages in both 2012 and 2013. Each issue of the TFU will be distributed to a combined mailing list of 15,000 people and will also be posted on the ITTO website. The number of issues published each year will be contingent on funding made available. The salary component of this activity is to be shifted to programme support for 2012.

**III. Expected Outputs**

Up to eight issues of TFU in the three ITTO working languages in hard copy and electronic versions.

**IV. Target Countries**      Global

**V. Duration & Timing**      24 months; commencing when funding made available

**VI. Budget**              US\$1,500,000

Activity No. 2

**CONSIDER ADVICE FROM AND FACILITATE INVOLVEMENT OF THE  
TRADE ADVISORY GROUP (TAG) AND THE CIVIL SOCIETY ADVISORY GROUP (CSAG)**

**(B) ENCOURAGE SUPPORT FOR THE PARTICIPATION OF  
TAG AND CSAG MEMBERS IN COUNCIL SESSIONS**

*[ITTC Decisions 9(XXVIII), 2(XXXII)]*  
*[ITTO Action Plan 2008-2011, Cross-Cutting Action (p)]*

**I. Background**

Since the formal establishment of the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG) in 1999 and 2002 respectively, ITTO has benefited tremendously from these advisory groups in terms of their advice, expertise, contributions, inputs and participation in the sessions of ITTC and its associated Committees as well as in the implementation of ITTO projects, pre-projects and activities. The contributions of these advisory groups particularly in the sessions of the ITTC can be further enhanced if adequate participation of representatives of these groups is facilitated and assisted.

**II. Description**

This activity is aimed at encouraging active and meaningful participation of TAG and CSAG members in the sessions of the ITTC by providing financial support covering duty travel and daily subsistence allowances for selected members to attend the sessions of the ITTC. The selection of the members of TAG and CSAG to be provided with ITTO financial support will be taken by the Executive Director based on the recommendations made by the coordinators of TAG and CSAG respectively, taking into account the need for balance between producers and consumers, and the need to ensure the balanced participation and effectiveness of these advisory groups.

**III. Expected Outputs**

- a) Adequate and more effective participation of TAG and CSAG members in ITTC Sessions;
- b) Improved quality of ITTC decisions and deliberation; and
- c) Overall efficiency and effectiveness of ITTC and ITTO enhanced.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$80,000

Activity No. 3

**FURTHER ENHANCE PUBLIC RELATIONS, EDUCATION AND OUTREACH ACTIVITIES TO  
BEST CONVEY THE ACHIEVEMENT OF THE OBJECTIVES OF THE ORGANIZATION**

*[ITTA, 2006, Article 1]  
[ITTC Decision 5(XXVII)]  
[ITTO Action Plan 2008-2011, Cross-cutting Actions (d), (f)]*

**I. Background**

ITTO undertakes a range of activities globally, the outputs of which need to be widely disseminated in order to promote understanding of the Organization's work and goals amongst various stakeholders.

**II. Description**

The activity will allow the Secretariat to undertake a range of public relations and outreach activities. These will include arranging side events/booths at important forest related fora; publishing selected studies when insufficient funds remain in activity budgets to do so; publishing the Organization's Annual Report; continuous improvements to the ITTO website; enhancement of the ITTO photo database; development of posters and other outreach materials; and other ad hoc initiatives, possibly in collaboration with relevant partners.

**III. Expected Outputs**

- a) At least 4 new Technical Series documents or other official publications;
- b) Side events/information booths at relevant fora (e.g. Rio +20; COFO; CITES COP 16; CBD COP 11; UNFCCC COP 17/18; Forest Days 6/7; Regional Forestry Commissions, etc.);
- c) Regularly updated/improved website in 4 languages;
- d) ITTO Annual Reports for 2012-2013;
- e) Enhanced photo database; and
- f) Various outreach materials.

**IV. Target countries**      Global

**V. Duration & Timing**      24 months; commencing when funding made available

**VI. Budget**      US\$300,000

Activity No. 5

**PROVIDE FOR ITTO'S PARTICIPATION IN AND VISIBILITY AT THE  
UNITED NATIONS CONFERENCE ON SUSTAINABLE DEVELOPMENT (UNCSD) (RIO +20)**

*[ITTA,2006, Article 15]  
[ITTO Action Plan 2008-2011, Cross-Cutting Actions (n), (o)]*

**I. Background**

Pursuant to Resolution 64/236 of the United Nations General Assembly, the United Nations Conference on Sustainable Development (UNCSD), also known as Rio +20, will be convened in Rio de Janeiro, Brazil from 4 to 6 June 2012 to mark the 20th anniversary of the United Nations Conference on Environment and Development (UNCED), 1992 and the 10th anniversary of the World Summit on Sustainable Development (WSSD), 2002.

As a Conference at the highest possible level, UNCSD (Rio +20) aims at (i) securing renewed political commitment to sustainable development, (ii) assessing the progress to date and the remaining gaps in the implementation of the outcomes of the major summits on sustainable development and (iii) addressing new and emerging challenges. UNCSD (Rio +20) will focus on two themes: (a) a green economy in the context of sustainable development and poverty eradication and (b) the institutional framework for sustainable development.

In view of the utmost importance and relevance of UNCSD (Rio +20) to the objectives and work of ITTO, particularly in the context of maintaining continued commitment to the sustainable management and development of tropical forests as well as making further tangible progress and narrowing the gaps towards achieving SFM and alleviating poverty in the tropics, the participation of ITTO is imperative to ensure that the perspective and interests of tropical forests and timber as well as ITTO and its members are adequately presented and taken into account in the deliberations of the Conference. This applies not only to previous and on-going issues on sustainable development related to forests but also to new and emerging challenges including the transformation to the green economy; water scarcity; financial, economic, food and energy crises, climate change as well as natural and human induced disasters.

UNCSD (Rio +20) also offers a good opportunity for ITTO to showcase and disseminate its work and achievements in assisting efforts to bring tropical forests under sustainable management including, *inter alia*, the development and application of ITTO Criteria and Indicators for Sustainable Management of Tropical Forests, progress towards the sustainable management of tropical forests (SFM Tropics 2011), promotion of trade in legal and sustainable tropical timber and timber products, reduced emissions from deforestation and forest degradation and environmental services, and community forestry and enterprises.

**II. Description**

Through this activity, ITTO will be able to contribute and participate meaningfully in UNCSD (Rio +20). To ensure visibility and impact, ITTO will collaborate with relevant governments and partners in organizing a side-event to highlight ITTO's work and achievements which are directly relevant to the objectives and themes of UNCSD (Rio +20) and in manning an ITTO booth throughout the duration of UNCSD to showcase and disseminate ITTO information and outreach activities.

**III. Expected Outputs**

- a) Participation of ITTO in UNCSD (Rio +20) enhanced;
- b) Perspective and interests of tropical forests and timber as well as ITTO and its members in UNCSD (Rio +20) adequately presented;
- c) ITTO's outreach, communication and interaction at the international level maintained and expanded; and
- d) ITTO's knowledge and awareness of major and emerging issues and developments on sustainable development enhanced.

**IV. Target Countries**      Global

**V. Duration & Timing**      6 months

**VI. Budget**      US\$100,000



Activity No. 6

**CONTINUE TO PROVIDE FOR ITTO'S COOPERATION AND CONSULTATION WITH THE  
COLLABORATIVE PARTNERSHIP ON FORESTS (CPF) IN SUPPORT OF THE  
UNITED NATIONS FORUM ON FORESTS (UNFF) AND OTHER RELEVANT INTERNATIONAL AND  
REGIONAL ORGANIZATIONS, INSTITUTIONS AND INITIATIVES**

*[ITTA, 2006, Article 15]*

*[ITTC Decision 7(XXX)]*

*[ITTO Action Plan 2008-2011, Cross-Cutting Action (o)]*

**I. Background**

As a founding member of the CPF, ITTO has established, maintained and strengthened cooperation with the UNFF since its establishment in 2000. Following the Ninth Session of the UNFF held from 24 January to 4 February 2011, ITTO and other members of the CPF have been called upon to collaborate and make contributions to the follow-up of the outcomes of the session involving inter-sessional work and preparations leading to the convening of the Tenth Session of the UNFF in Istanbul, Turkey in April 2013.

The follow-up actions, particularly those emanating from the Omnibus Resolution on Forests for People, Livelihoods and Poverty Eradication include, *inter alia*, the Work Plan of the CPF Advisory Group on Finance (AGF) of which ITTO is a member, to coordinate and oversee all preparations for the UNFF work on forest financing to be considered at its Tenth Session. The Work Plan comprises reporting on forest financing, updating the study on forest finance undertaken in 2008, planning and organizing the Organization-led Initiative CLI on Forest Financing and the Second Meeting of the Ad Hoc Expert Group on Forest Financing in 2012 and contributing to the implementation of the Facilitative Process. In addition, there are additional work and preparations for the Tenth Session of the UNFF on the theme 'Forest and Economic Development' and sub-themes on forest products and services, national forest programmes and sectoral policies/strategies, reducing risks and impacts of disaster and benefits of forests and trees to urban communities.

On its own, the CPF has decided to invigorate itself following its Retreat in Italy from 23 to 24 June 2011 in order to better support the UNFF and enhance overall cooperation and collaboration among members, principally through the implementation of the joint CPF initiatives ranging from forest degradation to streamlining forest reporting, advancing a common message on SFM, agroforestry, Global Forest Information Service (GFIS), Rio+20, and Communication Group.

**II. Description**

Through this activity, ITTO will be able to collaborate and contribute concretely and meaningfully to the work of the UNFF and CPF by providing relevant inputs, participating effectively in the relevant work and meetings of the UNFF and CPF and their activities and shouldering part of the costs of these activities on the basis of equitable cost-sharing with other members of the CPF.

**III. Expected Outputs**

- a) Representation of ITTO at UNFF and CPF enhanced;
- b) Cooperation and collaboration between ITTO, UNFF and CPF maintained and strengthened;
- c) ITTO's outreach, communication and interaction at international and regional levels broadened;
- d) Perspective and interests of tropical forests and timber in UNFF and CPF work and activities adequately presented;
- e) ITTO's knowledge and awareness of major and emerging forest issues and developments enhanced; and
- f) Efficiency and effectiveness of ITTO's work enhanced and synergised through cooperation and collaboration.

**IV. Target Countries**      Global

**V. Duration & Timing**      24 months

**VI. Budget**      US\$100,000

Activity No. 7

**CONTINUE TO MONITOR PROGRESS IN THE APPLICATION OF CRITERIA AND INDICATORS FOR  
SUSTAINABLE FOREST MANAGEMENT**

*[ITTC Decisions 3(XXVI), 5(XXX), 9(XXX), 4(XXXIV)]*  
*[ITTO Action Plan 2008-2011, EO6, Goal 2(1)]*

**I. Background**

Under the decisions listed above, 28 ITTO producer member countries have benefited from a series of national workshops to train forest stakeholders on the use of the ITTO Criteria and Indicators (C&I) for SFM to monitor, assess and report on forests and forest management. The most recent workshops were held in Kinshasa, DRC in July 2010 and Paramaribo, Suriname in August 2011. This activity will allow for additional workshops during 2012-2013. It will also allow for a review of the ITTO C&I and for on-going collaboration with other related forest reporting processes.

**II. Description**

The activity (part a) will allow for 2-3 additional national C&I training workshops to be targeted primarily at countries that have not already benefited from this training, including countries that will become new members once the ITTA, 2006 enters into force. The curriculum of these workshops will evolve to ensure that participants receive up to date information on all relevant aspects of monitoring, assessing and reporting (MAR) on forests, including via the C&I. The activity (part b) also provides for a review of the ITTO C&I by an expert panel and printing of a revised set of C&I once these are approved by Council. While this will not involve wholesale changes (recalling that several countries have invested substantial time and effort to implement MAR systems based on the ITTO C&I, the review will take into account recommendations from national workshops carried out since the last review of the C&I in 2004-2005, experience in analyzing country responses to the C&I reporting format during preparation of the SFM Tropics 2005 and 2011 reports, an ITTO study on field level implementation of C&I and on-going developments in international forestry (e.g. climate change). The activity (part c) will also facilitate active ITTO participation in the global dialogue on MAR related to forests, including the CPF Task Force on Streamlining Forest Reporting, discussions on harmonizing reporting on forests between ITTO's SFM Tropics and FAO's Forest Resources Assessment, and various relevant meetings and initiatives of other international C&I processes.

**III. Expected Outputs**

- a) At least 60 stakeholders in ITTO producer member countries familiar with the ITTO C&I;
- b) More countries able to effectively report on forests/forest management using the ITTO C&I reporting format;
- c) A revised set of C&I taking into account all relevant experiences, recommendations and other relevant developments since 2005; and
- d) ITTO concerns and priorities reflected in international initiatives on MAR related to forests.

**IV. Target Countries** Global

**V. Duration & Timing** 24 months; commencing when funding made available

**VI. Budget** US\$250,000 (Part a US\$100,000; Part b US\$100,000; Part c US\$50,000)

Activity No. 8

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

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

**I. Background**

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

**II. Description**

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

The main activities foreseen under this Activity are:

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

**III. Expected Outputs**

An Action Plan to govern the operation of the Organization.

**IV. Target Countries** ITTO member countries

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

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

Activity No. 9

**SUPPORT FOR THE ITTO CHILDREN'S ENVIRONMENTAL  
EDUCATION PROGRAMME ON TROPICAL FORESTS (CEEP)**

*[ITTA, 2006, Article 1]*

*[ITTC Decision 1(XLIV)]*

*[ITTO Action Plan 2008-2011, Cross-Cutting Action (d)]*

**I. Background**

In terms of a vision for the role of education in environmental issues, the G8 leaders concluded that “We need to give young people a hope in the future and provide a positive context for fostering active citizens, able to build a more just and sustainable future bringing a better quality of life for all.

The youth tend to be open to change and new ideas, and the resolution of environmental issues requires changes to attitude, behavior and values. Although environmental education has not been a major focus for ITTO in the past, it should be considered essential and deserving of the organization's attention.

Existing environmental education programmes and backing materials tend to fail to give adequate and up-to-date coverage on tropical forests. The theme of forests is not highlighted or treated with an integrated educational approach. Therefore this niche could be filled by ITTO with this environmental education programme on tropical forests. ITTO's contribution to environmental education would supplement existing systems and support existing guidelines and materials by providing needed information and experience.

At the Forty-fourth Session of the ITTC, the proposal by the Executive Director was presented to the Council to consider the establishment of CEEP. The Council unanimously approved the proposal.

In 2011, the CEEP convened a side-event in conjunction with the XXIII IUFRO World Congress held in Seoul, Republic of Korea and also produced supplementary teaching materials for School children on “Sustaining Tropical Forest for the Future.”

**II. Description**

This programme gears towards students in rural and urban students around the world. The programme emphasizes the importance of forests in the context of climate change. It includes holding environmental education conference, creating supplementary backing materials, establishing school forests, leading forest friendship experiences, setting up learning network, experiencing forest education camp and dispatching lecturers. This programme will help fill the gap in educational content on forests.

**III. Expected Outputs**

- a) To develop students' awareness, appreciation and commitment to address issues related to sustainable forest management and the environment; and
- b) To help students develop attitudes and actions based on analysis and evaluation of the available information.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$240,000

Activity No. 10

**IN COOPERATION WITH RELEVANT ORGANIZATIONS, CONTINUE TO STUDY THE IMPLICATIONS OF CLIMATE CHANGE FOR TROPICAL FORESTS AND THE CONTRIBUTION OF TROPICAL FORESTS TO THE MITIGATION OF THE EFFECTS OF CLIMATE CHANGE**

*[ITTA, 2006, Articles 1(f), (p)]*

*[ITTC Decision 1(XXXVIII)]*

*[Action Plan 2008-2011, Cross-Cutting Actions (c), (o)]*

**I. Background**

The role of sustainable forest management in climate change mitigation and adaptation has been receiving increasing recognition at the international level. Within the context of sustainable forest management, the implementation of forest-based climate change mitigation and adaptation measures and activities will require integrated strategies at the national level through multi-stakeholder consultations. In support of policy development to address forest-based climate change mitigation and adaptation, the ITTO Action Plan 2008-2011 identifies the need to monitor the potential implications of the management of the forest resource base to climate change and the relevance and appropriateness of policy developments. The ITTO Action Plan also highlights the need to support an understanding of the impacts of reducing emissions from deforestation and forest degradation (REDD) on tropical forest development. In this regard, the Council, at its Forty-fourth Session, adopted the Thematic Programme on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services (REDDES) by taking into account, *inter alia*, the following:

- ITTO is committed to sustainable forest management of tropical forests (SFM). Forest-based mitigation and adaptation strategies to climate change constitute an integrated part of SFM in the ITTO producing member countries. These relate to both protection (conservation) and production forests;
- The bulk of emissions from deforestation and forest degradation in developing countries take place in forested tropical countries that are members of the ITTO. Just 15 of ITTO's 33 producer member countries accounted for over 70% of the nearly 12 million ha annual average tropical deforestation rate in 2000-2005. A long tradition of collaboration with these countries gives the ITTO a considerable coverage on the main drivers of deforestation and forest degradation (DD). In addition, ITTO provides an efficient platform for discussing major policy issues related to DD among the main producer and consumer countries of tropical timber and other products and services rendered by tropical forests; and
- The project approach of the ITTO, at both the national and local levels, gives ITTO valuable experience in assessing conditions under which deforestation and/or forest degradation can be reduced.

If countries are to significantly reduce their deforestation and forest degradation rates, they will need to tackle the policy, governance and market failures driving land use change and unsustainable use of forest resources. These activities correspond to the core objectives of ITTO.

**II. Description**

Support is required for ITTO to assist members in formulating and implementing an integrated forest sector response to climate change, and to guarantee an organized participation in the global debate related to the role of tropical forests in climate change mitigation and adaptation, including:

- Attendance of UNFCCC meetings where tropical forests will be brought to debate.
- Facilitate the participation of ITTO member countries in events where the theme of forests and climate change will be high in the agenda, for ITTO producer member countries to be well informed and benefit from possible incentives for sustainable forest management in the tropics.
- Organization of a side event at UNFCCC COPs on the role of sustainable forest management in the tropics to support climate change mitigation and adaptation and to restore degraded tropical forests.
- Taking into account the CPF Strategic Framework on Forests and Climate Change, participate in CPF related initiatives on forests and climate change to bring up tropical forest perspectives.
- Invite the Secretariat of the UNFCCC to update the Council on the development of the tropical forest debate under the UNFCCC framework.

**III. Expected Outputs**

- a) ITTO producer member countries informed and supported on their initiatives to relate sustainable forest management and climate change, including project development and policy reforms;
- b) Relevant literature and statistical data on tropical forests and climate change available and regularly updated in the ITTO web page and through its other communications means, including TFU;
- c) A report to inform the Forty-eighth and Forty-ninth Sessions of the ITTC;
- d) The role of SFM in the tropics debated and disseminated in relevant international fora, including the UNFCCC COPs, through purpose-made information events; and
- e) Active ITTO participation in the CPF initiatives related to forests and climate change, including the initiative on measuring and assessment forest degradation.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

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

Activity No. 11

**ENHANCE COOPERATION BETWEEN ITTO AND CITES**

*[ITTA, 2006, Article 15]  
[ITTC Decisions 3(XVI), 7(XXXIV), 2(XXXVII)]  
[ITTO Action Plan 2008-2011, Cross-cutting Action (n)]*

**I. Background**

ITTO and CITES have increasingly strengthened collaborative activities to improve implementation of timber listing requirements over the past 15 years. This collaboration culminated in the large capacity building program first proposed in the 2006-2007 BWP that was funded through 2010 via a large grant from the EC, together with on-going funding from the US and other donors through the Organization's Biennial Work Programmes (the on-going funding from these other donors is allowing a modest continuation of programme activities during 2011 following the completion of the initial EC grant period). A second grant proposal has been submitted by ITTO to the EC in 2011 seeking a total budget of EUR 7.5 million to continue ITTO's capacity building work on CITES. This activity seeks contributions from other donors to make up the EC requirement that one third of the total grant amount requested come from other sources.

**II. Description**

The activity will allow for full continuation of ITTO's CITES capacity building programme through 2015 (the 2014-2015 BWP will also include this activity which is now an on-going part of ITTO's work). The programme will continue to be implemented in a country-driven manner as under previous BWPs, but with an expansion in scope of species covered to include additional timber species and non-timber trees listed in CITES and a widening of coverage to additional range states of species of concern. The activity will be overseen by an advisory committee made up of representatives of donors, target countries, the ITTO and CITES secretariats and trade/civil society stakeholders. Regional coordinators recruited in the initial phase of this program will be retained if possible or new ones recruited to assist with activity formulation, implementation and monitoring in target countries. A programme assistant will be employed at ITTO headquarters to assist in overseeing implementation of this activity. Currently more than 15 country activities with budgets totaling over US\$2 million are pending funding through this programme, including a proposal from the TAG to review the process for including/removing species from the IUCN Red List (often used as the basis for CITES listing proposals) which was unfunded in the two previous BWPs.

**III. Expected Outputs**

During the biennium covered by this work programme this activity will result in:

- a) At least 3 countries with improved inventories or inventory designs for CITES listed timber species;
- b) At least 3 tracking/monitoring systems in place for CITES listed timber species;
- c) At least 3 regional training/experience exchange workshops;
- d) A reduced number of trade suspensions of CITES listed timber species and an increased capacity of countries to undertake non-detriment findings;
- e) An international workshop to disseminate outcomes of ITTO work to strengthen capacity to implement
- f) CITES listings of timber species; and
- g) Attendance and participation of ITTO in relevant CITES meetings and fora.

**IV. Target countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$1,817,000 (EUR 1,250,000)

Activity No. 12

**EVALUATION OF THE PILOT OPERATION OF THE ITTO THEMATIC PROGRAMMES**

*[ITTA, 2006, Articles 20, 24.3, 25]  
[ITTC Decisions 9(XLIV), 8(XLIV), 10 (XLIV)  
[ITTO Action Plan 2008-2011, Part II]*

**I. Background**

At its Forty-fourth Session held in November 2008, in Yokohama, Japan, the Council adopted Decisions 8 (XLIV) on the establishment of a Thematic Programmes (TP) subaccount under the Special Account, 9 (XLIV) on the Operational Procedures and Guidelines of the Thematic Programmes on a Pilot Basis and 10 (XLIV) on the Thematic Programme Profiles (TPP). It was decided to implement, on a pilot basis, Thematic Programmes in five areas where additional funding was expected, i.e., Forest Law Enforcement, Governance and Trade (TFLET), Community Forest Management and Enterprises (CFME), Trade and Market Transparency (TMT), Industry Development and Efficiency (IDE) and Reducing Deforestation and Forest Degradation and Enhancing Environmental Services (REDDES).

Pursuant to Decision 9(XLIV) the effectiveness of the pilot operation of the Thematic Programmes will be reviewed and evaluated after three years.

**II. Description**

Under the Thematic Programmes, the ITTO Secretariat plays a much more elaborate role in the implementation process than under the regular project cycle, including involvement in the development of Thematic Programme Documents (TPD), the proposal appraisal and approval, the selection of Executing Agencies or the project implementation, monitoring and reporting.

By means of review, analysis and careful evaluation of the rules and procedures established and applied during the different stages of Thematic Programme implementation, the overall goal of the TP Evaluation is to assess the effectiveness of the pilot operation of the Thematic Programmes, the member country response to the new opportunity and the achievements to date in the respective thematic areas. The evaluation will include all stages from the development of the TP profiles to the completion of the project cycle. It is expected to draw lessons that can be used to further improve the efficiency and sustainability of the TP operation under the ITTA, 2006 and towards achieving the TP goals, the ITTO's Objective 2000 and the Yokohama Action Plan.

**III. Expected Outputs**

- a) Comprehensive report on the effectiveness of all stages during the Thematic Programme pilot operation (to be presented at the Forty-eighth Session of the Council in 2012);
- b) Assessment of the donor response to the Thematic Programmes;
- c) Evaluation of the achievements (potential and actual) to date in the respective thematic area; and
- d) Recommendations to improve the effectiveness of the TP process including TP development, TP review process and project implementation

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 3 months (over a period of six months)

**VI. Budget** US\$90,000



Activity No. 25(a)

**DISSEMINATE AND SHARE INFORMATION ON THE OUTPUTS, OUTCOMES,  
IMPACTS AND LESSONS LEARNED FROM ITTO'S PROJECT WORK AND ITS  
CONTRIBUTION TO SUSTAINABLE FOREST MANAGEMENT**

**(A) BUILDING FROM THE RESULTS OF THE META-EVALUATION OF THE  
ITTO PROJECTS, HOLD REGIONAL WORKSHOPS IN THE THREE TROPICAL TIMBER  
PRODUCING REGIONS TO DISSEMINATE OUTPUTS, OUTCOMES, RESULTS AND  
IMPACTS OF ITTO'S PROJECT WORK AND ITS CONTRIBUTION TO SFM**

*[ITTA, 2006, Articles 1(c), (r)]*

*[Action Plan 2008-2011, Expected Outcome 6 (F), Cross-Cutting Action (f)]*

**I. Background**

A team of three independent consultants has carried out the meta-evaluation of ITTO projects which had been already ex-post evaluated through the in-depth analysis, synthesis and careful evaluation of the findings, lessons learned and recommendations from a series of ITTO ex-post evaluation reports. The overall goal of the meta-evaluation was to assess the impact of the projects implemented on the field during the 25 years of existence of ITTO on the achievement of the ITTO's 2000 objective, as well as to improve the efficiency, effectiveness and relevance of the future ITTO project evaluation process.

The consultants were dealing with the review and analysis of the current methodology and results achieved to date in the ITTO projects, taking into account:

- The Objectives of ITTA including the ITTO's "Objective 2000";
- The ITTO Action Plans;
- The reports of the Expert Panel on Project Appraisal;
- The terms of reference for ex-post evaluations;
- The need to have a compilation of the findings of the ex-post evaluations undertaken to date;
- The need to have a project evaluation practice that feeds a learning process to guide new projects development building from existing knowledge and avoiding duplication of efforts; and
- The need to enhance countries' efforts in sustaining and taking follow-up actions on the completed projects.

The independent meta-evaluation of ex-post project evaluation process was able to aggregate the lessons learned, good practice and recommendations from completed and evaluated projects, so they can be more effectively used to influence future project design, programmes and policies supporting SFM in the tropics. Therefore, it is important to disseminate and share the results for the benefit of ITTO member countries and the promotion of SFM.

**II. Description**

The proposed activity will be relating to the dissemination and sharing of information on the outputs, outcomes, results, impacts and lessons learned from the meta-evaluation of ITTO projects which were previously ex-post evaluated by independent consultants. The dissemination and sharing of information will be undertaken online and through the holding of regional workshops in the three tropical timber producing regions. To this end, the Activity will be implemented through the following approach:

- Publish relevant information material based on the results of the meta-evaluation of ex-post evaluation of ITTO projects and by improving the on-line information on ITTO projects, their results and impacts;
- The holding of one regional workshop in each ITTO tropical timber producing region (Africa, Asia-Pacific and Latin America), which will be a good opportunity for exchange of experiences on different aspects of the implementation of projects in ITTO member countries;
- Selection of an international consultant to be in charge of the overall coordination and facilitation of the workshops; and
- Three regional consultants, one from each tropical timber producing region, will be selected to facilitate the organization of the regional workshops.

**III. Expected Outputs**

- a) Implementation of ITTO projects improved in producer member countries through the exchange of experiences about the lessons learned in previous ITTO projects;
- b) Relevant publications, including the proceedings of the regional workshops prepared and disseminated by the ITTO Secretariat; and
- c) Wider use of the results of the meta-evaluation in ITTO producer member countries during the preparation of project proposals to be submitted ITTO.

**IV. Target Countries** ITTO producer member countries

**V. Duration and Timing** 12 months in 2012-2013

**VI. Budget** US\$250,000

Activity No. 25(b)

**DISSEMINATE AND SHARE INFORMATION ON THE OUTPUTS, OUTCOMES,  
IMPACTS AND LESSONS LEARNED FROM ITTO'S PROJECT WORK AND ITS  
CONTRIBUTION TO SUSTAINABLE FOREST MANAGEMENT**

**(B) DEVELOP AND DISSEMINATE A STUDY ON RESULTS OF  
MULTIPURPOSE FOREST MANAGEMENT IN SELECTED ITTO PRODUCER COUNTRIES**

*[ITTA, 2006, Articles 1(c), (r)]*

*[Action Plan 2008-2011, Expected Outcome 6 (F), Cross-Cutting Action (f)]*

**I. Background**

In simple terms, Multiple-Use Forest Management (MFM) can be considered as the deliberated management of a particular forest area for various uses in terms of goods and services. This broad definition implies forest use diversification in spatial terms, but not necessarily in temporal terms, *i.e.* a manager could benefit from one particular product (good or service) from the same forest area at a time and later resort to another product in the same area. This interpretation emphasizes use diversification of a particular forest. Under the right conditions, MFM could diversify forest use, broaden forest productivity and provide incentives to maintain forests. It could also allow a greater number of stakeholders to participate in forest benefit streams. In addition, developing workable MFM could provide a venue for reducing social conflict and exclusion related to remaining forest resources. It could also provide useful alternatives for reducing forest resource degradation, and guidelines for establishing REDD+ programs.

One of the key issues related to MFM is the compatibility of uses in particular timber extraction and the collection of non-timber forest products (NTFPs). Although there are promising examples of the integration of timber and NTFPs, such cases however remain exceptions in forest sectors' focused on timber. The potential for diversification or of the possible negative impacts of standard practice on alternative products and services (and those stakeholders depending on them) have not become salient points of debate by forest decision makers. Research on the compatibility to timber and NTFP extraction and management indicate that a range of factors contribute to the success or failure of attempt to integrate the management of forest products. In addition, the capacity of forest systems to provide ecosystem services changes dependent of the type of silvicultural and NTFP extraction system practiced. Integrating multiple products and services, as well as accommodating multiple forest stakeholders within mutually agreed upon systems, poses complex challenges for forest policy makers.

**II. Description**

ITTO will join the existing collaborative effort of FAO, CIFOR and CIRAD to promote and facilitate the successful implementation of multiple use forest management (MFM) initiatives in tropical humid regions as a means to enhance forest conservation and people's livelihoods. Towards this goal the focus is on the delivery and dissemination of policy support and technical relevant information, recommendations and practical tools to government agencies, forest managers and supporting organizations.

For implementation during 2012 and part of 2013, the analysis of a selection of case studies will be carried out, to allow for a better understanding on, and enhanced knowledge of processes and outcomes of successful MFM initiatives in tropical regions.

The main activities foreseen are:

- 1) Selection of case studies and finalization of methodology for data collection and analysis;
- 2) Selection and training of collaborators (consultants), and final preparation of field work ;
- 3) Validation and documentation of case studies (field work);
- 4) Analysis of selected case studies;
- 5) International workshop to present and discuss the results of the background study, the case studies with lessons learned, the implications for policy, practice and research, and the main recommendations;
- 6) Book preparation (with external reviewers);
- 7) Preparation of policy brief; and
- 8) Dissemination of outputs to target audiences through seminars, workshops, news articles, website postings and networking activities.

**III. Expected Outputs**

- a) A book (technical publication) containing a synthesis of background documentation on MFM (coming from the work in phase I), a description and analysis of the selected case studies (from each of the three major tropical regions), and a set of lessons learned, conclusions and recommendations for policy and practice; and
- b) A policy brief highlighting the main results and recommendations.

**IV. Target Countries**            At least one ITTO producer member country in each of the tropical regions, upon manifestation of interest to participate in the study.

**V. Duration & Timing**        18 months in 2012-2013

**VI. Budget**                    US\$ 40,000

Activity No. 25(c)

**DISSEMINATE AND SHARE INFORMATION ON THE OUTPUTS, OUTCOMES,  
IMPACTS AND LESSONS LEARNED FROM ITTO'S PROJECT WORK AND ITS  
CONTRIBUTION TO SUSTAINABLE FOREST MANAGEMENT**

**(C) CO-HOST THE CPF WORKING GROUP TO ADVANCE A  
COMMON MESSAGE ON SUSTAINABLE FOREST MANAGEMENT**

*[ITTA, 2006, Articles 1(c), (r)]*

*[Action Plan 2008-2011, Expected Outcome 6 (F), Cross-Cutting Action (f)]*

**I. Background**

The Collaborative Partnership on Forests (CPF) is a coordination mechanism comprised by the 14 major international organizations related to global forests and forestry issues. It has been established under the framework of the IPF/IFF/UNFF process to promote coordinated actions in support of the UNFF towards the achievement of the global forest objectives agreed upon by the UNGA through the UN Resolution 62/98, which identifies the Global Objectives on Forests as follows:

- Global Objective 1: Reverse the loss of forest cover worldwide through sustainable forest management, including protection, restoration, afforestation and reforestation, and increase efforts to prevent forest degradation;
- Global Objective 2: Enhance forest-based economic, social and environmental benefits, including by improving the livelihoods of forest dependent people;
- Global Objective 3: Increase significantly the area of protected forests worldwide and other areas of sustainably managed forests, as well as the proportion of forest products from sustainably managed forests;
- Global Objective 4: Reverse the decline in official development assistance for sustainable forest management and mobilize significantly increased, new and additional financial resources from all sources for the implementation of sustainable forest management.

In view of the need to harmonize the understanding of the SFM concept amongst all CPF members, to pass over a consistent and common message in support of sustainable forest management (SFM), a CPF Working Group has been established. ITTO and CBD have been invited to co-host the Working Group and promote the development of policy briefs on SFM that can be adopted by all the CPF members for dissemination.

**II. Description**

The activity will allow for production and distribution of CPF fact sheets/policy briefs on specific aspects of SFM, including:

- SFM and the multiple functions of forests;
- SFM and primary forests;
- SFM, food security and livelihoods;
- SFM and bioenergy;
- SFM and indigenous peoples;
- SFM and REDD+ (following Bali Action Plan terminology);
- SFM and biodiversity;
- SFM and gender; and
- SFM and adaptation to climate change.

**III. Expected Outputs**

At least eight Fact Sheets/Policy Briefs on SFM produced, agreed upon by consensus of the CPF members, published and distributed at Rio + 20 and other global and regional forest related events.

**IV. Target Countries**      Global

**V. Duration & Timing**      18 months

**VI. Budget**      US\$ 40,000

Activity No. 25(d)

**DISSEMINATE AND SHARE INFORMATION ON THE OUTPUTS, OUTCOMES,  
IMPACTS AND LESSONS LEARNED FROM ITTO'S PROJECT WORK AND ITS  
CONTRIBUTION TO SUSTAINABLE FOREST MANAGEMENT**

**(D) ASSESS RESOURCES REQUIRED TO IMPLEMENT SUSTAINABLE FOREST MANAGEMENT**

*[ITTA, 2006, Articles 1(c), (r)]*

*[Action Plan 2008-2011, Expected Outcome 6 (F), Cross-Cutting Action (f)]*

**I. Background**

Financing sustainable forest management has been a consistent theme in the deliberations of ITTC, particularly with regard to the achievement of the ITTO 2000 Objective. A panel of experts was convened in 1997 to assess the accuracy and completeness of the estimates submitted and make recommendations for the mobilization of resources to assist member countries in accelerating progress towards the achievement of the Year 2000 Objective. The findings of the panel indicated that 18 out of the 26 country reports submitted by Producer member countries were of variable quality and many countries did not provide information at the level of the forest management unit. The panel considered that the ITTC may find it useful to identify the specific costs and resources needed to carry out the highest priority actions for the purpose of mobilizing resources or allocating project funds.

Since ITTO has been at the forefront in the development and implementation of criteria and indicators for sustainable forest management encompassing seven thematic areas, a study on the assessment of the resources needed to implement SFM would be crucial to all stakeholders in updating their knowledge and information on the cost of SFM.

**II. Description**

The main objectives of the proposed study are:

- To review existing analyses for assessing resources required for the achievement of sustainable forest management and the report of the Expert Panel on Resources Needs and Costs incurred in Achieving the year 2000 Objective; and
- To conduct case studies for selected countries (i.e. one country in each tropical region) in estimating the resources required to achieve sustainable forest management after refining an approach in estimating the resources required to achieve sustainable forest management

**III. Expected Outputs**

The proposed study will contribute to facilitating the sharing of knowledge and information to estimate the resources required for the achievement of sustainable forest management in the three selected countries. Its contribution will also include the identification of an appropriate approach within a range of options for the estimation of the resources required for SFM within for policy and decision-making arena.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 12 months in 2013

**VI. Budget** US\$40,000

Activity No. 26

**SUPPORT SELECTED PRODUCING MEMBER COUNTRIES TO  
PROMOTE WOOD-BASED BIOENERGY USING WOOD RESIDUES AND WASTE**

*[ITTA, 2006, Articles 1(a), (c), (f), (p), (s)]*  
*[ITTO Action Plan 2008-2011, Expected Outcome 2 (A)]*

**I. Background**

ITTO has convened the International Conference on Wood-based Bioenergy held in Hannover, Germany, in conjunction with LIGNA+ 2007 under the 2006-2007 BWP and three Regional Fora (held in Cameroon, Indonesia and Brazil) in cooperation with FAO on the Promotion of Wood-based Bioenergy using Wood Wastes and Residues under the 2008-2009 BWP. These different fora resulted in a number of recommendations that put priority to further assist member countries, among others, in strengthening their capacity to assess, monitor and report information on wood-based bioenergy related facts and developments; support research and development (including through pre-projects and projects) into efficient wood-based bioenergy technologies, the marketing of wood-based bioenergy products; and support, through projects, investment and other means, the development of integrated wood-processing manufacture and industries that use wood residues to efficiently and cost effectively generate thermal energy and electricity (including combined heat and power solutions) for both their operational needs and those of local communities.

**II. Description**

This activity aims at further assisting member countries to develop wood-based bioenergy by:

- Gathering information on the country's potential to promote wood-based bioenergy using wood residues and wastes (including availability of wood residues and wastes, processing technology, products' markets and human resources).
- Analyzing country's needs and setting up priorities in the promotion of wood-based bioenergy using wood residues and wastes.
- Convening workshops in the selected countries to formulate project proposals on wood-based bioenergy using wood residues and wastes to be submitted to ITTO or other potential donors.

A national consultant to be engaged in a selected country will collect necessary data and information of wood-based bioenergy, prepare a discussion paper, assist the host country to organize and facilitate the workshop, and finalize the draft project proposal.

**III. Expected Outputs**

- a) Working papers for workshops on the promotion of wood-based bioenergy using wood residues and wastes; and
- b) Three project proposals of three selected countries on the promotion of wood-based bioenergy using wood residues and wastes.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

**VI. Budget** US\$100,000

Activity No. 27

**STRENGTHENING THE CAPACITY TO PROMOTE EFFICIENT WOOD PROCESSING  
TECHNOLOGIES IN TROPICAL TIMBER PRODUCING COUNTRIES**

*[ITTA, 2006, Articles 1(f), (i)]  
[ITTO Action Plan 2008-2011, Expected Outcomes 2 (A), (C)]*

**I. Background**

Forest industries generate value to the tropical forest resources thereby critically contributing to their sustainable management. Since 2000 there has been a decline both in tropical sawnwood and tropical plywood. Examples of problems in forest industries include structural deficiencies and managerial weaknesses. The latter is particularly common in small and medium-sized enterprises (SMEs). Management systems in SMEs may be inadequate for the effective planning and control of operation, posing difficulties for effective supply chain management and product tracking. These enterprises may not have sufficient capacity to apply appropriate technology and management methods, which may be a barrier to integration with established supply chains. There is a lack of efficiency in wood processing that cause a high rate of waste/residue. Only 15% of the timber volume felled ends up in the value added products and the rest is lost. About a half of the felled volume remains in the forest and the remaining 25% is industrial residue from the primary and secondary processing.

In view of overcoming the above situation, it will be necessary for producers in tropical countries to improve their capacity to promote efficient wood processing technology to help reduce wastes and improve quality of products. For this purpose there is a need to make provisions for convening in-house training at country level to promote efficiency in wood processing industries.

**II. Description**

The activity is intended to pilot the applicability of training approaches and methodologies developed in the implementation of ITTO Project PD 286/04 Rev. 1 (I) 'Strengthening the Capacity to Promote Efficient Wood Processing Technologies in Indonesia'. This pilot activity will be undertaken in producing member countries in Africa, Asia Pacific and Latin America and the Caribbean Regions in which their forest industries production chains encounter problems of inefficiency and lack of human resource capacity. Forest industries, forest industry associations, forestry trainings and research institutions, as well as representatives from relevant government's agencies will take part in the in-house training. During the implementation of the 2010-2011 BWP, this activity has been carried out in PNG, Guyana, Myanmar, and Malaysia. Under the 2012-2013 BWP the applicability of this activity will be further tested in Africa and other producer member countries.

The scope of the in-house training will include strengthening capacity in common problem areas in the wood-based industries, namely: log stocking and loading, kiln drying and boilers, saw doctoring, finger joint-ing, laminating, packaging, waste control, maintenance and work safety.

An international consultant will be engaged as the trainer. The consultant will prepare the training modules/materials and facilitate the trainings, assist the national consultant in planning and organizing the training, and prepare a report of the overall implementation of the activities.

A national consultant will be selected to organize and facilitate the in-house training. The specific tasks will include selecting two participating companies for in-house trainings, identify participants, and prepare the report of the in-house training implementation.

**III. Expected Outputs**

- a) Awareness and understanding of forest industry managers/owners, government training and research institutions increased on the importance of improving efficiency in forest industries;
- b) Improve knowledge, skill and mentality of forest industry operators; and
- c) Validated approaches and methodology of in-house training applicable to be further disseminated and implemented in different places.

**IV. Target Countries**     Selected ITTO producing member countries

**V. Duration and Timing**     24 months

**VI. Budget**                     US\$250,000



Activity No. 28

**MATCHING THE NEEDS OF THE FOREST INDUSTRY WITH INNOVATIONS, TECHNOLOGIES  
AND KNOW-HOW DEVELOPED THROUGH ITTO PROJECTS**

*[ITTA, 2006, Articles 1(f), (i), (p)]*

*[ITTO Action Plan 2008-2011, FI Outcomes 1 (D), (I,) FI Outcomes 2 (A), (C), Cross-Cutting Action (a)]*

**I. Background**

During the last 10 years ITTO projects under the Committee of Forest Industry have produced a number of innovations, technologies and know-how in fields, such as:

- Reduced impact logging;
- Processing of small diameter logs;
- Use of lesser know timber species;
- Further processing of selected timber species, such as rubber wood, teak and *Acacia mangium*;
- Kiln drying of lumber;
- Resin tapping and processing;
- Processing of rattans;
- Use of timber residues;
- Bioenergy, etc.

As recognized in the ITTO Action Plan 2008-2011, the role of Small-Medium Enterprises (SMEs) has been growing in the national and international markets of forest products. Findings, outputs and lessons from completed ITTO project are valuable sources to support the development SMEs in forest industry sector.

**II. Description**

ITTO can further contribute to the development of forest industry by disseminating developed technologies and know-how that match the current needs of SMEs, by making provisions to:

- Identify, in cooperation with relevant forest industry associations in producer and consumer member countries, the current needs of SMEs, for efficient production and processing of timber and forest resource utilization;
- Specify appropriate technology or know-how from among those developed through recent ITTO projects that matches respective needs of SMEs; and
- Support selected producer member countries, in partnership with their industry associations, in facilitating the application and adoption of the relevant innovation, technology or know by SMEs.

**III. Expected Outputs**

- a) Identified updated needs of forest industry, particularly SMEs;
- b) Specified technologies and know-how that match the needs of forest industry; and
- c) Increased capacity of forest industry in at least three producer member countries with disseminated information.

**IV. Target Countries**      Selected ITTO member countries

**V. Duration and Timing**    24 months

**VI. Budget**                US\$100,000

Activity No. 29

**DEMONSTRATION AND ADOPTION OF CREDIT SCHEMES FOR  
SMALL-MEDIUM ENTERPRISES (SMEs) IN THE FOREST SECTOR**

*[ITTA, 2006, Articles 1(g)]*  
*[ITTO Action Plan 2008-2011, Expected Outcome 1 (A)]*

**I. Background**

One of the main recommendations of the various investment fora held by ITTO is the promotion of accessible credit lines for Small-Medium Enterprises (SMEs). Through the ITTO project, PD 233/03 Rev.2 (I) *"Application of intermediate technologies for sustainable forest harvesting in Peru"*, a credit scheme for SMEs was developed with high potential of replication and scaling-up.

It was demonstrated through the project that:

- Capacity building focused on the use of intermediate processing technologies and equipments, such as portable saw-millers, brought SMEs benefits, such as:
  - Simplified logistics by processing right at the harvesting sites;
  - Reduce transportation costs, including losses and damages during transportation;
  - Increased competitiveness and market access; and
  - Increase income and profit.
- Establishment of a guarantee/revolving fund at a local bank provided SMEs with a credit line for the acquisition of such technologies and equipments.

The major findings of the project include:

- A credit line, associated with effective capacity building, enables SMEs to move-up in a production chain;
- Simple financing schemes established in local or small financial institutions can improve the access to credit by SFMs; and
- With relatively high repayment rate (higher than 85%), small amount of seed capital (such as US\$7,000) can mobilize a large amount of credits.

**II. Description**

ITTO will further demonstrate the effectiveness of the financial model developed through the ITTO project, by assisting two selected producer member countries in replicating the credit scheme for SMEs with appropriate adjustments to their national and local conditions and circumstances.

In general the credit scheme works as follows:

- Promotion activities are carried out and assistance is given to SMEs for credit application;
- The total value of the guarantee/revolving fund of US\$50,000 is established at a local financial institution;
- Credit applications, including business plans and adequacy of proposed technologies and equipments, are carefully examined;
- Upon the approval, disbursement is made directly to the supplier of technologies and equipments, and necessary training is carried out;
- The fund guarantees 50% of the credit, and the rest is guaranteed by the asset itself, such as portable saw-millers;
- Credits are given up to a value of US\$16,000, and the performance of SMEs, including repayment, is monitored; and
- Repayment allows extend further credits to more interested SMEs.

**III. Expected Outputs**

- a) Two credit schemes implemented with necessary adjustment and modifications to the national and local conditions and circumstances; and
- b) Compiled documentation on experiences and lessons for further dissemination of the credit scheme.

- IV. Target Countries** Two selected producing member countries where local institutions could step-on for the extension of capacity building and management of the guarantee fund.
- V. Duration and Timing** 24 months
- VI. Expected Budget** US\$120,000

Activity No. 30

**PROMOTING INNOVATIONS IN THE UTILIZATION OF TROPICAL TIMBER**

*[ITTA, 2006, Articles 1(f), (i), (p)]*

*[ITTO Action Plan 2008-2011, Expected Output 2 (D), Cross-Cutting Action (a)]*

**I. Background**

Tropical forest industries create value from the use of forest resources and can contribute to their sustainable management. The potential for revenue and employment can be increased by, for example, expanding production and exports of further-processed and innovative products. In many ITTO producing member countries value added of tropical timber industries is considerably low. This demonstrates lost opportunities for sustainable development. Currently, technology transfer and innovations for utilizing tropical timber are not adequately promoted to that of temperate and boreal timber. Even amongst tropical timber producing countries, there are considerable differences in the capacity and capabilities to produce innovative products.

**II. Description**

In this activity, ITTO will support producer member countries to promote innovations in the utilization of tropical timber by investigating main drivers of and barriers to the development and application of innovative technologies, by making provisions to:

- a) Conduct a baseline study on the innovative technologies applicable for the efficient utilization of tropical timber in producer member countries, which cover:
  - Available technologies, with particular focus on the optimization of material use, and characteristics of materials, such as strength and durability, amongst others;
  - Enabling environment for and obstacles to the development and application of innovative technologies in selected consumer and producer member countries, such as Germany, Finland, China, Japan, PNG/Malaysia/Indonesia, Ghana, Peru, etc.; and
  - Other innovative practices to promote efficient utilization of resource use, processing, and product development and marketing, including branding and design of products.
- b) Hold an international workshop to disseminate the results of the baseline study.

**III. Expected Outputs**

- a) Baseline study on innovation in the utilization of tropical timber; and
- b) Recommendations from the workshop for action plans to promote innovation in utilization of tropical timber.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity 31

**DEVELOPMENT OF ENVIRONMENTAL PRODUCT DECLARATION (EPD) FOR  
THREE TROPICAL WOOD PRODUCTS**

*[ITTA, 2006, Article1 (a), (f), (s)]*

*[ITTO Action Plan 2008-2011, Expected output 1 (D), Expected output 2 (C)]*

**I. Background**

ITTO has previously conducted a thorough review of information on Life Cycle Analysis (LCA) of Tropical Timber Products [PPD 48/02 (M)], reported in 2004. Since the 2004 study by ITTO, the Organization has done very little work on the report's findings, specifically regarding "a coordinated effort to simulate further LCA work of direct relevance to tropical forests and products".

Environmental Product Declarations (EPD's) are gaining market momentum as a tool that defines socially and environmentally responsible construction materials. LCA ratings are significant factors in establishing EPD's (an EPD is defined in ISO 14025 as quantified environmental data based on the ISO 14040).

Tropical timber products are at a significant competitive disadvantage without transparent and complete LCA information. The defining of LCA ratings for tropical wood products will help ITTO producer countries meet the environmental, social and economic goals consistent with the ITTO's objective of enhancing international trade in legally harvested tropical timber from sustainably managed forests.

**II. Description**

The following proposal outlines a process for compiling EPD's through development of a Life Cycle Inventory database and comparative LCA reports for 3 products in line with ISO standards, including carbon footprint assessments for 3 products in line to the PAS2030 specification. The three products proposed for assessment namely: meranti plywood (SE Asia), ipe decking (Brazil) and khaya lumber (Ghana) represent a range of products and specifications from three geographic regions.

The outputs will fill critical gaps in the data for tropical wood products in the Life Cycle Inventory; increase acceptance and specification of tropical wood products as a green building material.

**III. Expected Outputs**

- a) Compile Life Cycle Inventory database.
- b) LCA reports for 3 products conducted in line with ISO standards.
- c) Assessment of the carbon footprint for 3 products in line with the PAS2050 methodology.
- d) EPD for each product.

**IV. Target Countries**      Global

**V. Duration & Timing**      24 Months

**VI. Budget**                  US\$180,000

Activity No. 32

**COLLABORATE WITH THE TRADE ADVISORY GROUP (TAG) IN ORGANIZING AND HOLDING THE  
ITTO ANNUAL MARKET DISCUSSION ON THE WORLD TROPICAL TIMBER TRADE DURING  
SESSIONS OF THE ITTC IN 2012 AND 2013**

*[ITTA, 2006, Articles 1(e), (h)]*  
*[ITTO Action Plan 2008-2011, Expected Outcome 3 (B)]*

**I. Background**

The ITTO Annual Market Discussion is an annual forum for international dialogue on a selected theme of the international tropical timber trade. The event is important for delegates of ITTO member countries and trade representatives to discuss and deliberate on germane and often complex trade policy issues confronting tropical timber and timber products. This strategic policy activity strengthens the event by providing for the engagement of keynote speakers at the event.

**II. Description**

The theme of the ITTO Annual Market Discussion is selected by the Trade Advisory Group (TAG) in consultation with the Executive Director during the session of the ITTC preceding the event. The event is coordinated by the Secretariat and the Trade Advisory Group (TAG), in consultation with other relevant experts and held in a joint session of the technical committees. Keynote speakers will be selected and invited by the Executive Director in consultation with the Coordinator of TAG and will be provided with ITTO financial support to cover duty travel and DSA.

**III. Expected Outputs**

- a) Quality of keynote address presented at ITTO Annual Market Discussion enhanced;
- b) Germane issues on international trade in tropical timber identified, ventilated and deliberated upon with appropriate recommendations for ITTO member countries, trade, industry and other relevant stakeholders; and
- c) Quality and relevance of ITTO Annual Market Discussion improved.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$100,000

Activity No. 33

**CONTINUE TO PUBLISH THE ITTO  
BI-WEEKLY MARKET INFORMATION SERVICE (MIS)**

*[ITTA, 2006, Articles 27, 28]  
[ITTO Action Plan 2008-2011, Expected Outcome 3 (C)]*

**I. Background**

The Market Information Service (MIS) has been part of the Secretariat's work since 1996. The main output of the activity [originally PD 16/93 Rev.3 (M)] is the bi-weekly *Tropical Timber Market Report* (TTMR). The report contains price data for about 500 tropical timber products as well as relevant market news from around the globe. The TTMR is disseminated online, by email and in hardcopy to over 12,000 subscribers.

**II. Description**

The Market Information Service serves to broaden awareness and disseminate information on the state of the tropical timber market. It is undertaken by a full-time Coordinator, who is responsible for publishing the *TTMR* and liaising with eleven market correspondents in producer and consumer countries to obtain up-to-date market news, information and prices on tropical timber products. The Market Information Service Coordinator also engages with other experts in the trade and works with the Trade Advisory Group (TAG) to convene the ITTO Annual Market Discussion. The Coordinator also undertakes other tasks including project work as assigned.

**III. Expected Outputs**

- a) Bi-weekly publication of the Tropical Timber Market Report;
- b) Strengthened information base on the market situation for tropical timber products;
- c) Trade experts and associations from around the globe engaged; and
- d) Council and other members of the public informed about markets for tropical timber products.

**IV. Target Countries**      Global

**V. Duration & Timing**      24 months

**VI. Budget**      US\$480,000

Activity No. 34

**ENHANCE THE TECHNICAL CAPACITY OF MEMBER COUNTRIES, PARTICULARLY DEVELOPING MEMBER COUNTRIES, TO MEET THE STATISTICS AND REPORTING REQUIREMENTS**

*[ITTA, 2006, Article 28(5)]*  
*[ITTO Action Plan 2008-2011, Expected Outcome 3 (D)]*

**I. Background**

The level and quality of reporting on forestry sector statistics by ITTO producer countries is variable and many countries are unable to meet their international and national statistical reporting requirements. Although ITTO has conducted a number of regional statistical training workshops, country-level assistance is also required because each country's problems and solutions will differ and a more effective approach is to tailor training needs accordingly.

**II. Description**

The purpose of this activity is to support four country-level training workshops or other activities, on request, to enable producer countries to meet their reporting requirements on forestry sector statistics.

Although the objectives of country-level workshops will be tailored to specific needs, these will include the following:

- a) Establish and reinforce a network of forest products statistical correspondents;
- b) Review and assess the current state of national forest products statistics at regional and national levels, identifying the main weaknesses and constraints of the current systems;
- c) Improve the framework for future national statistical processes, including methodologies for statistical reporting and requirements for resources and equipment;
- d) Provide training on standardized international definitions as a base for completing the Joint Forest Sector Questionnaire; and
- e) Promote an information culture.

**III. Expected Outputs**

- a) Information on the status and constraints of current national forestry sector statistics discussed;
- b) The network of different actors in the value chain, including the public and private sectors, are linked to generate national statistics on production, consumption and trade in wood products. Agreement is reached on sustainable cooperation on forestry sector statistics between the various agencies;
- c) A roadmap for strengthening the national system of forest products national and international statistical reporting is developed; and
- d) The country's international reporting requirements and requirements of the ITTO Joint Forest Sector Questionnaire are understood.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$100,000



Activity No. 35

**ENHANCEMENT OF STATISTICAL WORK AND DATABASES ON STATISTICS**

*[ITTA, 2006, Article 27]*

*[ITTO Action Plan 2008-2011, Expected Outcomes (D), (E)]*

**I. Background**

The Joint Forest Sector Questionnaire is the primary data source of ITTO forestry sector statistics and is a collaborative activity undertaken by ITTO, FAO, UNECE and Eurostat. These organizations meet annually to review datasets of the previous year and determine any improvements that are required, plan the next year's questionnaire, and make recommendations on changes to international customs classifications for timber codes. ITTO's participation ensures that tropical wood products are given the appropriate attention in international statistical reporting mechanisms.

Statistical data derived from the Joint Forest Sector Questionnaire is, however, insufficient to provide a complete analysis of the tropical timber market situation. Additional data and other information are required to complete the analysis and to provide a cross check with ITTO derived datasets. A major source of inaccurate reporting of international data on tropical timber production and trade is the deficiency in usage of accurate conversion factors, particularly for weight to volume measurements.

**II. Description**

This strategic policy activity is aimed at:

- a) Maintaining the involvement of ITTO staff in the work of the Inter-secretariat Working Group on Forestry Sector Statistics and Joint Forest Sector Questionnaire Process;
- b) Maintaining data subscriptions and maintenance of access to international forest products trade databases and additional market and trade information; and
- c) Reviewing and consolidating tropical wood products conversion factors for determining wood products production and trade statistics.

**III. Expected Outputs**

- a) JFSQ process and the accuracy of international statistical data on tropical timber production and trade improved and enhanced; and
- b) Recommendations on appropriate conversion factors formulated and provided to ITTO member countries in the JFSQ process.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$100,000

Activity No. 36

**REVIEW OF THE TIMBER MARKET IN TWO SIGNIFICANT  
TROPICAL TIMBER IMPORTING COUNTRIES**

*[ITTA, 2006, Articles 1(e), (h)]*

*[ITTO Action Plan 2008-2011, Expected Outcome 3 (F)]*

**I. Background**

Since its early years, ITTO has commissioned a number of reviews of major markets for tropical timber in all of the consuming regions in Europe, North America and East Asia. In general, these reviews involved the collection, collation, updating and analysis of relevant statistical data on these markets with emphasis on trends for tropical and non-tropical hardwoods and softwoods as well as coverage of industrial roundwood, sawnwood, veneer, plywood and secondary processed wood products. More importantly, these reviews involved in-depth analyses of tropical timber consumption in relation to other timbers and competing products, covering in particular the aspects of end-uses and end-use distribution for each tropical timber product.

Over the years, markets for tropical timber products have undergone significant changes in structure, trends and trade-flows. For example, imports of tropical timber products have been falling steadily in Japan while China has emerged as the largest importer, processor and exporter of tropical timber products. New product, technical, legality, sustainability and other environmental standards and requirements are further affecting tropical timber products in major and emerging markets. Most recently, the international trade in tropical timber has been severely impacted by the global economic and financial crisis. It is, therefore, imperative for ITTO to continue its periodic reassessment of these markets, to track developments that could have significant impacts and implications on the marketing and international trade in tropical timber products, and identify market challenges and opportunities for exporters of tropical timber products. These reviews will therefore contribute to the fulfillment of ITTO objectives relating to the promotion and diversification of international trade in tropical timber and the enhancement of transparency of markets for tropical and non-tropical timber products.

**II. Description**

International consultant(s) shall be engaged to travel to the two selected markets in order to obtain secondary information on production, trade and consumption of timber from relevant forest-related agencies. The consultant(s) shall also coordinate the collection of primary data in main urban consumption centers through the engagement of national consultants, where appropriate. The reviews will also consider the results of relevant related studies undertaken by ITTO and other organizations. Based on the foregoing, the international consultant(s) will prepare a succinct seamless report on each of the market review incorporating appropriate measures and recommendations for consideration by the CEM, ITTO member countries, trade, industry and other relevant stakeholders.

**III. Expected Outputs**

- a) Relevant data reviewed on two selected importing countries;
- b) Tropical timber consumption analyzed in two selected importing countries;
- c) Concrete and appropriate measures and recommendations for each of the reviews formulated;
- d) A succinct and seamless report of each of the reviews prepared and presented to the CEM; and
- e) An article on each of the reviews for the Tropical Forest Update prepared and published and at least 20 photographs on each review compiled in a CD submitted to the ITTO Secretariat.

**IV. Target Countries**      Global

**V. Duration & Timing**      24 months

**VI. Budget**      US\$200,000

Activity No. 38(b)

**PROMOTE TRADE IN TROPICAL TIMBER AND TROPICAL TIMBER PRODUCTS FROM  
SUSTAINABLY MANAGED AND LEGALLY HARVESTED SOURCES**

**(B) FURTHER PROMOTE THE DEVELOPMENT AND IMPLEMENTATION OF WEB-BASED  
INFORMATION SYSTEMS DESIGNED AND OPERATED TO MAKE SOUND DATA AND INFORMATION  
AVAILABLE TO ASSIST CONSUMERS IN IDENTIFYING/PURCHASING LEGALLY/SUSTAINABLY  
PRODUCED TIMBER,  
IN COOPERATION WITH GOVERNMENT AND PUBLIC-PRIVATE PARTNERSHIPS**

*[ITTA, 2006, Articles 1(d), (k), (n), (o)]*  
*[ITTO Action Plan 2008-2011, Expected Outcomes 4 (A), (B)]*

**I. Background**

Under the 2008-2009 BWP, strategic policy activity 13(b) entitled 'Promote trade in tropical timber and timber products from sustainably managed and legally harvested sources by supporting non-governmental organizations in establishing and implementing a web-based information system designed and operated to make sound data and information available to assist consumers in identifying and purchasing legally and sustainably produced timber' was approved and funded under the ITTO Tropical Forest Law Enforcement and Trade (TFLET) Programme, the precursor to the ITTO Thematic Programme on TFLET.

Following contacts made with non-governmental organizations, the Tropical Forest Trust (TFT) was selected to receive ITTO financial support to the amount of US\$265,000 for the designing, development and implementation of the web-based information system entitled 'A Web-based Information System to Support the Development of a Sustainable Tropical Timber Trade' commencing from June 2009 and involving three phases namely consultation, design and testing.

Strategic policy activity 13(b) is fully implemented and, there is the need to provide for the continuation of the web-based information system beyond June 2010 and throughout the period of the 2010-2011 BWP under this sub-activity with a view to maintaining, improving and refining the system. Without the provision, it will not be possible for the activity to be implemented beyond its initial phases. The ITTO Secretariat will explore all possible cost effective options for the web-based information system to be continued beyond 2013.

**II. Description**

Following the full and successful implementation of strategic policy activity 13(b), the ITTO Secretariat will invite TFT to submit a complete proposal for the continued implementation of the web-based information system under this sub-activity 17(b) of the 2012-2013 BWP from January 2012 to December 2013 with a view to consolidating, improving and refining the system and its operationalization.

**III. Expected Outputs**

- a) A web-based information system on legally and sustainably produced timber consolidated, improved, refined and maintained till December 2013;
- b) Consumers better informed of updated and disseminated information on legally and sustainably produced timber; and
- c) Increased purchase and trade in legally and sustainably produced timber.

**IV. Target Countries**      Global

**V. Duration & Timing**      24 months

**VI. Budget**      US\$300,000

Activity No. 39

**ANALYZE THE ECONOMIC IMPACT OF  
GOVERNMENTAL PROCUREMENT POLICIES ON TROPICAL TIMBER MARKETS**

**1. Introduction**

Legality requirements and timber procurement policies are being introduced in many countries. These requirements and policies are principally aimed at addressing public concerns about the legal and environmental credentials of products. Many purchasers are demanding that products should come from sustainable, or at least legal, sources and that this be verifiable, in order to maintain credibility with buyers in market place.

These requirements and policies have significant implications for tropical timber suppliers. As developments are occurring at a rapid rate, there is an urgent need for tropical wood product exporters to monitor these developments, assess their ability to meet these requirements if they are widely adopted, and to explore the market implications and opportunities presented by these developments.

**2. Terms of Reference**

With a view to facilitating an in-depth consideration by the Committee on the issues relating to legality and procurement policies, the activity will involve the preparation of a background paper that will, *inter alia*, cover the following elements:

1. Update of the ITTO study "The Pros and Cons of Procurement"<sup>1</sup>, including:
  - Overview of developments and trade flows in major importing countries;
  - Market shares of private and public procurements in importing countries; and
  - Common and different elements among these policies.
2. Comprehensive analysis of impacts of procurement policies on markets, taking into consideration their effects on demand, supply, costs, prices and financial implications to exporter countries.
3. Examining the challenges faced by producer and consumer members in complying with and implementing procurement requirements.
4. Recommendations for further action by ITTO to promote trade in tropical timber in the context of procurement.

**3. Approach**

One consultant from an ITTO producer member country and one consultant from an ITTO consumer member country will assist the Executive Director in the preparation of the background paper.

The paper will be prepared in consultation with ITTO member countries, the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG) of ITTO and other relevant parties.

**4. Timeline**

The draft paper shall be prepared and submitted to the ITTO Secretariat not later than 31 August 2011.

The background paper will be presented by the consultants at the Forty-fifth Session of the Committee.

**5. Budget: US\$200,000**

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<sup>1</sup> Technical Series 34. The Pros and Cons of Procurement, ITTO, April 2010.

| Budget component                                                                                                                                | Unit cost | Total          |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------------|
| <b>10. Personnel</b>                                                                                                                            |           |                |
| 16. International consultant(s)<br>(10 man-months)                                                                                              | 10,000    | 100,000        |
| <b>19. Component total</b>                                                                                                                      |           | <b>100,000</b> |
| <b>30. Duty travel</b>                                                                                                                          |           |                |
| 32. International Travel [ITTC,<br>Asia-Pacific, Latin America,<br>Africa (to be decided)*]<br>DSA international<br>consultant(s) (40 man-days) | 9,000     | 36,000         |
| 33. Domestic travel                                                                                                                             | 250       | 10,000         |
| <b>39. Component total</b>                                                                                                                      | 9,000     | <b>55,000</b>  |
| <b>40. Publication</b>                                                                                                                          |           | <b>10,000</b>  |
| <b>60. Miscellaneous</b>                                                                                                                        |           |                |
| 63. Contingencies                                                                                                                               |           | 11,991         |
| <b>69. Component total</b>                                                                                                                      |           | <b>11,991</b>  |
| <b>Sub-total</b>                                                                                                                                |           | <b>176,991</b> |
| <b>80. ITTO Administration</b>                                                                                                                  |           |                |
| 84. Programme support costs<br>(13%)                                                                                                            |           | 23,009         |
| <b>89. Component total</b>                                                                                                                      |           | <b>23,009</b>  |
| <b>100. GRAND TOTAL</b>                                                                                                                         |           | <b>200,000</b> |

## **PROMOTE THE UNDERSTANDING OF THE CONTRIBUTION OF ENVIRONMENTAL SERVICES TO THE SUSTAINABLE MANAGEMENT OF TROPICAL FORESTS**

*[ITTA, 2006, Articles 1(g), (j) (m) (q), (r), (s)]*  
*[ITTO Action 2008-2011, Expected Outcome 5 (E), (G)]*

### **I. Background**

SFM has always recognized the importance of enhancing the continuous supply of forest goods and services to improve their contribution to socio-economic development. However, one of the main problems of SFM is less profitable as a land use than other ways of using the land. Sustaining SFM in the long-term requires the sufficient availability of financial resources as well as the provision of incentives and appropriate economic instruments that promote and support SFM. In this regard, it is important to promote investment and payment for all the goods and services provided by tropical forests while capitalizing on all their economic values. In particular, payment for forest/environmental services such as biodiversity, tourism and recreation, water conservation, soil protection and climate change mitigation is an innovative way for forest financing.

ITTO Thematic Programme on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES) includes promoting the capacity of ITTO developing member countries and their stakeholders in maintaining and enhancing environmental services of tropical forests in order to contribute to the social and economic sustainability and well-being of forest-dependent communities through payments for forest-based environmental services (PES). With support of this Programme, PES mechanisms have been developed and/or under implementation with involvement of a number of local communities.

How are PES mechanisms developing, what are key factors for the success of PES mechanisms, and how can we learn from such experience to further advice of PES mechanisms in the tropics? Given the significant importance of developing and implementing PES mechanisms in the tropics and sharing best practices and lessons learned from many organizations' activities and projects to scale up ITTO and global efforts to promote PES mechanisms, there is an urgent need to organize an international forum. In this way, International Forum on Environmental Services of Tropical Forests will be organized to share lessons learned from the development of PES mechanisms as well as recommending actions at local, national and international levels for the development and effective implementation of PES mechanism in support of SFM in the tropics.

### **II. Description**

In close cooperation with relevant international, regional and national organizations, International Forum on Environmental Services of Tropical Forests will be organized in 2013 in a selected country in Latin America. The Forum will bring policy makers, researchers and academicians, practitioners, civil society, the private sector, and regional and international organizations engaged in the development and implementation of PES mechanisms. To this end, specifically the Forum intends

- a) To overview of current PES mechanisms (i.e. government-led/user-led schemes; watershed management, forest/biodiversity conservation, carbon services and other environmental services) and those being developed in support of SFM;
- b) To report on the potential and challenge of remuneration systems for compensating environmental services;
- c) To identify the policy, socio-economic and environmental issues for the effective development of PES with a view to make recommendations for further advancement of PES mechanisms at local, national and international levels; and
- d) To promote and facilitate cooperation among partners including South-South partnerships and among bilateral and multilateral PES initiatives.

### **III. Expected Outputs**

The Forum will contribute to facilitating the dissemination and sharing of outcomes and lessons learned from ITTO project work in PES in member countries, and from other existing relevant experiences on environmental services . It will also allow for the presentation of other experiences from concerned organizations, namely UNFCCC, CBD, FAO, and IUCN.

The expected outputs of the Forum include:

- a) Publication of Forum materials (e.g. papers, PowerPoint presentations) on the ITTO website and associated compact disk;
- b) Materials and messages to be presented at relevant fora regarding payments of environmental services provided tropical forests;
- c) Recommendations for the improved development of PES mechanisms and their effective implementation in the tropics;
- d) Networking between ITTO-supported project staff, and other experts and practitioners engaged in PES mechanisms; and
- e) Distribute findings of the Forum at the subsequent ITTC Session.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 12 months in 2013

**VI. Budget** US\$300,000

Activity No. 41

**REVIEW AND UPDATE THE ITTO GUIDELINES FOR THE ESTABLISHMENT AND  
SUSTAINABLE MANAGEMENT OF PLANTED TROPICAL FORESTS TO TAKE INTO  
ACCOUNT RECENT DEVELOPMENTS IN TROPICAL FORESTRY**

*[ITTA, 2006, Articles 1(j), (m)]*

*[Yokohama Action Plan 3.2, Goal 2(1)]*

*[ITTO Action Plan 2008-2011, Expected Outcome 6 (F)]*

**I. Background**

The ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) was published in 1993 in order to make accessible the best practice techniques and management experiences to the operational forest managers and planners working in tropical countries. Thus, it is important to update the guidelines by taking into account the new developments in tropical forestry and roles of tree in the tropics, including timber supply, energy generation, provision of environmental services, as well as its forest restoration potential and the potential of agroforestry and trees outside forests in providing timber and other forest related goods and services.

Regarding the scope and content, it should be considered the option of integrating relevant aspects from the following ITTO policy publications:

- ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests (PS-17);
- ITTO Guidelines for the Restoration, Management and rehabilitation of degraded and Secondary Tropical Forests (PS-13); and
- Other relevant ITTO policy publications revised or being revised.

The purpose of this activity is to engage and support consultants to review and update the ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4), and identify and involve selected countries in the field tests of the draft revised guidelines.

**II. Description**

Therefore, it is proposed to implement this activity in two following stages:

- a) Review and update the ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) through the following actions:
  - Assess and analyze the latest developments in the sustainable management of natural tropical forests since the publication of the ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4).
  - Analyze and take into consideration the experience using existing SFM-oriented guidelines and manuals in relation to the programmes of private sector practitioners and relevant international organisations such as the members of the CPF, relevant NGO's and certification schemes.
  - Prepare a discussion paper reflecting developments and experiences and including preliminary proposals for a revision of the Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4).
  - Organize and conduct an expert panel meeting with at least 25 participants in order to capture experiences and needs with respect to the sustainable management of natural tropical forests. Participants should be drawn from experts and practitioners involved in projects that have applied the ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4), as well as from organisations and institutions with hands-on experience in sustainable management of Planted Forests.
  - Prepare and present a report at the Forty-eighth Session of the Council containing: (a) A draft proposal of the revised Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4); and (b) A proposal for planning field tests of the draft of the revised Guidelines for the Sustainable Management of Planted Forests.



- b) Conduct field tests of the draft revised ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) in selected ITTO Producing Countries in accordance with the specific recommendations to be made by the Forty-eighth session of the Council and through the following main actions:
- Select host countries in the three tropical regions where to conduct the field tests of the draft of the revised ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4), to be submitted to the Forty-eighth session of the Council for consideration, based on a specific plan of operation for field tests.
  - Conduct field tests in selected ITTO Producing Countries at both the forest management unit and provincial or national level in collaboration with relevant forestry institutions and companies, and communities within the selected countries in order to benefit from their competencies and experience in this area. These partners will be encouraged to participate and assist in the testing and application of the concepts underlying the Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4).
  - Prepare a discussion paper reflecting developments and experiences of the field tests and including preliminary proposals for a revision of the Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) based on the main findings of the field tests.
  - Organize and conduct a second expert panel meeting with participants drawn from experts and practitioners involved in projects that have applied the ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) as well as from organisations and institutions with hands-on experience in sustainable management of natural tropical forests.
  - Prepare and present a report at the Forty-ninth Session of the Council containing: (a) A draft of revised ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) integrating the findings of field tests carried out in selected producing countries; and (b) A proposal for communicating and disseminating the final version of the revised Guidelines.

### **III. Expected Outputs**

The main expected output is the revised and updated ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) integrating the findings of field tests carried out in selected producing countries and taking into account the recent developments in tropical forestry.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

**VI. Budget** US\$250,000

Activity No. 42

**HARMONIZE THE REPORTING SYSTEM OF THE ITTO CRITERIA AND INDICATORS FOR THE SUSTAINABLE MANAGEMENT OF TROPICAL FORESTS WITH THE VALIDATED AND REVISED ITTO GUIDELINES FOR THE SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS.**

*[ITTA, 2006, Articles 1(c), (f), (l), (p), (p)]*  
*[Action Plan 2008-2011, Expected Outcome 6 (A), (B), Cross-cutting Action (b)]*

**I. Background**

The International Tropical Timber Organization – ITTO - has been mandated by its Council to review and update the ITTO Guidelines for Sustainable Management of Natural Tropical Forests (ITTO Policy Development Series 1, July 1992), taking into account recent and innovative developments that may influence the sustainable use and conservation of tropical forest resources. A consultative process has been developed since 2010 with the organization of expert meetings in Switzerland (Thun, June 2010) and Brazil (Acre, August 2011), and the production of the revised ITTO Guidelines for Sustainable Management of Natural Tropical Forests, which has been submitted to the relevant Committee for approval.

The revised document updates the Principles and Guidelines for SFM but has not yet been harmonized and validated against the ITTO Criteria and Indicators for SFM, which are regularly used by the ITTO member countries to report on their progress towards sustainable forest management.

**II. Description**

Revise the reporting system of the ITTO Criteria and Indicators for SFM against the revised and updated ITTO Guidelines for the Sustainable Management of Natural Tropical Forests in at least three ITTO producer member countries, harmonizing and validating the reporting system accordingly.

**III. Expected Outputs**

- a) Harmonized reporting system for the ITTO Criteria and Indicators of SFM in line with the revised ITTO Guidelines for the Sustainable Management of Natural Tropical Forests; and
- b) Validated new reporting format of the ITTO Criteria and Indicators for SFM in at least three producer member countries.

- IV. Target Countries**                      At least one ITTO producer member country in each of the tropical regions, upon manifestation of interest to participate in the study

- V. Duration & Timing**    12 months in 2012

- VI. Budget**                      US\$ 130,000

Activity No. 43

**PROMOTE THE IMPLEMENTATION OF GUIDELINES FOR THE MANAGEMENT OF  
SECONDARY TROPICAL FORESTS, THE RESTORATION OF DEGRADED TROPICAL FORESTS AND  
THE REHABILITATION OF DEGRADED FOREST LAND**

*[ITTA, 2006, Articles 1(j), (m)]  
[ITTC Decisions 1(XXXV), 4(XXXV)]  
[Action Plan 2008-2011, Expected Outcome 6 (B), (C)]*

**I. Background**

Degraded forests form a substantial part of the accessible areas in the tropics. Recent findings indicate that there are up to 2 billion ha of tropical forests are actually in some stage of degradation<sup>2</sup>. In the last few years ITTO has been actively participating in the Global Partnership on Forest Landscape Restoration (GPFLR), to promote forest restoration and rehabilitation of degraded forests in the tropics. A series of national workshops have been organized in ITTO producer member countries to disseminate and promote the application of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests. In September 2011 a Ministerial Roundtable was convened by the Government of Germany and IUCN on forest landscape restoration. This event resulted in the Bonn Challenge, a global call for the restoration of 150 million ha by 2020 using a forest and landscape restoration approach. Projects have been developed and a substantial knowledge is being generated, which can now be compiled and disseminated to scale up tropical forest restoration and rehabilitation.

Furthermore, a new momentum has been created under the climate change debate with the inclusion of forest degradation (the second D) in the REDD mechanism – Reduced Emissions from Deforestation and Forest Degradation being designed under the UNFCCC.

**II. Description**

This activity proposes to work with partners in the tropics and with international organizations interested in the theme (including the GPFLR, IUCN, Wageningen International and others), for the establishment and consolidation of a Community of Practice for knowledge management and technical support for the implementation of rehabilitation and restoration activities in degraded forests in the tropics and serve as an ITTO contribution to the achievement of the Bonn Challenge for restoration.

The aim is to establish a network of learning sites in selected countries of Asia, Africa and Latin America based on existing field experience which served as testing ground of the ITTO Guidelines, and where it is possible to demonstrate the feasibility of tropical forest restoration and rehabilitation as a sound land use system for the tropics in its economic, social and environmental implications. The network will be a mean to disseminate knowledge in order to promote the implementation forest landscape restoration activities.

Criteria for the selection of learning sites will include the following aspects:

- a) Existence of ongoing activities (e.g. plantations, soil conservation, secondary forestry management, agroforestry, etc.), that serves as a basis for tropical forest restoration/rehabilitation;
- b) Local communities engaged in the work related to forest restoration/rehabilitation;
- c) Expressed willingness by the project executor / implementing agency to apply the relevant ITTO Guidelines (Policy Document 13), to document the experience and share their learning within the GPFLR network, with a view to up-scaling the implementation of the concept;
- d) Some degree of interest at national level within major stakeholders (e.g. Forestry Department, Academic/Research institutions, senior management of private companies, local communities / NGO's, etc.); and
- e) Previous exposure to the forest landscape restoration concept, e.g. through the GPFLR/ ITTO / IUCN workshops.

**III. Expected Outputs**

- a) Network of learning sites established;

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<sup>2</sup> Global Partnership on Forest Landscape Restoration, World Resources Institute, South Dakota State University, International Union for Conservation of Nature, September 2011

- b) Documentation related to the restoration and rehabilitation of degraded forests in the learning sites systematized, assessed and made available to the public;
- c) Web page of the Learning Sites Network established and gradually updated by GPFLR with links to relevant partners websites; and
- d) A community of practice established for knowledge management and information dissemination on forest landscape restoration, directly involved institutions and experts of ITTO producer member countries.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$100,000

Activity No. 44

**FACILITATE THE APPLICATION OF THE ITTO/IUCN GUIDELINES FOR THE CONSERVATION AND SUSTAINABLE USE OF BIODIVERSITY IN TROPICAL TIMBER PRODUCTION FORESTS**

*[ITTA, 2006, Articles 1(m), (r)]*

*[ITTC Decision 6(XLVI)]*

*[Action Plan 2008-2011, Expected Outcomes 6 (B), (E) (G)]*

**I. Background**

The ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests had been adopted by the Forty-fourth Session of the Council, in November 2008, under the Council Decision 6(XLIV). It has been published in all three ITTO working languages for dissemination and promotion in the international community. The same Council Decision requested the Executive Director of ITTO, in collaboration with IUCN and other relevant partners, to facilitate the application of the guidelines at a range of scales in partnership with forest operators, local communities and other stakeholders.

**II. Description**

This activity will contribute to promote the use of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests through the following actions:

- a) Support interested member countries in developing project proposals for the implementation of the ITTO/IUCN biodiversity guidelines, especially under the ITTO/CBD Collaborative Initiative. Consultants will be engaged for the formulation of at least three proposals (one per tropical timber producing region) to be submitted to ITTO. The consultants should visit selected countries for the stakeholders' analysis and problem identification, as well as for the analysis required for the project formulation in each country, involving the timber producing private sector;
- b) Dissemination of the biodiversity guidelines amongst the international community through special events to be held at the World Conservation Congress of IUCN to be held in Korea in September 2012; CBD COP 11 to be held in India in October 2012; and others;
- c) Promoting the dissemination, fund raising and partnerships (e.g. with GEF, environmental NGO's and others) for the implementation of the ITTO/CBD Collaborative Initiative, with emphasis on the field use of the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests.

**III. Expected Outputs**

- a) At least three project proposals (one per each of the three tropical regions) formulated and submitted to ITTO for implementation under the ITTO/CBD Collaborative Initiative, focusing on the field application of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests. Project proposals shall include close involvement of forest concessionaires and local communities in its implementation.
- b) Wider knowledge and use of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests by other institutions, including CPF partners and academia.
- c) Partnerships and fund raising activities strengthen the ITTO/CBD Collaborative Initiative.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$100,000

Activity No. 45(a)

**CONTRIBUTE APPROPRIATELY TO NATIONAL AND INTERNATIONAL EFFORTS IN  
THE AREA OF PREVENTION AND MANAGEMENT OF FIRE IN RELATION TO  
TROPICAL TIMBER-PRODUCING FORESTS**

**(A) REVIEW AND UPDATE THE ITTO GUIDELINES ON FIRE MANAGEMENT IN TROPICAL FORESTS**

*[ITTA, 2006, Article 1 (m)]*  
*[ITTC Decision 6(XXXIII)]*  
*[ITTO Action Plan 2008-2011, Expected Outcome 5 (C)]*

**I. Background**

The ITTO Guidelines on Fire Management in Tropical Forests (PS-6) was published in 1997 in order to promote the development of forest fire prevention and control strategies to the operational forest managers, planners and local communities in tropical countries. Considering the scientific insights of the state of forests and forest protection in the tropics in the last 15 years and the progress made in fire management research and development globally it is important to update the guidelines by taking into account mitigation and adaptation to climate change, and assist in poverty alleviation.

The purpose of this activity is to engage and support consultants to review and update the ITTO Guidelines on Fire Management in Tropical Forests (PS-6) and identify and involve selected countries in the field tests of the draft revised guidelines.

**II. Description**

Therefore, it is proposed to implement this activity in two following stages:

- a) Review and update the ITTO Guidelines on Fire Management in Tropical Forests (PS-6) through the following actions:
  - Assess and analyze the latest developments as regards the management, control and prevention of tropical forest fires since the publication of the ITTO Guidelines on Fire Management in Tropical Forests in 1997 (PS-6).
  - Analyze and take into consideration the latest developments related to climate change mitigation and adaptation and assist in poverty alleviation.
  - Prepare a discussion paper reflecting developments and experiences and including preliminary proposals for a revision of the Guidelines.
  - Organize and conduct an expert panel meeting in order to capture experiences and needs with respect to fire management, control and prevention in tropical forests. Participants are to drawn from experts and practitioners involved in projects that have applied the ITTO Guidelines on Fire Management in Tropical Forests (PS-6), as well as from organisations and institutions with hands-on experience in tropical forest fire management.
  - Prepare and present a report at the Forty-ninth Session of the Council containing: (a) A draft proposal of the revised ITTO Guidelines on Fire Management in Tropical Forests (PS-6).
  - (b) A proposal for planning field tests of the draft of the revised on Fire Management in Tropical Forests; and (c) A proposal for communicating and disseminating the final version of the revised Guidelines.
- b) Conduct field tests of the draft revised ITTO Guidelines on Fire Management in Tropical Forests (PS-6) in selected ITTO Producing Countries in accordance with the specific recommendations to be made by the Forty-eighth Session of the Council, and through the following main actions:
  - Prepare a discussion paper reflecting developments and experiences of the field tests and including preliminary proposals for a revision of the ITTO Guidelines on Fire Management in Tropical Forests (PS-6) based on the main findings of the field tests.
  - Organize and conduct a second expert panel meeting with participants drawn from experts and practitioners involved in projects that have applied the ITTO Guidelines on Fire Management in Tropical Forests (PS-6) as well as from organisations and institutions with hands-on experience in tropical forest fire management.

- Prepare and present a report at the Forty-ninth Session of the Council containing: (a) A draft of revised ITTO Guidelines on Fire Management in Tropical Forests (PS-6) integrating the findings of field tests carried out in selected producing countries; and (b) A proposal for communicating and disseminating the final version of the revised Guidelines.

### **III. Expected Outputs**

The main expected output is the revised and updated ITTO Guidelines on Fire Management in Tropical Forests (PS-6) integrating the findings of field tests carried out in selected producing countries and taking into account the recent developments related to climate change mitigation adaptation and poverty alleviation.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity No. 45(b)

**CONTRIBUTE APPROPRIATELY TO NATIONAL AND INTERNATIONAL EFFORTS IN  
THE AREA OF PREVENTION AND MANAGEMENT OF FIRE IN RELATION TO  
TROPICAL TIMBER-PRODUCING FORESTS**

**(B) FURTHER ITTO'S COMMITMENT AS A CORE MEMBER OF THE UNISDR GLOBAL WILDLAND ADVISORY GROUP, GWFN AND GFMC, AND PROVIDE SUPPORT FOR THE AFRICA, ASIA, AND LATIN AMERICA REGIONAL FOREST FIRE NETWORKS AND OTHER INTER-INSTITUTIONAL COOPERATION EFFORTS IN THEIR PREPARATORY MEETINGS FOR THE 6TH INTERNATIONAL WILDLAND FIRE CONFERENCE TO BE HELD IN SOUTH KOREA IN MAY 2015**

*[ITTA 2006 Article 1 (m)]*

*[ITTC Decision 6(XXXIII)]*

*[ITTO Action Plan 2008-2011, Expected Outcome 5 (C)]*

**I. Background**

In view of ITTO's commitment as a Core Member of the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) and the Global Fire Monitoring Center (GFMC), cooperating organizations and agencies have requested ITTO take a more proactive role in the organization of the meetings of the aforementioned regional forest fire-related networks focusing on the tropics and in the preparation for the 6<sup>th</sup> International Wildland Fire Conference in South Korea in May 2015.

**II. Description**

Provide support for the Africa, Asia, and Latin America Regional Wildland Fire Networks and other inter-institutional cooperation efforts made by the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) and the Global Fire Monitoring Center (GFMC), in their preparatory meetings for the 6<sup>th</sup> International Wildland Fire Conference to be held in 2015 in South Korea, such as the holding of regional workshops in each ITTO tropical timber producing region (Africa, Asia-Pacific and Latin America) and the participation of ITTO and its member countries at other forest fire-related meetings organized through inter-institutional cooperation.

**III. Expected Outputs**

ITTO will join the existing collaborative effort of the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) and the Global Fire Monitoring Center (GFMC) to promote and facilitate the successful implementation of forest fire policies, strategies and other initiatives in tropical regions via preliminary preparatory work towards the organization of for the 6th International Wildland Fire Conference to be held in South Korea in 2015, as a means to enhance forest conservation and people's livelihoods. Towards this goal the focus is on the delivery and dissemination of policy support and technical relevant information, recommendations and practical tools to government agencies, forest managers, local communities and supporting organizations.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

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

\* \* \*



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FORTY-SEVENTH SESSION  
14-19 November 2011  
La Antigua Guatemala, Guatemala

## **DECISION 3(XLVII)**

### **NEW ITTO ACTION PLAN**

The International Tropical Timber Council,

Recognizing the objectives of the ITTO as set out in Article 1 of the ITTA, 1994 and 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 would expire at the end of the year;

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

Noting that the ITTA, 2006 may soon enter into force;

Decides to:

1. Extend the implementation period of the ITTO Action Plan 2008-2011 for one year through 2012;
2. Request the Executive Director to prepare a working paper on a new ITTO Action Plan with the assistance of two consultants, one each from producer and consumer countries, and to circulate it to members by 31 March 2012;
3. Request the Executive Director to convene a Working Group comprising six members from producer countries, six members from consumer countries, two representatives from the Civil Society Advisory Group (CSAG) and two from Trade and Industry Advisory Group (TAG) to consider the working paper and any comments and suggestions by ITTO members. The members of the Working Group will act in their expert or personal capacity and prepare a draft Action Plan for the period from 2013-2018, which will be circulated to Members for consideration prior to review by Council at its Forty-eighth Session in 2012.



## **ANNEX IV**

### **REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES**

**Documents: CEM-CFI(XLV)/5**

**CRF(XLV)/8**

**CFA(XXVI)/7**



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18 November 2011

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FORTY-FIFTH SESSION  
14-19 November 2011  
La Antigua Guatemala, Guatemala

## **REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

### **FORTY-FIFTH SESSION OF THE COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE AND THE COMMITTEE ON FOREST INDUSTRY**

#### **Table of Contents**

#### **Report**

- Appendix A:** Report on the ITTO Annual Market Discussion – 2011
- Appendix B:** Statement of the Trade Advisory Group (T-A-G)
- Appendix C:** Terms of Reference for Development of Environmental Product Declaration (EPD) for Three Tropical Wood Products



## REPORT

### 1. Opening of the Session

The Forty-fifth Session of the Committees was opened on 16 November 2011 at the Joint Session of the Committee on Economic Information and Market Intelligence (CEM) and the Committee on Forestry Industry (CFI), co-chaired by Mr. Josue Ivan Morales (Guatemala), Chairperson of CEM and Dr. Samuel Ebia Ndong (Cameroon), Chairperson of CFI. Dr. James Gasana (Switzerland), Vice-Chairperson of CFI chaired the Joint Session of the Committees on 15 November 2011 which considered items 4, 8A and 8C of the Agenda and on 16 November 2011 which considered item 6 of the Agenda. The list of participants is presented in document ITTC(XLVII)/Info. 2.

### 2. Adoption of Agenda and Organization of Work

The Committees noted that projects PD 77/01 Rev.2 (I,F) and PD 333/05 Rev.2 (I) were moved from item 10 (Review of Projects, Pre-projects and Activities in Progress) to item 7 of the Agenda (Report of Completed Projects and Pre-projects). The Committees duly adopted the Agenda for the CEM and CFI contained in CEM-CFI(XLV)/1 as amended.

### 3. Admission of Observers

The Committees admitted the observers listed in document ITTC(XLVII)/Info.3 Rev.1 as approved by the Council.

### 4. Report of the Expert Panel for Technical Appraisal of Project Proposals

The Committees noted the presentation made by Ms. Eudeline Melet Pekam (France), Chairperson of the Expert Panel for Technical Appraisal of Project Proposals at its Forty-first and Forty-second meetings held on 7-10 March and on 1-4 August 2011 in Yokohama, Japan as contained in documents ITTC/EP-41 and ITTC/EP-42, respectively. In summary, the reports of the Expert Panel indicated:

- (i) A total number of 21 and 33 proposals appraised at its Forty-first and Forty-second meetings respectively;
- (ii) A total number of 4 proposals (19% of proposals evaluated) comprising 4 projects were accorded category 1 rating at the Forty-first meeting and a total number of 5 proposals (15% of proposals evaluated) comprising 3 projects and 1 pre-project were accorded category 1 rating at the Forty-second meeting;
- (iii) Two (2) out of the 4 proposals accorded category 1 rating during the Forty-first meeting and 4 out of the 5 proposals accorded category 1 rating at the Forty-second meeting were new proposals; and
- (iv) Seven (7) proposals appraised during the Forty-first meeting and 16 proposals during the Forty-second meeting were sent back to proponents for revision and nine (9) proposals appraised during the Forty-first meeting and 12 proposals during the Forty-second meeting were recommended not to be approved by the Committees.

Ms. Pekam presented to the Committees general findings and recommendations of the Expert Panel at its Forty-first and Forty-second meetings addressed in particular to the proponents of the project proposals with regard to the structure and design of projects, as follows:

- Answer key questions – What is the aim of the project? And how it should be accomplished?
- Carry out adequate consultations with stakeholders particularly communities, which should not be treated as a homogenous group with a view to conduct in-depth analysis of all parties affected by the project either positively or negatively; and
- Ensure the involvement of all stakeholders, especially communities, so that the beneficiaries' needs are well addressed.

Ms. Pekam also presented to the Committees recommendations addressed to the proponents for ensuring the sustainability and relevance and wider values, as follows:

- Guarantee the sustainability of project by securing proper institutional and financial arrangements, including personnel and travel costs and monitoring mechanisms;
- Ensure relevance and value of the project by taking into account links with countries' policies and strategies, previous and on-going projects, and dissemination mechanisms for the project's results.

Ms. Pekam further presented recommendations addressed to submitting countries:

- Strengthen ITTO focal points and also use national clearinghouse mechanisms;
- Provide trainings on project formulation with the assistance of ITTO;
- Disseminate relevant ITTO guidelines and results of previous and on-going ITTO projects and other projects;
- Provide sufficient financial support to projects to ensure their sustainability;
- Avoid duplication of efforts by checking proposals in relation to the country's policies and strategies as well as previous and on-going projects; and
- Promote the values of projects and mainstream their results into national policies and strategies.

Recommendations to ITTO were also made by Ms. Pekam in her presentation as follows:

- Provide more trainings on project formulation;
- Encourage national clearinghouse mechanisms to be widely implemented;
- Up-date ITTO mangrove work plan; and
- Build upon the lessons learned and experiences of the Expert Panel.

Following the presentation of Ms. Pekam, the delegation of Switzerland thanked the Expert Panel for its work and welcomed its recommendations, in particular those regarding the need of further training in the use of the ITTO Manual for Project Formulation, using the "training of trainers" approach in order to share the responsibilities of passing the knowledge to the stakeholders.

The delegation of Indonesia also thanked the Chairperson of the Expert Panel for her comprehensive presentation and, mentioned that the key criteria for project appraisal shall be included and up-dated in the ITTO Manual for Project Formulation. The delegation of Indonesia also informed that they have a clearinghouse mechanism which is also used to provide training for project formulation. Ms. Pekam, reacted making the clarification that the main criteria is included in the ITTO Manual for Project Formulation, and therefore there is no need to up-date the Manual. She mentioned that if proponents follow closely the Manual, they should be able to come with a high quality proposal.

The delegation of Guatemala also thanked the Chairperson of the Expert Panel, and noted that recommendations of the Expert Panel are concise; however, the delegation of Guatemala expressed concern as many project proposals have not been properly formulated, and supported the recommendation made by Ms. Pekam on further training on project formulation in order to improve the capacity of member countries.

Finally, Ms. Pekam thanked ITTO and the members of the Expert Panel for their support during her chairmanship.

#### 5. New Projects and Pre-projects

The Committees noted the projects and pre-projects that were approved under the time-bound electronic no objection procedures to accept Expert Panel ratings and circulated to member countries pursuant to Decision 6(XLIII), following the recommendations of the Expert Panel at its Forty-first and Forty-second Meetings as follows:

| <b>Committee on Economic Information and Market Intelligence</b> |                                                                                                                                                            |                    |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| PD/PPD NUMBER                                                    | TITLE                                                                                                                                                      | SUBMITTING COUNTRY |
| PD 599/11 Rev.1 (M)                                              | Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration | Philippines        |
| PD 620/11 Rev.1 (M)                                              | Development and Implementation of a Species Identification and Timber Tracking System in Africa with DNA Fingerprints and Stable Isotopes                  | Germany            |



| <b>Committee on Forest Industry</b> |                                                                                                    |                    |
|-------------------------------------|----------------------------------------------------------------------------------------------------|--------------------|
| PD/PPD NUMBER                       | TITLE                                                                                              | SUBMITTING COUNTRY |
| PD 600/11 Rev.1 (I)                 | Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia | Indonesia          |

The Committees noted the following resubmitted projects that had been approved at earlier Sessions and approved under the time-bound electronic no objection procedures for the autumn project cycle 2011:

| <b>Committee on Forest Industry</b> |                                                                                                                        |                    |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------|--------------------|
| PD/PPD NUMBER                       | TITLE                                                                                                                  | SUBMITTING COUNTRY |
| PD 520/08 Rev.3 (I)                 | Promoting Timber Preservation for Reducing Forest Resource Depletion in Indonesia                                      | Indonesia          |
| PD 522/08 Rev.3 (I)                 | Properties, Processing and Marketing of Teak Wood Products of Community Teak Plantations in Java and Eastern Indonesia | Indonesia          |
| PD 540/09 Rev.2 (I)                 | Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products  | Peru               |

#### 6. ITTO Annual Market Discussion – 2011

The Committees noted the summary of the ITTO Annual Market Discussion – 2011, held in the Joint Session of All Committees on 16 November 2011, as contained in Appendix A. The theme of the Market Discussion was “The Crisis, the Impact and the Recovery”. Dr. James Gasana, Vice-Chairperson of CFI, chaired the meeting and Mr. Brent McClendon (TAG Coordinator) served as the moderator of the Market Discussion.

The following feature presentations were made during the Market Discussion:

|                                                                                                 |                                                     |
|-------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| Mr. André de Boer<br>European Timber Trade Federation                                           | The Market for Tropical Timber in Europe            |
| Ms. Luo XinaJian<br>Center for Intl. Forest Products Trade<br>China State Forest Administration | Crisis, Impact and Recovery in China                |
| Mr. Ramkrishna T. Somaiya<br>Timbers Importers Association of India Ltd.                        | India, an Oasis of Growth                           |
| Mr. Alhassan Attah<br>Timber Industry Development Division<br>Forestry Commission of Ghana      | The Crises, the Impacts and the Recovery            |
| Mr. Brent J. McClendon, CAE<br>Intl. Wood Products Association (U.S.A.)                         | State of the US Industry                            |
| Dr. Akihiko Nemoto<br>Tottori University of Environment (Japan)                                 | The Great East Japan Earthquake and Forest Industry |

The TAG Coordinator informed the Committees that collaboration between TAG and the Secretariat would continue for the organization and holding of the ITTO Annual Market Discussion 2012. He informed the Committees that the tentative theme for the discussion would be ‘Trading in Challenging Markets’.

The Committees further noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B.

7. Report on Completed Projects and Pre-projects

The Committees considered the Report of Completed Projects and Pre-projects as contained in document CEM-CFI(XLV)/2 as follows:

**Committee on Economic Information and Market Intelligence**

PD 196/03 Rev.1 (M)                      Upgrading and Strengthening of the National Forest Statistical Information System in Venezuela

The Committees were informed of the implementation of the project aimed at strengthening the National Forest Information System of Venezuela developed in 1992. It resulted in the accomplishment of the planned project outputs, including the installation of computer equipment and software at the central and provincial levels, training of personnel in the management of statistics and data-bases, and the establishment and operationalisation of the National Forest Information System at the Ministry's intranet, <http://snief.desarrollo.minamb.gob.ve>. The Committees noted that the project was executed with savings of US\$80,000.00 of ITTO funds which had been returned to the Secretariat.

The Committees noted that the technical, completion and final financial audit reports had been submitted to the Secretariat. The Committees duly declared the project complete.

PD 340/05 Rev.2 (M)                      National Forest Statistical Information System in Guatemala

The Committees were informed of the implementation of the project leading to the achievement of its specific objective of establishing and operationalising a national statistical system containing data on forest management, harvesting, processing and marketing containing data on exports / imports 1998-2010; permits for forest harvesting and wood production; traded forest species of Guatemala; traded forest products for export (HS codes); species listed in the appendices of CITES; forest enterprises; and forest technical experts. The system could be accessed at <http://www.sifgua.org.gt>. The Committees noted that the sustainability of the project had been secured following the integration of the project staff into the organizational structure of INAB, and the utilization of the statistical system as a tool for the implementation of its institutional plan in combating illegal logging. The project was executed with savings of US\$3,606.00 of ITTO funds which had been returned to the Secretariat.

The delegation of Guatemala provided additional information on how the project had been useful in establishing an inter-institutional agreement to collect and centralize information from various entities. It highlighted the usefulness of the statistical system in promoting SFM, restoring degraded forests, and combating illegal logging. The statistical system was also providing information on forest harvesting within and beyond the natural protected areas, forest cover, forest incentives, number of forest enterprises and technicians, as well as imports and exports. The delegation acknowledged that more work was needed to enhance the statistical system including the automatization of services to combat illegal logging and to comply with the requirements of CITES.

The Committees noted that the completion and final financial reports of the project had been submitted to the Secretariat. The Committees duly declared the project complete.

PD 391/06 Rev.2 (M)                      Promoting and Creating Market Demand for Certified Tropical Wood and Verified Legal Tropical Wood (Japan)

The Secretariat informed the Committees of the implementation of the project, accomplished after an extension of sixteen months of its duration with additional ITTO and counterpart funding of US\$69,670.00 following the expansion of its scope to include Papua New Guinea as a collaborating country in addition to Indonesia and Malaysia. The implementation of the project resulted in the achievement of all outputs contributing to the realization of its first specific objective of promoting the use of certified/verified legal (C/VL) wood in Japan including the establishment and operation of the web-based Fairwood Center for information gathering and dissemination related to C/VL wood. Due to the complexity of the project, limitations in project budget and difficulties encountered during its implementation, however, the second specific objective of the project aimed at supporting the introduction of credible certification and verification systems in tropical wood exporting countries and its related output were only partially achieved. On the whole, the implementation of the project had contributed towards the attainment of its development objective of promoting and creating market demand for C/VL wood in Japan.

The Committees noted that the completion and final financial audit reports of the project had been submitted to the Secretariat. The Committees duly declared the project complete.

PPD 138/07 Rev.1 (M)

## Verifying the Legality of Timber Forest Products in Peru

The Secretariat informed the Committees of the implementation of the pre-project involving the assessment and validated instruments to develop trust among producers towards ensuring the sustainability and legality of tropical timber products from Peru. The Committees noted that a pilot scheme for verifying the legality of timber was implemented, ranging from the authorization of the management plan to harvesting, transportation, primary processing, issuance of CITES certificate, shipping, and delivery to customer's port. Technical reports and presentations on the pre-project could be accessed from the web-site <http://www.trazabilidadforestal.com>. The Committees noted that a project proposal for the development of feasible timber traceability options in Peru was formulated and submitted to the ITTO Secretariat for appraisal by the Expert Panel on the Assessment of Project Proposals.

Following the report of the Secretariat, the delegation of Peru thanked the donors and ITTO for their support in the implementation of the pre-project.

The Committees noted that the completion and final financial audit reports of the pre-projects had been submitted to the Secretariat. The Committees duly declared the pre-project complete.

### Committee on Forest Industry

PD 46/96 Rev.2 (I)

#### Establishment of a Wood Workers and Craftsmanship Village (Ghana)

The Secretariat reported to the Committees that all project activities had been completed, namely the building of wood furniture and craftsmanship village and the relocation of small wood processing and furniture industries, establishment of a corporation and the provision of common facilities, administrative and technical support and back-up services, as well as the feasibility study to confirm the economic feasibility of establishing of the village.

Following the report by the Secretariat, the delegation of Ghana thanked donors, as well as ITTO, and informed the Committees that the established village, including its compound, facilities and services, has been expanded and the number of relocated furniture producers and workers has increased from 60 to over 200.

The Secretariat reported to the Committees that the submitted completion report and the final financial audit report, as well as the technical reports, had been reviewed, as noted by the Committees at the last session, and the project was ready to be declared as completed in accordance with the Project Agreement.

The Committees duly declared the project complete.

PD 77/01 Rev.2 (I)

#### Contribution to the Development of Skills and Technical Training Structures at the Mbalmayo National School of Forestry (Central Province - Cameroon)

The Committees noted that this project has been moved from agenda item 10 (Review of projects and pre-projects in progress) to agenda item 7 (Report on completed projects and pre-projects), as the completion report was submitted in August 2011, and the elements to clarify the final financial audit were submitted to ITTO one week before the Council Session.

The project achieved all planned outputs, including up-grading of school facilities, training for school teachers, development of a Master Plan for the Mbalmayo National School of Forestry, and a project proposal for a second phase.

The delegation of Cameroon thanked the donors and ITTO for their support, which has contributed to improvement of the environment of the Forestry School as well as the students' livelihoods. The delegation of Cameroon also expressed its wishes for the implementation of the second phase of this project in order to continue up-grading the Forestry School.

The Committees duly declared the project complete.

PD 131/02 Rev.4 (I)

Training of Forest Practitioners for the Improvement of Forest Industry in Cambodia

The Secretariat reported to the Committees that all project activities had been completed and outputs had been achieved, which include: 3 teacher-trainers had been completed their training; 4 training courses had been held; and 120 forest practitioners had been trained after a long delay in the implementation due to the national reform of the concession management plans, and as a result of the project, the need for appropriate wood processing technologies and organizing similar courses were well recognized by the stakeholders.

In response to the inquiry by the delegation of Liberia, the Secretariat informed the Committees that the trained practitioners are working in there respective sites of operation.

The Secretariat informed the Committees that the completion report, the technical reports and the final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement.

The Committees duly declared the project complete.

PD 233/03 Rev.2 (I)

Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)

The Secretariat reported to the Committees that an extension programme for training, dissemination, and extension of the use of appropriate intermediate technologies for forest harvesting was implemented for small forest concessionaires and native communities with two main components, one for capacity building and one for financing.

Eleven forest concessionaires in three regions of the Peruvian Amazon obtained portable sawn-millers through the guaranteed fund established by the project, and seven business plans were also developed for the forest concessionaires and remain operational.

The Committees noted that the project was completed at a cost lower than the planned budget and the balance amounting US\$ 95,393.21 had been returned to ITTO.

The Secretariat informed the Committees that Executing Agency has submitted the technical reports, completion report, and the final financial audit.

Following the report of the Secretariat, the delegation of Peru informed that this project has served as a model for financing small forest concessionaires in Peru because the experience of the guarantee fund has been satisfactory with a high rate of repayment.

The Committees duly declared the project complete.

PD 275/04 Rev.3 (I)

Improvement of the Sustainable Management and Utilization of Non-Timber Forest Products (NTFPs) in Cambodia

The Secretariat reported to the Committees that all of the project outputs had been achieved, which include: NTFP processing trainings had been conducted in 5 villages involving 118 participants in total; 10 NTFP collecting and planting groups and 8 NTFP processing groups, which will improve market access of the NTFP products, had been established; and a NTFP Resource Management Plan, which will serve as a prototype to be replicated in other villages, had been developed.

The Secretariat informed the Committees that the completion report, the technical reports and the final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement.

The Committees duly declared the project complete.

PD 306/04 Rev.1 (I)

Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia

The Secretariat reported to the Committees that all the activities of the project had been fully implemented and the outputs had been achieved, and as a result, 5 publications containing technical data on testing methods and wood characteristics of the selected plantation-grown species, namely *Acacia mangium*, *Shorea macrophylla* and *Tectona grandis*, had been published. It was indicated by the Secretariat that the findings of the project have been well received by the target groups and generated strong interest in the plantation-grown timber.

Following the report by the Secretariat, the delegation of Malaysia expressed their appreciation to the local collaborators in Sabah and Sarawak, as well as donors and ITTO, for their support and informed the Committees that the information generated from the project has been fully utilized and well disseminated by the Executing Agency, Forest Research Institute Malaysia (FRIM), including through a three day international seminar.

The Secretariat informed the Committees that the completion report, the technical reports and the final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement.

The Committees duly declared the project complete.

PD 333/05 Rev.2 (I)

Development and Delivery of a Vocational Training Programme in Reduced Impact Logging and Sustainable Forest Management Practices in Guyana

The Committees noted that this project has been moved from agenda item 10 (Review of projects and pre-projects in progress) to agenda item 7 (Report on completed projects and pre-projects), as the completion report was submitted in May 2011, and the financial audit report on the use of the remaining funds was received one week before the Council Session.

The Committees noted that all the outputs were achieved as planned, including RIL training programme for medium and large scale operators, RIL system for small-scale community forestry operations, capacity to provide training programme on other aspects of sustainable forest management, and a long term sustainability of vocational SFM/ RIL training in Guyana was secured.

The delegation of Guyana thanked the donors and ITTO for their support, and informed that more than 200 people were trained in RIL, FTCI has expanded its mandate to the training in other aspects of SFM, as well as the training in other countries, such as Suriname and Belize and others in the Caribbean Region. The delegation of Guyana also informed that FTCI has been supported by the Guyana Forestry Commission.

The Committees duly declared the project complete.

PD 334/05 Rev.2 (I)

Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (Philippines)

The Committees noted that all planned outputs have been achieved, including training on rattan production and utilization technologies, research studies on rattan utilization technologies, pilot demonstration plots, a network on rattan, and the establishment of the ASEAN rattan centre.

The Committees also noted that a regional conference on production and utilization technologies for rattan was conducted as an additional activity.

The Committees also noted that the project was executed under the budget and the Executing Agency returned unspent funds to ITTO in the amount of US\$13,385.00.

The Secretariat informed the Committees that the completion report, the technical reports, including rattan database and publications which are available at the project website [www.aseanrattan.com](http://www.aseanrattan.com), the final financial audit report, and an article for the TFU had been delivered by the Executing Agency in accordance with the Project Agreement.

Following the report by the Secretariat, the delegation of the Philippines expressed its appreciation to the donors and ITTO for their support to implement the project. The delegation of the Philippines informed that the Government of the Philippines is working on the institutionalization of the knowledge acquire through the project, and the scaling-up and replication is their priority because rattan provide the people with livelihoods and the opportunities for enterprise development at the village level. The scaling-up of the project will include analysis of the value chain as well as gender-role assessment.

The Committees duly declared the project complete.

PD 397/06 Rev.3 (I)                      Sustainable Development of the Wood-Based Industries in South Kalimantan (Indonesia)

The Secretariat reported to the Committees that the output of this small project, which was the formulation of a Master Plan of Sustainable Development of the Wood Based Industries in South Kalimantan Province, had been achieved. It was also reported by the Secretariat that the Provincial Government had already adopted the Master Plan, which will benefit the Government, forest industry sector, communities and entrepreneurs in expanding development opportunities as well as sustaining the forest resource base.

The delegation of Indonesia thanked the donor and ITTO for their support and informed the Committees that the Master Plan has been contributing to the stakeholders, such as industries, communities, entrepreneurs and the government, in incorporating new approached to forest industries and community forestry. The Committees noted that the Master Plan will be used as a benchmark for other provinces to ensure the sustainability of this project.

The Secretariat informed the Committees that the completion report, the technical reports and the final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement.

The Committees duly declared the project complete.

PD 398/06 Rev.2 (I)                      Promoting the Utilization of Plantation Timber Resources by Extending Environmentally Sound Preservation Technology (China)

The Secretariat reported to the committees that all expected output of the project had been achieved, including preservation technologies, laboratories, timber exposure yards and a demonstration treating plant, a treated timber monitoring system and bamboo classification and preservation treatment techniques. It was also reported by the Secretariat that the Guandong Provincial Government had accepted the suggestions from the project for extending the use of treated timber and strengthening the investment in wood protection research.

The Secretariat informed the Committees that the completion report, the technical reports and the final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement.

The Committees duly declared the project complete.

PD 401/06 Rev.2 (I)                      Value Adding and Kiln Drying of Commercial Timbers by Small Scale Community Saw Millers in Guyana

The Committees noted that the project delivered all planned outputs, including technical specifications for kiln dryers, identification of appropriate kiln dryers for small scale community sawn-millers in Essequibo, Demerara and Berbice, and training in kiln drying.

The Committees noted that sustainability of the project has been secured through the establishment of three associations, which manage and operate the kilns, of which the Guyana Forestry Commission is a member of the governing body.

The Secretariat reported that the Executing Agency has submitted technical reports, completion report, final financial audit, and an article for the TFU.

Following the report of the Secretariat, the delegation of Guyana thanked the donor and ITTO for their support and informed that they were very excited with the project and that the kilns were established in 3 communities, training was provided and facilities have been used to dry timber for the market.

The Committees duly declared the project complete.

PD 425/06 Rev.1 (I)                      Production and Utilization Technology for Sustainable Development of Eaglewood (Gaharu) in Indonesia

The Secretariat reported to the committees that all the outputs of project had been achieved, including the development of better inoculation technologies, establishment of demonstration trial plots, and the implementation of community training and a workshop, as well as the production of 6 technical reports and 3 publications. It was also reported by the Secretariat that Forest Research and Development Agency, the Executing Agency, had established cooperation with farmer groups for their continuous support to the demonstration plots and further research activities.

The delegation of Indonesia expressed their appreciation to the donor, as well as ITTO, for their financial support and guidance and informed the Committees that the project has been contributing to the improvement of the livelihood and welfare of the local communities as well as the conservation and sustainable use of the Eaglewood resource. The Committees noted the prospect for the sustainability of the project.

The Secretariat informed the Committees that the completion report, the technical reports and the final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement.

The Committees duly declared the project complete.

PD 431/06 Rev.1 (I)                      Processing and Utilization of Trees on Farmlands and Logging Residues through Collaboration with Local Communities (Ghana)

The Secretariat reported to the committees that specific objectives of the projects, including increased lumber yield and earnings by the local communities with the improved chainsaw facilities for logging residuals and trees on farmland had been achieved. It was also informed by the Secretariat that the a proposal made by the project on the harvesting and processing of trees on farmland and logging residuals by farmers is likely to be included in the new forest and wildlife policy.

In response to the report by the Secretariat, the delegation of Ghana thanked the donors, as well as ITTO, for their support, and reported to the Committees that the project has been helping the local communities improve their livelihood and assisting the government implement its policy to reduce illegal logging.

The Secretariat informed the Committees that the completion report, the technical reports and the final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement.

The Committees duly declared the project complete.

PPD 5/00 Rev.1 (I)                      Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India

The Secretariat reported to the Committees that the planned activities, including resource survey, review of existing reports, networking with relevant institutes and organizations and collection of market information, had been carried out and, as a result, a project proposal entitled "Sustainable management of Non-Timber Forest Products (NTFP) in Maharashtra State of India" was formulated. It was also reported by the Secretariat that the proposal was submitted the 36<sup>th</sup> Expert Panel and received a Category 2.

The Secretariat informed the Committees that the final financial audit report, as well as the completion report and the technical reports, had been delivered by the implementing agency and reviewed by the Secretariat in accordance with the Pre-project Agreement, as reported by the Delegation of India and noted by the Committees at the last session.

The Committees duly declared the pre-project complete.

PPD 97/04 Rev.1 (I)

Improve Strategies and Assess Training Needs to Achieve SFM in  
Suriname

The Committees noted that the pre-project aimed at: (i) formulating a national strategy to achieve SFM and promote a sustainable forest sector; (ii) conducting a thorough assessment of training needs; (iii) designing a training programme and providing details for its implementation; and (iv) assisting the formulation of a project proposal to strengthen the institutional capacity of the country in the field of SFM.

The Secretariat reported that the outputs have been achieved as planned; however, the project proposal is yet to be formally submitted to the Expert Panel. The Secretariat also reported that total expenditure was under the budget and the Executing Agency has returned unspent funds to ITTO in the amount of US\$7,143.00 in May 2010.

The Secretariat informed the Committees that the completion report, the technical reports and the final financial audit report had been delivered by the implementing agency in accordance with the Pre-project Agreement.

The delegation of Suriname thanked the donor and ITTO for their support for the implementation of the pre-project, and highlighted that the Strategic Action Plan for the Forest Sector has been used for the economic development of the sector, and follow-up activities, such as the formulation of the Code of Conduct have been funded by FAO.

The Committees duly declared the pre-project complete.

PPD 125/06 Rev.2 (I)

National Training Program to Promote the Adoption of Reduced  
Impact Logging (RIL) in Papua New Guinea

The Committees noted that the aim of the pre-project is to collect necessary information to define the structure, form and content of a national project for a training and to formulate a demonstration programme to promote the adoption of Reduced Impact Logging (RIL) in PNG.

The Secretariat informed the Committees that the outputs have been achieved, and that a full project proposal for the implementation of RIL has been submitted to the Expert Panel. The Secretariat also reported that the completion report and the final financial audit report had been delivered by the Executing Agency in accordance with the Pre-project Agreement.

The Committees noted that total expenditure was under the budget and that the Executing Agency returned to ITTO unspent funds in the amount of US\$12,327.00 in August 2011.

The delegate of Papua New Guinea thanked the donors and ITTO for their support, and informed that the project proposal is under revision to be re-submitted to the Expert Panel in due course.

The Committees duly declared the pre-project complete.

## 8. Ex-post Evaluation

### **(A) Ex-post Evaluation Reports**

To facilitate the sharing of experiences and lessons learned from ex-post evaluation of projects among members, the consideration of ex-post evaluation reports was undertaken at the Joint Session of All Committees. The Committees considered the executive summaries of the ex-post evaluation reports as contained in document CEM-CFI(XLV)/3.

### **Committee on Economic Information and Market Intelligence**

PD 353/05 Rev.2 (M,F,I)

Adoption and Implementation of the Forestry Information System  
(FIS) for the Philippines

A presentation before the Committees was made by the consultant, Mr. Erik Lammerts van Bueren (the Netherlands), in respect of his ex-post evaluation report on the project.



In his evaluation, Mr. van Bueren indicated that the project had basically been implemented successfully with the achievement of its specific objective of developing and implementing the Forestry Information System (FIS), a country-wide information system for forest policy and management in the Philippines that had contributed to the promotion and enhancement of the sustainable management of forests in the country through improved data collection and information processes. At the time of the evaluation, FIS was fully operational as a source of spatial information as well as information on registered title holders. Combined with the Geographical Information System (GIS), the FIS provided a clear insight of the extent and nature of the country covered by land title agreements.

In addition, these systems were being used for the identification and preparations of suitable sites for the Upland Development Programme, the National Greening Programme and other specific projects. Measures taken to ensure the sustainability of the project included the provision of a permanent budget line for information management activities under the Department of Environment and Natural Resources (DENR), provision of funds to regional offices for training and helpdesk services provided by the Forest Management Bureau (FMB).

Even so, Mr. van Bueren pointed out the scope for further enhancement of the systems by expanding the collection and computing of relevant data to operationalise those features of the FIS which were not yet operational, building up time series data and establishing a link between the GIS and the FIS databases to retrieve all non-spatial information. Training of focal points was a major concern as frequent movements of trained human resources might affect the sustainability of the project.

Some of the lessons learned from the implementation of the project included the importance of selecting the right people, the crucial role of training, the importance of validation of file to generate accurate and reliable data for the FIS, the need for more accurate formulation of indicators for the development objective of the project, systematic user analysis and analysis of user needs as pre-requisites for user satisfaction and ownership, the need for realistic anticipated project outcomes to avoid false expectations and the need for more consolidated financial information to monitor project expenses.

Mr. van Bueren recommended to the FMB as the implementing agency to further increase the value of the FIS/GIS by (i) applying a project approach, taking a concerted effort to prioritise all the features which FIS was capable of producing and collecting and entering all relevant data, and (ii) producing time series to identify trends in changes in land cover and land use. Mr. van Bueren also recommended to the ITTO Secretariat to (i) ensure that all required amendments to a project proposal were fully adhered to, (ii) consider including expenditures per project activity in the financial statement and (iii) consider further support, upon request, to enhance the FIS to fully operationalise its essential features.

Following the presentation, the delegation of the Philippines expressed its gratitude to the consultant and the ITTO Secretariat for the conduct of the ex-post evaluation of the project and to the donors for funding the project. The delegation reiterated the usefulness of the project particularly in the context of achieving the target of increasing the forest cover of the Philippines by 1.5 million hectares in 2016 under the National Greening Programme and indicated its willingness to follow through the recommendations made by the consultant. As requested by the delegation of Liberia, the consultant also provided clarification on the definition of other forest land and project stakeholders other than the staff of DENR and FMB.

The Committees commended the consultant for his report and presentation.

PD 440/07 Rev.1 (M,I)                      Improving the Detection and Prevention of Illegal Logging and  
Illegality in Shipment and Trade of Wood Products in Guyana

A presentation before the Committees was made by the consultant, Dr. Kwame Asumadu (Australia) in respect of his ex-post evaluation report on the project. In his presentation, Dr. Asumadu highlighted that:

- the project was executed effectively and efficiently by the Guyana Forestry Commission (GFC), the implementing agency;
- all project activities were implemented effectively and efficiently;
- project resources were expended effectively and efficiently in accordance with the project document and workplan;
- all five project outputs were achieved, contributing to the realization of its specific and development objectives;
- project outputs were disseminated effectively through staff training and awareness-raising workshops for stakeholders including communities impacted by the project;

- there was sufficient evidence including on-going post project activities indicating the sustainability of the project;
- the project has created effective and sustainable impacts at the institutional (GFC), national, sectoral (industry) and community (stakeholder) levels; and
- the project was unique in being the first in an ITTO producer member country to have successfully combined remote sensing and wood products tracking in addressing the issue of illegality in its forests and wood products sector.

Dr. Asumadu also highlighted the main lessons learned from the implementation of the project that:

- while electronic-based wood products tracking systems were more efficient compared with paper-based systems, these could nevertheless be technology intensive and therefore expensive to implement, operate and maintain;
- the use of satellite images for detecting “hot spots” of deforestation (rather than just ground checking as was the case previously) was very efficient, although it could be expensive;
- extensive and comprehensive pre-planning and research was necessary for the successful design, formulation and implementation of projects of this nature, to ensure that all project elements are integrated seamlessly; and
- the introduction of any new system would require extensive education and awareness raising among all the stakeholders who would be impacted by the system.

Dr. Asumadu recommended to the Secretariat to document and publicise the project's outcomes, including lessons learned for the benefit of other ITTO member countries.

In his recommendations to the Government of Guyana and GFC, Dr. Asumadu highlighted that:

- in the medium to long term, the Government of Guyana and GFC should consider expanding the coverage of the Wide Area Network (covering 6 main strategic stations) to the other remaining 31 stations, taking into consideration key factors, including cost;
- in the medium term, consideration should be given to exploring the possibility of expanding the functionality of the scanners to include both data collection/entry as well as legality monitoring;
- key aspects related to scanners should also be considered including the ability to input data from the field and thereby update the Headquarters database; and acquiring scanners with longer scanning distance;
- given the on-going cost of maintaining and operating the satellite imagery capability for detecting and updating information on temporal land use changes, which would also have operational benefits for other government agencies, the GFC should consider options to recover some of its costs;
- for applications providing “public good” benefits, the Government should consider subsidising the GFC's costs from the national consolidated fund; and
- for applications delivering commercial benefits to consuming government agencies, the Government should consider empowering the GFC to recover its costs in full.

The delegation of Guyana thanked ITTO and the consultant for the ex-post evaluation of this project. They emphasised that the results of this project and the lessons learned had been very positive and considered the project as a landmark achievement. The project greatly enhanced Guyana's capacity in this new area of GIS/RS and broadened the forest management scope and helped build an overall strategy of forest management covering both the economic and sustainable management perspectives.

The Committees commended the consultant for his report and presentation.

## Committee on Forest Industry

PD 37/94 Rev.3 (I)

Strengthening of the Forest Products Laboratory of IBAMA (Brazil)

A presentation was made before the Committees by the consultant, Dr. Sadaaki Ohta (Japan), on his ex-post evaluation report on the project. The mission of the Ex-post evaluation was conducted from 19-23 September 2011, about 3 years after the completion of the project.

The project had two main objectives:

- (i) Modernization and strengthening of the Forest Products Laboratory (FPL) of IBAMA, and
- (ii) Improvement of tropical timber identification, standardization of timber products, and monitoring of production and trade of tropical timber.

The project started in September 1998 and completed in November 2008, with effective duration of ten years. This project was built on the results of completed Pre-Project PCI-(VII)/6 entitled "Institutional Strengthening of the Forest Products Laboratory of IBAMA", which allowed an evaluation of the historical development of the Laboratory.

The main target outputs of the project include:

- (1) A detailed long term research programme was established and carried out;
- (2) Three research lines were established, namely sustainability of tropical forest resources, multiple uses of planted forests, and agroforestry products and environment, from which, seven research sectors were further defined. Revision of the research sectors was carried out, for 2006–2010, and 2010 - 2013;
- (3) A Human Resource Development programme was developed and implemented;
- (4) A communication programme to disseminate the information generated from the research works was developed;
- (5) A computerized Data bank on tropical timbers with about 300 timber species was developed;
- (6) At least ten basic texts of Brazilian Standards for tropical timber and timber products were developed by the FPL and submitted to the ABNT (Brazilian Association of Technical Norms).

The consultant also noted that obtained technologies had been transferred to stakeholders through various means. In addition, technological presentations and publications of FPL or IBAMA have appeared in private companies and academic Journals with higher citation (162 publications), while many students (52) from the University of Brasilia have been studying at FPL and had obtained degrees, thus making the project an overall success.

Finally, the consultant recommended the Executing Agency that an information service centre should be established for effective transfer of technology and new topics should be included in its long term research programme.

Following the presentation, the delegation of Brazil thanked the consultant for his presentation and provided clarification on a few items, such as the main purpose of the project which was to strengthen the existing Forest Products Laboratory and not to create a new research centre. The delegate of Brazil informed that the development of the CD-Rom version of the databank now contains 11 additional timber species, recommendations 2, 3, and 4 contained in the Ex-post evaluation report, are being carried out by the FPL, and progress has been made toward new data base on the extractives from Amazon timbers.

The Committees commended the consultant for his report and presentation.

PD 100/01 Rev.3 (I)

Capacity Building for the Development of a Sustainable Rattan Sector in China based on Plantation Sources

A presentation was made before the Committees by the consultant, Dr. Florence P. Soriano (The Philippines), on her ex-post evaluation report on the project.

The mission of the Ex-post evaluation was conducted from 20-28 September 2011, about 29 months after the project completion. The project was completed in July 2010 after two project extensions and with additional contribution by the Government of China.

The project was designed to address the problem of decreasing quality rattan canes, through the establishment of rattan plantations for China which is the largest importer of rattan canes (from Indonesia and Myanmar) requiring a constant and sustainable supply.

The project design, was straight-forward, which included the establishment of demonstration plots, study tours to learn from other ITTO rattan projects in South-east Asia, the production of technical guides and training to local farmers in order to increase their capacity to establish and manage rattan plantations.

The project delivered the following outputs:

- Six demonstration sites were established versus three as originally planned in Guangxi, Guangdong and Hainan provinces;
- A regional seminar on the cultivation, management, utilization and marketing of rattans, which was attended also by the representatives of Africa and Latin America Regions, was organized;
- An integrated technical manual which covers the cultivation, management and harvesting of rattans, as well as the processing of rattan canes. The manual was translated to English in 2010; however, the feedback from stakeholders suggested the need of making the manual more user friendly for local farmers; and
- Three national training courses were organized for (i) rattan tissue culture and nursery, (ii) silviculture, plantation management and cane harvesting and processing; and (iii) product development and marketing.

It was also noted that the research and development activities of the project produced an additional output, which was the preservation of edible rattan shoots with high content of antioxidants.

The project experienced unexpected events which delayed its implementation, such as the need to identify new sites for demonstration plots, due to unavailability of the ones selected during the elaboration of the project proposal, the SARS and bird flu, and the demise of one of the consultants.

As for the sustainability of the project 29 months after completion, continued involvement of farmers in rattan plantations is evident, and the Guangzhou Municipal Forest Administration, the private sector and the Guangdong Provincial Forestry Department have provided additional resources for the expansion of edible rattan plantations, development of health products from bioactive constituents of rattan shoots and the formulation of standards on rattan plantation and rattan shoot preservation respectively.

It was noted that the project achieved all outputs, mostly exceeding targets, and satisfactorily improved the know-how of forest workers and farmers.

It was recommended that future similar projects should conduct more in-deep consultations with stakeholders, revisit the LFM during their implementation; and hold PSC/PTC meetings during their extension.

Following the presentation, the delegation of China thanked Dr. Soriano for her presentation and also thanked ITTO for funding the project which has helped the rattan sector in developing its capacity. The delegation of China fully agreed with the findings, conclusions, and recommendations as well as the lessons learned from the ex-post evaluation. China will strive to improve rattan production and its industry and pursue the adoption of relevant policies to this end.

Then, the delegation of Liberia thanked the consultant for her eloquent presentation, and inquired the ownership of the land where rattan plantations were established. The consultant responded that the majority of the plantations were in government land, and that the total number of the planted area is 52 hectares.

Finally the delegation of the Philippines took the floor to thank the Consultant for her presentation, and mentioned that the Philippines closely aligned their experiences with those of China. The delegation of the Philippines also inquired the consultant and the delegation of China for the follow-up activities and the consideration of gender-role issues. The Consultant responded that during her mission, the Executing Agency did mention that they were working on a follow-up proposal which will consider gender issues. The delegation of China also informed that the follow-up proposal will address the dissemination of knowledge on plantation management, and improvement of quality of rattans in South China.

The Committees commended the consultant for her report and presentation.

## **(B) Meta-Evaluation of ITTO Ex-post Evaluations**

As instructed by the 46th ITTC, a Meta-Evaluation of ITTO ex-post evaluations has been carried out, according to the TOR approved at the previous Session of the Council. The Meta-Evaluation report was presented by the consultant, Dr. Markku Simula, during the Joint Committee Session held on 15 November 2011. To facilitate the finalization of the report, he encouraged written comments to be submitted by 15 December 2011.

The USA expressed their congratulations to the consultant for the very comprehensive study, highlighting the importance of the task and the usefulness of the results and statistics provided in the report. The USA also reiterated the need for improvements in various aspects as recommended in the report, including the importance of the careful selection of projects for evaluation and observing that none of the Secretariat activities has been evaluated. Elaborating on the importance of women in many sectors, the USA then requested the consultant to delete the part of the second paragraph, page 3, Council Document ITTC-JC(XLV)/2 that reads "perhaps mainly because gender is not relevant in many technically oriented ITTO projects" as this could send a wrong message. Again congratulating the consultant, the USA indicated that it may send written comments to the consultant before the deadline for submission of such comments.

Reiterating the importance and quality of the work, Switzerland particularly welcomed the recommendation of the report to update Decision 3(XXVIII) in order to improve guidance on monitoring and evaluation in the Organization. Switzerland then requested clarification on three issues: 1) The reason for the weaknesses in project impacts and sustainability, questioning whether the guidance in the ITTO Manual for Project Monitoring, Review, Reporting and Evaluation was not sufficient 2) At what stage Executing Agencies should provide management responses to Ex-Post Evaluation reports, and 3) How often Meta Evaluations should be carried out.

Congratulating the consultant for the excellent work, Indonesia requested clarification on whether the Meta-Evaluation would demonstrate the contribution of projects to the overall objectives of the organization, where projects have contributed most and where are gaps.

The consultant expressed his appreciation for the positive feedback and thanked the delegations for their comments.

Addressing the concern of the USA regarding the sentence in the second paragraph, page 3, Council Document ITTC-JC(XLV)/2 referring to gender, he clarified that this was not in any way meant discriminatory and that he agreed that this needed to be removed or rephrased, and that he was looking forward to the written comments, so that they can be taken into account.

Replying to the Swiss questions, the consultant elaborated that in terms of project impact and sustainability the current guidance was in some aspects inconsistent or insufficient and that the Secretariat should elaborate additional guidance. Regarding the timing of management responses from Executing Agencies he stated that such responses are standard practice in other organizations and that it should become a formal requirement for ITTO projects. The responses should be provided immediately following monitoring missions. Concerning the timing of Meta-Evaluations he responded that extensive exercises as the current could be carried out every ten years.

In response to the Indonesian question the consultant explained that the contribution of the projects to the ITTO objectives is elaborated in the Meta-Evaluation Full Report, section 5.9 and also in the thematic summaries to be completed.

The Chairperson gave the floor to Dr. Manoel Sobral Filho, who congratulated the consultant for his excellent work. Highlighting the extensive experience of the consultant in terms of evaluation and monitoring, Dr. Sobral asked the consultant where the ITTO project evaluation stands in relation to other organizations, pointing out the substantial effort of the ITTO in recent years to improve its monitoring and evaluation function. The consultant replied that ITTO project evaluation stands and performs well in comparison to other organizations.

## **(C) Selection of Projects for Ex-post Evaluation**

The Committees duly selected the following projects for ex-post evaluation:

### **Committee on Forest Industry**

PD 233/03 Rev.2 (I)

Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)

The Secretariat noted the request made by the Committees in respect to increase the number of projects for which Ex-post evaluation is conducted subject to the availability of financial resources, and considering the results of the Meta Evaluation of ITTO Ex-Post Evaluation.

9. Policy Work

Seven issues and activities under the CEM and three policy activities under the CFI were discussed by the Committees.

**Committee on Economic Information and Market Intelligence**

(i) Market Access

Under the issue of market access, the Committees received a presentation from Ms Frances Maplesden (New Zealand), consultant, on progress in the implementation of the study “Improving the resilience of the tropical timber sector to the impacts of global and regional economic and financial crises” under TMT-SPD 002/10 Rev.1 (M). This project was initiated following the speed and severity of the global financial and economic crisis in 2008 and 2009 which impacted the construction sectors and consumer spending in most parts of the globe and had marked impacts on the competitiveness of the tropical forestry sector. The crisis exposed the vulnerability of the tropical timber sector which had a relatively limited knowledge base and capacity at country level to manage severe market shocks. The project’s objectives were aimed at increasing the ability of the tropical forestry sector to anticipate, manage and recover from future global economic crises.

The presentation focused on the component of the overall study which involved three producer country case studies in Ghana, Brazil and Malaysia. The case studies assessed the impacts of the crisis across the supply chain; policy responses and other remedial measures employed at regional, government and private sector levels and their effectiveness; the risk factors that would expose the case study country to market volatility; and actions that could minimise the risk to the tropical forest industries.

Ghana’s forest industries were exposed to the crisis by the predominance of small- and medium-sized enterprises (SMEs) and reliance on commodities, with production and exports of most wood products declining over the crisis period. Brazil’s large and growing domestic market had buffered the tropical forestry sector from the impacts of the global financial and economic crisis, although export oriented firms were most affected. Remedial measures employed by the private sector and the government initiatives focused on macroeconomic issues but had indirect impacts on the forestry sector. Malaysia had been more exposed to the crisis because of its high proportion of trade in GDP. Exports of primary wood products had fallen sharply during the crisis and had negatively impacted the wood processing sector. The Malaysian Timber Council had played an important role in assisting the industry to remain competitive and well positioned during the crisis.

The consultant concluded that the forestry sectors in all three case study countries had been impacted by the global downturn, and although their risk profiles were somewhat different, there were some common elements in terms of how tropical timber industries could minimise impacts and become more competitive during severe economic downturns. These included the need to develop market intelligence capabilities in the tropical forestry sector through better cooperation between private sector, government and international organisations; the importance of investing in the development of new products and geographical market opportunities, including domestic and regional markets; the need to continuously make gains in productivity to reduce costs and maintain competitiveness; the need to focus on value-added and innovative products which would be less affected by global economic downturns and the need to strengthen industry and trade associations, including marketing and promotional support organisations, which would be crucial for implementing policies to ensure export competitiveness during downturns.

The Committees commended the consultant for her presentation.

(ii) Forest and Timber Certification

The Secretariat reported on the current situation of forest certification in ITTO producing member countries. According to the statistics collected by the Secretariat, the total area of certified forests in ITTO producers was 22.2 million hectares in 2010. This accounted for 6.1% of the world's total area of certified forests of around 365 million hectares. The number of Chain of Custody (CoC) certificates in ITTO producers was 1321, accounting for 4.9% of the total number of CoC certificates in the world. Compared to figures in 2007, the area of certified forests in ITTO producers had expanded 53%, while the number of CoC certificates had increased over three-fold.

Forest certification in ITTO producer member countries involved two international certification systems:

- **Forest Stewardship Council (FSC):** The total certified area in ITTO producer member countries was 15.7 million hectares, accounting for about 12% of the total FSC certified forests in the world; and 1085 CoC certificates, accounting for about 5.62% of the total FSC-CoC certificates issued throughout in the world. Brazil was in the lead with 6.39 million hectares of certified forest area and 533 CoC certificates.
- **Programme for the Endorsement of Forest Certification (PEFC):** The total certified area in ITTO producers was 5.5 million hectares, accounting for about 2.4% of the total PEFC certified forests in the world, and 230 CoC certificates which accounted for about 2.7% of the total PEFC-CoC certificates issued throughout the world. Malaysia was in the lead with 4.22 million hectares of PEFC certified forests and 171 PEFC-CoC certificates.

In addition, there were 4 national certification systems in ITTO producer member countries as follows:

- Brazil: Brazilian Forest Certification Programme (CERFLOR);
- Malaysia: Malaysian Timber Certification Scheme (MTCS);
- Gabon : PEFC Gabon
- Indonesia: Indonesian Ecolabelling Institute (LEI)

The three certification systems, namely CERFLOR of Brazil, MTCS of Malaysia and PEFC Gabon had been endorsed by PEFC, and included in the certification statistics of PEFC. In Indonesia, the LEI certification system covered 1.07 million hectares of certified forests and 6 CoC certificates in 2010.

In general, two-thirds of the world's certified forests were certified under PEFC and around one-third was under FSC. However, FSC held the largest share of 74% of certified forests in ITTO producer member countries. In 2010, PEFC continued to be the largest certification scheme in the world, and the area of PEFC-certified forest increased by 2.7% due to the significant expansion in Europe, Australia and Malaysia. PEFC-certification was expected to expand in tropical forests through the endorsement of national certification systems in ITTO producer member countries. In 2010, FSC and LEI in Indonesia launched a collaboration to explore potential areas of cooperation in forest management and certification.

(iii) Selected Data and Analysis from ITTO Annual Review and Assessment of the World Timber Situation

Ms. Frances Maplesden (New Zealand), consultant, presented further information on the draft Annual Review and Assessment of the Tropical Timber Situation 2011, focusing on secondary processed wood products. She provided definitions of secondary processed wood products, which included wooden furniture and parts, builders' woodwork and joinery, "other SPWPs", mouldings, and bamboo and cane furniture and parts. The major trade trends for items of SPWP were discussed. The US, EU countries and Japan continued to dominate imports of all items of SPWPs, while Vietnam (not an ITTO member) dominated exports of SPWPs from tropical supplying countries. The consultant informed that the classification of SPWPs posed difficulties in tracking the tropical wood supply chain. The volume of wood used could not be determined as the trade classification system did not differentiate species, some products might include other materials, and the trade figures were usually provided as value rather than quantity figures. She provided evidence that China and Vietnam were dominating the exports of SPWPs and were becoming more significant, despite a minimal resource base. Exports from these countries grew during the global economic crisis while those from other tropical exporters declined, basically reflecting their price competitiveness during a tough economic climate but also technological and quality control improvements. Exports of SPWPs from ITTO producer countries picked up marginally in 2010 but had not returned to pre-crisis levels since the major markets were in the USA, EU countries and Japan, whose economies had not fully recovered from the global financial crisis.

The Committees commended the consultant for her presentation.

(iv) Enhancement of Statistical Work and Training Workshops on Statistics [PP-A/39-174]

The Committees were informed that work in this area was incorporated into activities 42 and 43 of the ITTO Biennial Work Programme 2010-2011. Although funding for both activities was still pending, the Secretariat, utilizing some remaining funds from the previous ITTO Biennial Work Programme, was able to conduct a statistical training workshop in Thailand from 27 to 30 September 2011 in collaboration with the Royal Forestry Department of Thailand and FAO. The Government of China and Cambodia had expressed interest for similar workshops to be conducted in their countries. The Committees were further informed that the Secretariat attended the meeting of the Intersecretariat Working Group on Forest Statistics in March 2011 and was in the process of improving its statistical databases.

The Committees noted that those activities had been included as Activities 33 and 34 in the draft ITTO Biennial Work Programme 2012-2013.

(v) Promote Trade in Tropical Timber and Tropical Timber Products from Sustainably Managed and Legally Harvested Sources

(a) Innovative Timber Tracking System implemented by John Bitar and Company Limited (JBCL)

Dr. Kwame Asumadu from Asumadu Pty Ltd. made a presentation on the innovative timber tracking system implemented by John Bitar And Company Limited (JBCL) aimed at demonstrating to the company's major markets and customers that JBCL's timber product exports were legal; and met the forestry law and policy requirements of the Government of Ghana.

Dr. Asumadu indicated that the FSC system was chosen by JBCL as Ghana did not yet have a national forest management standard endorsed by the PEFC. The company made preparation of procedures and work instructions to ensure it could consistently meet the requirements of FSC and it carried out training of all relevant staff and personnel to be involved with the implementation of the company's FSC Controlled Wood Forest Management and CoC Certification System. The final audit was conducted in December 2010 covering an opening meeting with key managers; review of documents; review of CoC systems requirements; inspection tour of the company's processing facilities and interview with relevant workers at their posts; field inspection of forest management practices; and a closing meeting with key managers of the company.

Dr. Asumadu highlighted issues and lessons learned from the implementation of the FSC Controlled Wood Forest Management and CoC Certification System including:

- the valuable learning experience towards full forest management certification which the company had decided to pursue in its next independent assessment by Rainforest Alliance;
- the benefit of creating access to new markets requiring legality verification, particularly as the FSC brand was recognised internationally;
- the importance of continually improving the company's processes, practices and systems in support of the sustainable management of its on-reserve forest concessions or TUCs; and
- the positive incentive being provided to other wood processing companies wanting to increase market access through a positive promotion of the legal status of their wood products.

He emphasized that the wood products tracking and assurance of legality could only be demonstrated through internationally recognised third party certification system such as the FSC and PEFC.

Dr. Asumadu further summarized that JBCL had been recognized as an FSC certified company able to supply FSC Controlled wood products to its major markets and had been listed on the FSC official website. The wood products, including approved species, were also listed on the FSC website as part of JBCL's approved product schedule. This would enable JBCL to expand the reach of its current market and it would be able to offer legal wood to markets such as the USA and the EU that had passed legislation prohibiting imports of illegally harvested or traded wood products. As the duration of the certificate was for five years, the company would undergo annual surveillance audits by its certification body to ensure that it would continually meet the requirements of the certificate.

The Committees commended Dr. Asumadu for his presentation.



- (b) The Wood News Agency – A Web-based Information System to support the development of a sustainable tropical timber trade implemented by The Forest Trust (TFT)

Ms. Robin Barr from TFT made a presentation on the development of the Wood News Agency aimed at supporting the development of a sustainable tropical timber trade through its consultation, design and test phases. At the consultation phase, TFT contacted its network of businesses and experts with a view to ensuring the business-friendliness of the website. The subsequent design phase involved the selection of Square Eye Limited as the web programming company, arrangement of interviews and videos to enhance the appeal of the website as well as the development of a directory of responsible suppliers. Ms. Barr provided a brief explanation of the main features of the Wood News Agency. Under the test phase, TFT visited companies to check their compliance with the criteria for selection and inclusion into the directory of responsible suppliers while TFT field teams tested the ergonomics of the directory. At the request of the delegation of Malaysia, Ms. Barr provided further clarification of the criteria and parameters for the selection and inclusion into the directory of responsible suppliers.

The Committees were informed that the launching of the Wood News Agency under the roll-out/maintenance phase was contingent upon the funding of activity 46(b) under the ITTO Biennial Work Programme for 2010-2011 which remained pending. If funded, TFT would undertake the launching of the website, an expansion of topics to be covered, the filling up of the directory, the development of new interviews, publishing relevant news and the continuous improvement of the system based on the feedback received from the companies. The Committees noted that this activity had been included as activity 37(b) in the draft ITTO Biennial Work Programme for 2012-2013.

The Committees commended Ms. Barr for her presentation.

- (c) Development of a Compendium of the Current State of Technologies for Monitoring Illegal Logging and Related Trade

The Secretariat informed the Committees of progress in the implementation of activity 45 of the ITTO Biennial Work Programme 2010-2011 involving the development of a compendium of the current state of national technologies for monitoring illegal logging and related trade. He further informed that the terms of reference of the activity had been expanded in consultation with the Government of Japan as the donor to include an expert workshop and that the CITES Secretariat had also provided some funding for the work on the compendium.

A preliminary draft compendium had been submitted to the Secretariat, focusing primarily on tracking and monitoring/control technologies and containing several case studies from each tropical region. The final draft compendium would be submitted to the Secretariat by the end of the year, with the expert workshop scheduled to be convened in the first quarter of 2012 to review the report and make recommendations for ITTO's future work in this area. The Secretariat informed the Committees that Malaysia, through the Malaysian Timber Certification Council, had agreed to host the expert workshop.

- (vi) Establishment of a Working Group to develop guidelines on legality and sustainability for timber products for public procurement

The Committees noted that the terms of reference and budget for the activity were considered and approved at the previous session and attached as Appendix B of the report. The funding of the activity was still pending. Following the request made by the representative of producer member countries at the informal teleconference held on 13 September 2011, the activity had been included as Activity 38 in the draft ITTO Biennial Work Programme 2012-2013.

- (vii) Draft ITTO Biennial Work Programme 2012-2013

The Committees noted the proposed activities for the CEM in the Draft ITTO Biennial Work Programme 2012-2013 as contained in document ITTC(XLVII)/8 and agreed that these activities be submitted for the consideration of the Council at its current Session.

### **Committee on Forest Industry**

- (i) Strengthen the capacity to promote efficient wood processing technologies in tropical timber producing countries [PP-A/45-247]

The Secretariat informed the Committees that this activity was to conduct in-house trainings based on the approaches and methodologies developed through the implementation of ITTO Project PD 286/04 Rev. 1 (I) "Strengthening the Capacity to Promote Efficient Wood Processing Technologies

in Indonesia” with the aim of strengthening the capacity of the wood-based industries in common problem areas, namely log stocking and loading, kiln dry and boiler, saw doctoring, finger jointing, laminating, packing, waste control, maintenance and arrangement, safety and mentality.

The Secretariat reported to the Committees that:

- The in-house training was carried out in Papua New Guinea (16-21 June 2010, covering 1 wood working, 1 sawmill, 1 plymill), Guyana (19-25 July 2010, covering 3 sawmills and 2 furniture/wood working industries) and Myanmar (16-19 August 2010, covering 1 plymill, 1 wood working/molding industry, and 1 furniture industry) in 2010, and in Malaysia (22-23 May 2011, covering 1plymill and 4 wood working industries/furniture industries), in 2011 with the participation of forest industry owners, managers, supervisors, workers, as well as the representatives from governments and forest associations; and
- No in-house training was carried out in member countries in Africa due to the budget constraint.
- The Secretariat indicated to the Committees that:
- This activity has raised awareness and understanding of the stakeholders of the importance of improving the efficiency in the forest industry production chains to help achieve SFM;
- The effectiveness of the approaches and methodologies of the in-house training have been confirmed through the discussions and completed questionnaires; and
- Stakeholders responded positively and requested to continue this activity.

The delegation of Guyana thanked the ITTO for the implementation of the activity in Guyana, and informed the Committees that timber companies have been able to improve their productivity as a result of this activity.

(ii) Life Cycle Assessment (LCA) analysis

The Secretariat informed the Committee that:

- A pre-project entitled “Methodological Development for Life Cycle analysis of Tropical Wood Products to Improve their Competitiveness in International Markets” [TMT-PA 007/11 Rev.1 (I)] which has been approved as a part of 2010-2011 BWP and funded under the Trade and Market Transparency Thematic Programme, as contained in the document ITTC(XLVII)/9.; and
- The pre-project has already been started in October 2011 with the objective of formulating a plan for analyzing the wood product emission rate and updating the emission methodology for tropical wood products.

The Secretariat also informed the Committees that:

- The Government of Malaysia submitted a project proposal entitled “Life Cycle Assessment-Based Initiative for Carbon Foot Print Reduction and Improved Utilization of Tropical Timber Products from Malaysia” under regular project cycle (Spring 2011); and
- The proposal was assigned Category 2 at the meeting of the 42nd Expert Panel held on 1-4 August 2011, as contained in the document ITTC(EP-42).

(viii) Draft ITTO Biennial Work Programme 2012-2013

The Committees noted the proposed activities for CFI in the Draft ITTO Biennial Work Programme 2012-2013 as contained in document ITTC(XLVII)/8 and agreed that these activities be submitted for the consideration of the Council at its current Session. Furthermore the Committees considered the activity proposed by the delegation of Malaysia and agreed that this activity, as contained in Appendix C, be submitted for the consideration of the Council at its current session for the inclusion in the Biennial Work Programme 2012-2013.

10. Review of Projects and Pre-projects in Progress

The Committees considered the Report of Projects and Pre-projects in Progress as contained in document CEM-CFI(XLV)/4 and took note of progress in the implementation of the following projects and pre-projects:

**(A) Projects and Pre-projects under implementation**

**Committee on Economic Information and Market Intelligence**

- |     |                                          |                                                                                                                                                                      |
|-----|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.  | PD 16/93 Rev.4 (M)<br>Phase IV, 2011     | Market Information Service for Tropical Timber and Timber Products, Phase IV, 2011 (Global)                                                                          |
| 2.  | PD 124/01 Rev.2 (M)<br>Phase III Stage 1 | Promotion of Sustainable Management of African Forests (Africa)                                                                                                      |
| 3.  | PD 182/03 Rev.2 (M)                      | Enhancement of the Forest Statistics Information and Management System (STATFOR) through the Integration of a Computer Module for Processed Log Management (Gabon)   |
| 4.  | PD 291/04 Rev.2 (M)                      | Establishment of a Network to Facilitate Collection, Processing and Dissemination of Statistics Pertaining to Tropical Timber and Other Forestry Parameters in India |
| 5.  | PD 406/06 Rev.1 (M)                      | Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)                                                                                  |
| 6.  | PD 443/07 Rev.1 (M)                      | Strengthening of the Forest Statistics and Information Center – CIEF (Honduras)                                                                                      |
| 7.  | PD 449/07 Rev.2 (M)                      | Enhancing Forest Law Enforcement in Papua New Guinea                                                                                                                 |
| 8.  | PD 479/07 Rev.2 (M)                      | Timbers of Tropical Africa Part 2: Group 7(2) within the PROTA Programme (Ghana)                                                                                     |
| 9.  | PD 480/07 Rev.2 (M)                      | Demand and Supply of Tropical Wood Products in China Towards 2020                                                                                                    |
| 10. | PPD 14/00 (M)                            | Strengthening the Market Discussion (Global)                                                                                                                         |
| 11. | PPD 139/07 Rev.1 (M)                     | Strengthening of the National Forest Information System (Thailand)                                                                                                   |

**Committee on Forest Industry**

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|----|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | PD 73/89 (M,F,I)         | Assistance for Project Identification and Formulation (Global)                                                                                                                        |
| 2. | PD 39/93 Rev.4 (I) Ph II | The Development, Application and Evaluation of Biomass Energy through Briquetting, Gasification and Combustion of (Wood and Agricultural) Residues (Cameroon)                         |
| 3. | PD 13/99 Rev.2 (M,F,I)   | ITTO Information Network and Project Support (Phase II) (Global)                                                                                                                      |
| 4. | PD 40/00 Rev.4 (I)       | Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)                                                                                     |
| 5. | PD 347/05 Rev.2 (I)      | Promoting Access to the Forest Sector Activities by Gabonese Nationals through the Development of the SME Forest Partnership                                                          |
| 6. | PD 364/05 Rev.4 (I)      | Providing Village Communities with Basic Technological Training for Extracting Valuable Essential Oils from Eucalyptus Citriodora Plantations in Rural Areas of Congo (Rep. of Congo) |
| 7. | PD 384/05 Rev.3 (I)      | Testing Laboratory for the Development of Quality Standards for Mexican Primary and Processed Tropical Forest Products                                                                |
| 8. | PD 385/05 Rev.4 (I,F)    | Industrialisation, Marketing and Sustainable Management of Ten Mexican Native Species                                                                                                 |

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|-----|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 9.  | PD 433/06 Rev.3 (I) | Sustainable Model for the Brazilian Wood Flooring Production Chain                                                                                                                     |
| 10. | PD 448/07 Rev.2 (I) | Sustainable Utilization and Marketing of Selected Non-Timber Forest Products to Support the Handicraft Industry and the Development of Rural Communities (Philippines)                 |
| 11. | PD 457/07 Rev.5 (I) | Operational Supportive System for Promoting the Further Processing of Timber in Five Countries of the Congo Basin (Gabon)                                                              |
| 12. | PD 506/08 Rev.1 (I) | Reviving Forestry Education in Liberia                                                                                                                                                 |
| 13. | PD 512/08 Rev.2 (I) | Industrial Utilisation and Marketing of Ten Potential Timber Species from Secondary and Residual Primary Forests (Peru)                                                                |
| 14. | PD 513/08 Rev.1 (I) | Enhancing the Capacity of the Wood Processing Sector to Improve Efficiency and Add Value in Guyana                                                                                     |
| 15. | PD 521/08 Rev.3 (I) | Participatory Forest Management for Sustainable Utilization of Non Timber Forest Products (NTFP) Surrounding the Protected Area of Rinjani and Mutis Timau Mt, Nusa Tenggara Indonesia |
| 16. | PD 523/08 Rev.1 (I) | Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia                                                                 |

**(B) Projects and Pre-projects pending agreement**

**Committee on Economic Information and Market Intelligence**

The Committees noted that there was no project or pre-project pending agreement.

**Committee on Forest Industry**

The Committees noted that there was no project or pre-project pending agreement.

**(C) Projects and Pre-projects pending financing**

**Committee on Economic Information and Market Intelligence**

- |    |                                          |                                                                                                                                                                          |
|----|------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | PD 124/01 Rev.2 (M)<br>Phase III Stage 2 | Promotion of Sustainable Management of African Forests (Africa)                                                                                                          |
| 2. | PD 578/10 Rev.1 (M)                      | Implementation of a National Information System for the Sustainable Management of Forest Resources (Côte d'Ivoire)                                                       |
| 3. | PD 599/11 Rev.1 (M)                      | Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration (Philippines) |

**Committee on Forest Industry**

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|----|---------------------|------------------------------------------------------------------------------------------------------------------------|
| 1. | PD 518/08 Rev.2 (I) | Energetic Valorization of Wood Residues by Compaction Process (Brazil)                                                 |
| 2. | PD 520/08 Rev.3 (I) | Promoting Timber Preservation for Reducing Forest Resource Depletion in Indonesia                                      |
| 3. | PD 522/08 Rev.3 (I) | Properties, Processing and Marketing of Teak Wood Products of Community Teak Plantations in Java and Eastern Indonesia |

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|----|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4. | PD 540/09 Rev.2 (I)     | Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products                                                |
| 5. | PD 549/09 Rev.2 (I,F,M) | Provenance Evaluation, Wood Technological Characterization and Market Survey for Balsawood ( <i>Ochroma pyramidale</i> Cav.) in the Lacandon Forest, Chiapas, Mexico |
| 6. | PD 600/11 Rev.1 (I)     | Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia                                                                   |

The Committees held discussions on the following projects and pre-projects:

#### **Committee on Economic Information and Market Intelligence**

##### **PD 124/01 Rev.2 (M) Phase III Stage 1**

##### **Promotion of Sustainable Management of African Forests (Africa)**

The Secretariat informed the Committees of the successful start-up of activities under Phase III Stage 1 of the project with a new coordinator in charge. The Committees were informed of the potential need to identify new regional support mechanisms for the project, given the apparent demise of the African Timber Organization. Donors' attention was also drawn to the need for funding of Phase III Stage 2 of the project in 2012 if continuity in implementation was to be maintained.

The delegation of Gabon informed that a ministerial meeting would be convened to discuss the future of the ATO and called on African members of ITTO to actively contribute to this process.

##### **PD 182/03 Rev.2 (M)**

##### **Enhancement of the Forest Statistics Information and Management System (STATFOR) Through the Integration of a Computer Module for Processed Log Management (Gabon)**

The Secretariat informed the Committees of the request of the government of Gabon for a mid-term review of the project in 2011 and the results of that review which included recommendations for more commitment from the government of Gabon (ie less staff turnover, providing counterpart funding, etc), for integration of the outputs of this and earlier ITTO funded projects into the national forest statistical system and for remaining activities to be completed by the international consultant and national counterparts. The review recommended that a small follow-up project be formulated to facilitate the implementation of these recommendations.

During the course of the current session of the Council, the Secretariat met with the delegation of Gabon, including the Minister of Water and Forests. This meeting resulted in agreement that a small follow-up project would be developed for submission to the next call for proposals under ITTO's Trade and Market Transparency Thematic Programme. The project would be formulated by February 2012 following which a final steering committee meeting for PD 182/03 Rev.2 (M) would be held to finalize the new proposal. The completion and financial reports for PD 182/03 Rev.2 (M) would be submitted by the end of the first quarter 2012. The Minister of Water and Forests highlighted the importance of this work to his country and its contribution to his country's negotiations with the EU for a FLEGT voluntary partnership agreement. He hoped that the successful completion of this work could be presented at the Forty-ninth Session of the Council scheduled for 2013 in Libreville.

The delegate of Gabon thanked the donors (USA and the Bali Partnership Fund) for their support to the project so far and assured the Committee that his country would do its utmost to successfully conclude the project and comply with the recommendations of the mid-term review.

##### **PD 291/04 Rev.2 (M)**

##### **Establishment of a Network to Facilitate Collection, Processing and Dissemination of Statistics Pertaining to Tropical Timber and Other Forestry Parameters in India**

The Secretariat informed the Committee of the successful conclusion of the additional production survey of pulp, paper and panel industries carried out using remaining project funds following completion of most project activities in 2010. The report of the survey had been submitted at the end of October 2011 together with the supplementary financial statement accounting for the remaining funds not included in

the audited financial statement submitted already in 2010. The Secretariat informed the Committees that both of these reports were satisfactory and available on request to members (English only). The Committee duly declared this project complete.

**PD 443/07 Rev.1 (M)**

**Strengthening of the Forest Statistics and Information Center  
– CIEF (Honduras)**

The Secretariat informed the Committees of the successful completion of this project which had developed a national forest information system and national forest statistics system for Honduras. The systems enabled all personnel in the Honduran government to share information on forest administration and linked five regional ICF offices to ICF headquarters in Tegucigalpa to facilitate the transmission of statistics and preparation of a forestry yearbook. The Secretariat reported that it had received the completion and final audited financial reports (in Spanish) of the project at the end of October, both of which had been evaluated and deemed satisfactory. The Committees duly declared the project complete.

The delegation of Honduras highlighted the contribution of the project towards improving forest management in the country. It thanked the Secretariat and Japan as the donor country for their support through a period of political upheaval in her country.

11. Election of Chairpersons and Vice-Chairpersons for 2012

Following the usual consultations undertaken by the producer and consumer groups, Mr. Rob Busink (the Netherlands) was elected Chairperson of the CEM and Mr. Moses D. Wogbeh, Sr. (Liberia) was elected Vice-chair for 2012. Dr. James Gasana (Switzerland) was elected Chairperson of the CFI and Dr. Ruth Turia (Papua New Guinea) was elected Vice-chair for 2012.

12. Dates and Venues of the Forty-sixth and Forty-seventh Sessions of the Committees

The Forty-sixth Session of the Committees would be held in conjunction with the Forty-eighth Session of the International Tropical Timber Council.

The Forty-seventh Session of the Committees would be held in conjunction with the Forty-ninth Session of the International Tropical Timber Council.

13. Other Business

No other business was considered by the Committees.

14. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects approved under the time-bound electronic no-objection procedure for the spring and autumn project cycles 2011:

**Committee on Economic Information and Market Intelligence**

|                  |                                                                                                                                                                                       |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 599/11 Rev.1 (M) | Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration (Philippines)[US\$497,930] |
| 620/11 Rev.1 (M) | Development and Implementation of a Species Identification and Timber Tracking System in Africa with DNA Fingerprints and Stable Isotopes (Germany)[US\$1,695,342]                    |

**Committee on Forest Industry**

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|------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| 520/08 Rev.3 (I) | Promoting Timber Preservation for Reducing Forest Resource Depletion in Indonesia [US\$454,518]                                      |
| 522/08 Rev.3 (I) | Properties, Processing and Marketing of Teak Wood Products of Community Teak Plantations in Java and Eastern Indonesia [US\$452,688] |

|                     |                                                                                                                                                                                  |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PD 540/09 Rev.2 (I) | <u>Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products [US\$448,362]</u>                                       |
| PD 600/11 Rev.1 (I) | <u>Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia</u><br><u>[Balance Funds: US\$287,095 out of Total Funds: US\$537,095]</u> |

- (ii) The Committees recommended that funding be made immediately available for the following projects and pre-projects approved at earlier Sessions:

**Committee on Economic Information and Market Intelligence**

|                                          |                                                                                                                                 |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| PD 124/01 Rev.2 (M)<br>Phase III Stage 2 | Promotion of Sustainable Management of African Forests (Africa)<br>[Phase III Stage 2 - US\$944,144]                            |
| PD 578/10 Rev.1 (M)                      | Implementation of a National Information System for the Sustainable Management of Forest Resources (Côte d'Ivoire)[US\$676,450] |

**Committee on Forest Industry**

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|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PD 518/08 Rev.2 (I)     | Energetic Valorization of Wood Residues by Compaction Process (Brazil) [US\$491,941]                                                                                               |
| PD 549/09 Rev.2 (I,F,M) | Provenance Evaluation, Wood Technological Characterization and Market Survey for Balsawood ( <i>Ochroma pyramidale</i> Cav.) in the Lacandon Forest, Chiapas, Mexico [US\$635,918] |

15. Report of the Session

The Committees adopted this report for submission to the Council, with due acknowledgement to the work of the Secretariat under the able guidance of the Chairpersons of the Committees.

## APPENDIX A

### REPORT ON THE ITTO ANNUAL MARKET DISCUSSION - 2011 16 November 2011, La Antigua Guatemala, Guatemala

The theme of the 2011 Annual Market Discussion held on the 16th November 2011 was 'the crisis the impact and the recovery'. This theme was decided in 2010 with a view to presenting the Council with an assessment of the impact on the tropical timber trade of the 2008/9 financial crisis and analysis of lessons learned.

The financial crisis of 2008, which continued into 2009, the worst the world had seen since the 1933 Great Depression, had far reaching implications for the tropical timber industry. In 2010, the Trade Advisory Group (TAG) was optimistic that the worst impacts of the crisis were receding; trade was beginning to pick up and recovery was on the horizon. However, the resurgence of severe weakness in the US economy and the euro-zone debt crisis had suddenly pushed the memory of the financial crisis of 2008/9 into the background. Market Discussion speakers had to abandon the hoped for reporting on recovery; instead the Council heard their views and fears that the tropical timber trade was likely to face a further period of prolonged market stagnation.

However, even this newly emerging economic crisis was overshadowed by the human tragedy in Japan where, on March 11<sup>th</sup> this year the country experienced a devastating earthquake and tsunami. Dr. Akihiko Nemoto, Professor, Tottori University of Environment, Japan stunned the Council with his presentation on the scale of this disaster.

Five other speakers addressed the Council namely: André de Boer, Secretary General, European Timber Trade Federation, Brent J. McClendon, CAE, Executive Vice President, International Wood Products Association, USA; Luo XinJian, Assistant Director, Center For International Forest Products Trade, China State Forest Administration; R.T.Somaiya, President, Timber Importers Association of India Ltd. and Alhassan Attah, Executive Director, Timber Industry Development Division, Forestry Commission of Ghana.

#### **The Lacey Act and the EUTR should increase demand for tropical wood products by providing the trade with a defined set of trading rules**

Mr. André de Boer, Secretary General, European Timber Trade Federation briefly introduced the ETTF which represented the hardwood, softwood, panel products, flooring and timber merchants sectors in 12 key European importing countries that collectively account for 90 percent of EU imports of tropical timber. In his presentation he outlined the structural changes that took place in the timber trade and wood processing sectors in Europe.

Import data up to mid 2011 for sawnwood, plywood veneer, mouldings and joinery were all signalling depressed markets across the EU, reported Mr. de Boer. The only two markets which were expanding were those for biomass and the green building sector. Green building and reducing environmental impact initiatives were increasing the interest in timber reports Mr. de Boer.

On a positive note Mr. de Boer said that the recently amended Lacey Act and the coming into force of the EUTR should increase demand for tropical wood products through providing the trade with a defined set of trading rules. However, there were many issues to be resolved, said Mr. de Boer, one of which was ensuring that legality would be defined as compliance with legislation in the country of harvest.

#### **Enterprises in China were not well informed on the Lacey Act or the EUTR and ITTO could assist with building effective communication channels**

Ms. Luo pointed out that the Chinese economy had expanded continuously since the 1980's and when the 2008/9 crisis hit many thought the Chinese economy would be immune. However, this was not the case as China's economic growth depended on exports and investment and both fell sharply.

The response of the Chinese government to the slowdown in growth was to cut interest rates, implement fiscal stimulus measures and ease credit availability. Efforts to stimulate the economy were unquestionably successful as investment and GDP growth eventually resumed. However, the stimulus measures were being withdrawn and there was a marked slowing of the economy as a result of the current weakness in global markets.



Despite the stimulus measures, the impact on the timber sector was still severe, with half of the plywood enterprises closed, a fifth of the wood flooring firms faced closure and almost three quarters of the primary processing enterprises failed. Adding to the problem for Chinese manufacturers was the appreciation of the RMB. Of equal importance said Ms. Luo, was the rapid rise in labour costs in China, mainly as a result of new labour laws. In terms of challenges for the industry, Ms. Luo emphasised the weakness in the domestic and international markets and that many enterprises in China were not well informed of the requirements of either the Lacey Act or the EUTR. She called on ITTO to assist with building effective communication channels on changes in international trade regulations.

### **The strength of the domestic economy was shielding the Indian timber industry from the worst effect of the crisis**

The strength of the Indian economy lied in domestic consumption said Mr. Somaiya in his presentation. In the face of the 2008/9 financial crisis and the slowing of world trade, the Indian government injected funds into domestic infrastructure. It was the strengthening of the domestic economy that encouraged record foreign investment which, in turn, resulted in a revival in domestic investors' confidence.

India's macroeconomic performance had only been undermined by unrelenting inflation. It was pointed out that the Bank of India had been raising interest rates for almost a year and a half but this had not been effective in curbing inflation and had actually undermined the housing market.

Despite the prospects for a period of slower growth, total demand for timber in India was estimated at 95 million cubic metres and was expected to rise to 120 million cubic metres by 2015 and to 150 million by 2020. Mr. Somaiya indicated that there was an acute shortage of wood products in India resulting in price increases and expanded imports.

In terms of the market for processed products, the future looked positive. As the economy expanded, personal incomes would rise and demand for household furniture would also increase. The newly created 25 satellite cities would be home to around 1 million people and this augured well for all wood working enterprises in India concluded Mr. Somaiya.

### **Across Africa the decline in international market demand resulted in a greater focus on domestic and regional timber markets**

One of the main impacts of the 2008/9 global economic and financial crisis said Mr. Attah was the sharp decline in FDI to African countries (down 35% in 2009) and weak export demand. The decline in international market demand resulted in a greater focus on domestic and regional markets which were hardly affected by the financial crisis. For Ghana, the sustained demand for wood products in regional markets, notably Nigeria, cushioned the effect of weak demand in the traditional export markets.

The 2008/9 crisis had a significant impact on the Ghana timber sector. There was a marked reduction in private sector investment in plantations development, there were mill closures, particularly amongst the SMEs and there were consolidations and mergers amongst the larger companies. On the positive side, some cash rich companies took advantage to re-tool by purchasing equipment from overseas firms facing liquidation. However, the economic environment resulted in far less attention to training and R&D

Across Africa, there seemed to have been very little in the way of fiscal and economic stimulus measures to address the impact of the crisis, reported Mr. Attah. The South African government responded to the 2008/9 financial crisis through the easing of monetary policy and the implementation of a fiscal stimulus package. Some African countries relaxed their log export restrictions to improve cash flows in 2009 and the Bank of Ghana introduced some measures aimed at supporting infrastructural development.

While there was a modest recovery in trade in 2010, due to the European debt crisis and faltering USA economy, prospects for the future were very uncertain said Mr. Attah. It appeared that the trade would be living with reduced demand for tropical timber in the EU and the markets in India and China would have to be further cultivated to support continued demand for tropical timber.

The presentation concluded with recommendations for action by ITTO on developing domestic and regional markets, assistance on implementing the voluntary partnership agreements (VPAs) and continued support for the promotion of tropical timber. A call was also made to help develop the capacity in member countries for analysis of trade data and for the publishing of more market reports.

**Tropical timber marketing problems in the US industry were common to other countries and stemmed from the industry's inability to deliver coherent consumer information**

In the US, demand for all types of wood products plummeted during the 2008/9 financial crisis. As demand evaporated companies that had been struggling prior to the crisis buckled and the industry saw consolidation and bankruptcies at an unprecedented level. The US housing industry, along with the flooring, decking, mouldings and cabinet sectors, also came to a standstill and thousands of jobs were shed as companies struggled to stay afloat.

At the same time, pointed out Mr. McClendon, U.S. imports collapsed with wood product imports down more than 50% on levels in 2006. However, while the US market was weak it was not hopeless. New housing starts might be down compared to 2007 but there had since been some growth in starts. In addition, the home renovation market had revived allowing many businesses to expand. There were also growing opportunities in the green building market said Mr. McClendon.

Many of the marketing problems facing the US industry were common to other countries and stemmed from the wood industry's inability to deliver coherent consumer information. Consumers around the world had struggled to understand the idea that wood is an excellent green building choice – it is renewable, sustainable, and offsets carbon.

This prompted a call by Mr. McClendon for the entire industry to work harder to educate consumers on the benefits of tropical wood products through Life Cycle Assessments. What the industry needed said Mr. McClendon was the Council's support for Life Cycle Assessments to counter those of wood substitutes and alternatives.

In conclusion, Mr. McClendon said that while compliance with the Lacey Act in the United States and the EU Timber Regulation may pose challenges to industry, these instruments also offered the timber industry the means to counter the wildly inaccurate claims that logging around the world was illegal.

**The Japanese timber industry in the disaster hit areas was being rebuilt but the March 11th disaster had left deep scars on the Japanese people**

The opening images of the March 11 tsunami in Japan sweeping away whole communities shocked the Council into silence. Professor Nemoto described the impact of the gigantic earthquake which struck off the coast of the north east region of Japan. This magnitude 9.0 quake, one of the five most powerful earthquakes in the world since modern-record-keeping began, triggered powerful tsunami waves which reached heights of up to 40 metres. This earthquake had left deep scars on the Japanese people.

As hundreds of thousands of houses were reduced to rubble, piles of rubble had reached 23 million metric tons, of which 40 to 75% were considered wooden rubble, that can be used for panel and board products as well as for bio-energy purposes.

As far as forest related businesses were concerned, the earthquake and tsunami damage had been put at around US\$17 billion. A total of 112 processing factories were damaged, including 6 plywood factories which produced 1 million cubic metres a year or 30% of domestic plywood production. It had been estimated that around 5 million cubic metres of wood products would be required for restoration and rehabilitation of houses and buildings, including for the 60,000 temporary housing units which were needed immediately.

Media reporting from the disaster areas had subsided to such an extent that people outside the affected area were tending to forget the disaster. However, things were not finished at all. Looking at only the forest sector, some businesses might have recovered but the majority were still suffering. Many issues remained; decontamination was one major issue as was building new cities that would be safe from future tsunamis as all of Japan had known how deadly these could be.

**Discussion**

Statements from delegates and observers took up several points introduced by speakers. The delegate of Guatemala endorsed the statements made by several of the speakers that the small and medium sized industries (SMEs) constituted a large and important segment of the tropical timber industry.

These SMEs, said the delegate, were playing an important role in the domestic and international market in Guatemala but were generally poorly informed on issues of sustainable forest management and legality or on international trade developments.

The delegate recommended that addressing information flows to SMEs and capacity building for such industries should be better reflected in ITTO's work.

The Representative of the Tropical Forest Foundation said that his organisation was focussing mainly on delivering technologies and techniques for low impact logging. He said that, when looking at the complete supply chain, he had been surprised by how little understanding there had been of international trade issues, in particular of the various international trade regulations that were being introduced.

He expressed concern that if there was no concerted effort to inform and assist players in the tropical timber supply chain of these various requirements which had been introduced to provide for improved market access, these could instead become barriers to trade. This, he said, could undermine the considerable progress that had been made in improving tropical timber harvesting methods.

## APPENDIX B

### STATEMENT OF THE TRADE ADVISORY GROUP (T-A-G)

Ivan Tomaselli (STCP Brazil)  
16 November 2011

Chairman,

Ladies and gentlemen,

This Trade Statement has been prepared by members of your Trade Advisory Group (TAG). As a trade group, the TAG comprises members of consumer and producer country tropical timber manufacturers, importers and exporters.

This afternoon we wish to draw the attention of Council to three main issues (1) Green Building Initiatives, (2) Technical Innovations, and (3) Market Access. For each we will offer possible solutions or proposals.

The TAG feels strongly that the tropical timber sector needs additional practical and tangible projects showing that the ITTC hears, understands and appreciates the hurdles facing industry, especially the small and medium-sized businesses (SMEs) that populate this sector. SMEs do not have the capacity or resources to unaided address the many issues confronting them and they benefit greatly from ITTO's assistance.

To help guide most of our comments for today we have grounded these in Article I – Objectives of the International Tropical Timber Agreement specifically which says:

“The objectives of the International Tropical Timber Agreement, 2006 are to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber producing forests.”

So we come at today's discussion with very clear focus. How can we expand trade?

#### **Point 1. Green Building Initiatives**

In the current economic downturn in the major consuming markets of the USA and the EU, the 'green building' market is one sector which is showing some resilience and tropical timbers could penetrate this market with the right tools such as Life Cycle Assessments (LCA) which lead to Environmental Product Declarations (EPDs).

The Council funded ground breaking work on LCA, back in May 2003, when we had a detailed presentation on LCA and tropical timber in Panama.

In April 2008, in the very first international meeting after the UNFCCC Bali Roadmap was agreed, TAG made a statement in Yokohama on REDD and called for further work on LCA. In recent years the TAG has been consistently requesting for more work to be undertaken by ITTO on LCA and this bore fruit with the funding of a LCA project under the Thematic Programme in 2010. The results of this study are eagerly awaited.

#### **Solution/ Proposal**

Life Cycle Assessment/Environmental Product Declaration (or LCA/EPD) are crucial for future market access. We know the story of tropical hardwoods is unrivalled. Let us continue the work on LCA/EPD so that ITTO leads the way in developing this valuable marketing tool. A draft text for an activity on LCA/EPD has been prepared by the TAG and we certainly hope this will be submitted at an appropriate time.

#### **Point 2. Technical Innovations**

Despite all the R&D on tropical timbers done by ITTC and producing countries, the softwood industry still leads the way in technical innovations and they have been more successful than us in opening new markets. The tropical timber industry needs to emulate their successes, we need to match the pace of their innovations and promotion to penetrate new markets and enhance the acceptance of tropical timbers in wider markets.

ITTO member countries need to be aware of technical innovations in the timber sector and they need to be better informed of the market opportunities opening through the adoption of new technologies.

### **Solution/proposal**

The TAG suggests that ITTO should maintain a user friendly database (or clearinghouse) of technical information developed by ITTO and make this available to members.

The TAG further suggests that ITTO could open this database to submissions from member countries and other trade organizations to enhance the technical research data available to trade (for example information on lesser known species, flame spread and structural/span table ratings for various species, etc...).

### **Point 3. Market Access**

Council has been correctly focused on illegal logging for many years. The TAG agrees that illegal logging is an issue that must be dealt with in partnership. And much has been done in producing countries to advance this legality work.

The work being done in consuming countries, whether through the Lacey Act, the EUTR and FLEGT, provides an excellent opportunity for ITTO to support legality compliance initiatives in producer member countries.

Our barometer for the success of new regulations, new trade agreements, etc. is how do they advance the trade in legally and sustainably produced tropical wood products, how do they advance our contribution in job creation, how do they help in our efforts to protect the environment and support forest dependent communities. If we are not measuring and reporting on this success then we are missing the point.

Already we have examples from some of our trade group members where over-zealous governments have put in place such complex monitoring and control regulations that the legal trade is being seriously handicapped and unfortunately its competitiveness is undermined instead. For example, a TAG member in one producer country reported that the trade in tropical wood products from his country will drop by 40% simply because of over-regulation.

### **Solution/ Proposal**

There is work being done by some active trade organisations to inform buyers and suppliers with regard to regulations such as the Lacey Act, EUTR and FLEGT. ITTO has a role in helping these organisations ensure the industry understands the ever-changing requirements.

ITTO developed the very first guidelines on tropical forest management some 20 years ago. ITTO could now provide guidance to members on due care by maintaining a web based clearinghouse on the variety of due care / due diligence processes that are being developed by various agencies. Here is an opportunity begging for the expertise and experience of ITTO.

### **Conclusion**

Ladies and gentlemen, members of the Council, TAG was set up to advise you on current timber and trade developments.

For many years legality has been a key focus, which we welcome and support and this has resulted in considerable progress being made in member countries. We now see the issue is maturing as many observers and stakeholders realise that the main causes of deforestation and degradation is a change of land use, not commercial forestry.

As I come to the end of this statement I would say that some of the actions suggested by the TAG are already in or could be added to the Biennial Work Plan. We call upon the Council to consider, approve and fund activities and projects which we have shared today.

- Life Cycle Assessment/Environmental Product Declaration (or LCA/EPD) for a few tropical species and products.
- Clearinghouse of technical information developed by ITTO and member countries to enhance the technical research data available to trade.
- Web based clearinghouse on the variety of due care / due diligence processes that are being developed related to legality of globally traded wood products.

Thank you again for the opportunity to share with you our perspective on the critical issues facing our industry. We appreciate the great work of ITTO over the years and look forward to seeing continued advancement of international trade in tropical wood products as a result.

## APPENDIX C

### DEVELOPMENT OF ENVIRONMENTAL PRODUCT DECLARATION (EPD) FOR THREE TROPICAL WOOD PRODUCTS

#### I. Background

ITTO has previously conducted a thorough review of information on Life Cycle Analysis (LCA) of Tropical Timber Products [PPD 48/02 (M)], reported in 2004. Since the 2004 study by ITTO, the Organization has done very little work on the report's findings, specifically regarding "a co-ordinated effort to simulate further LCA work of direct relevance to tropical forests and products".

Environmental Product Declarations (EPD's) are gaining market momentum as a tool that defines socially and environmentally responsible construction materials. LCA ratings are significant factors in establishing EPD's (an EPD is defined in ISO 14025 as quantified environmental data based on the ISO 14040).

Tropical timber products are at a significant competitive disadvantage without transparent and complete LCA information. The defining of LCA ratings for tropical wood products will help ITTO producer countries meet the environmental, social and economic goals consistent with the ITTO's objective of enhancing international trade in legally harvested tropical timber from sustainably managed forests.

#### II. Description

The following proposal outlines a process for compiling EPD's through development of a Life Cycle Inventory database and comparative LCA reports for 3 products in line with ISO standards, including carbon footprint assessments for 3 products in line to the PAS2030 specification. The three products proposed for assessment namely: meranti plywood (SE Asia), ipe decking (Brazil) and khaya lumber (Ghana) represent a range of products and specifications from three geographic regions.

The outputs will fill critical gaps in the data for tropical wood products in the Life Cycle Inventory; increase acceptance and specification of tropical wood products as a green building material.

#### III. Expected Outputs

- a) Compile Life Cycle Inventory database.
- b) LCA reports for 3 products conducted in line with ISO standards.
- c) Assessment of the carbon footprint for 3 products in line with the PAS2050 methodology.
- d) EPD for each product.

IV. Target Countries            Global

V. Duration & Timing            24 Months

VI. Budget            US\$180,000

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**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM  
THE FORTY- FIFTH SESSION OF THE COMMITTEE ON  
REFORESTATION AND FOREST MANAGEMENT**

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## **REPORT**

### **Item 1 - Opening of the Session**

The Forty-fifth Session of the Committees was opened on 15 November 2011 at the Joint Session of the Committee on Reforestation and Forest Management (CRF), the Committee on Economic Information and Market Intelligence (CEM), and the Committee on Forest Industry (CFI); chaired by Dato' Dr. Abdul Rahman Abdul Rahim (Malaysia), Vice-Chair of CRF. This Joint Session considered Agenda items 1, 3, 4, and 8 (A) and (C). Joint Session of the Technical Committees was also convened under the chairmanship of Mr. James Gasana (Switzerland), Vice-Chairperson of the Committee on Forest Industry (CFI), to consider item 6. The subsequent meetings of the CRF were chaired by Dato' Dr. Abdul Rahman Abdul Rahim (Malaysia), Vice-Chairperson of CRF for 2011. The list of participants is presented in document ITTC(XLVII)/Info.2.

### **Item 2 - Adoption of Agenda and Organization of Work**

The Agenda for the Committees as contained in documents CEM-CFI(XLV)/1, CFA(XXVI)/1/Rev.1 and CRF(XLV)/1/Rev.1 was duly adopted.

### **Item 3 - Admission of Observers**

The Committees admitted the observers listed in document ITTC(XLVII)/Info.3/Rev.1 as approved by the Council.

### **Item 4 - Report of the Expert Panel for Technical Appraisal of Project Proposals**

The Committees noted the presentation made by Ms. Eudeline Melet Pekam (France), Chairperson of the Expert Panel for Technical Appraisal of Project Proposals at its Forty-first and Forty-second meetings held on 7-10 March and on 1-4 August 2011 in Yokohama, Japan as contained in documents ITTC/EP-41 and ITTC/EP-42, respectively. In summary, the reports of the Expert Panel indicated:

- (i) a total number of 21 and 33 proposals appraised at its Forty-first and Forty-second meetings respectively;
- (ii) a total number of 4 proposals (19% of proposals evaluated) comprising 4 projects were accorded category 1 rating at the Forty-first meeting and a total number of 5 proposals (15% of proposals evaluated) comprising 3 projects and 1 pre-project were accorded category 1 rating at the Forty-second meeting;
- (iii) two (2) out of the 4 proposals accorded category 1 rating during the Forty-first meeting and 4 out of the 5 proposals accorded category 1 rating at the Forty-second meeting were new proposals; and
- (iv) seven (7) proposals appraised during the Forty-first meeting and 16 proposals during the Forty-second meeting were sent back to proponents for revision and nine (9) proposals appraised during the Forty-first meeting and 12 proposals during the Forty-second meeting were recommended not to be approved by the Committees.

Ms. Pekam presented to the Committees general findings and recommendations of the Expert Panel at its Forty-first and Forty-second meetings addressed in particular to the proponents of the project proposals with regard to the structure and design of projects, as follows:

- Answer key questions – What is the aim of the project? And how it should be accomplished?
- Carry out adequate consultations with stakeholders particularly communities, which should not be treated as a homogenous group with a view to conduct in-depth analysis of all parties affected by the project either positively or negatively; and
- Ensure the involvement of all stakeholders, especially communities, so that the beneficiaries' needs are well addressed.

Ms. Pekam also presented to the Committees recommendations addressed to the proponents for ensuring the sustainability and relevance and wider values, as follows:

- Guarantee the sustainability of project by securing proper institutional and financial arrangements, including personnel and travel costs and monitoring mechanisms;
- Ensure relevance and value of the project by taking into account links with countries' policies and strategies, previous and on-going projects, and dissemination mechanisms for the project's results.

Ms. Pekam further presented recommendations addressed to submitting countries:

- Strengthen ITTO focal points and also use national clearinghouse mechanism;
- Provide trainings on project formulation with the assistance of ITTO;
- Disseminate relevant ITTO guidelines and results of previous and on-going ITTO projects and other projects;
- Provide sufficient financial support to projects to ensure their sustainability;
- Avoid duplication of efforts by checking proposals in relation to the country's policies and strategies as well as previous and on-going projects; and
- Promote the values of projects and mainstream their results into national policies and strategies.

Recommendations to ITTO were also made by Ms. Pekam in her presentation as follows:

- Provide more trainings on project formulation;
- Encourage national clearinghouse mechanisms to be widely implemented;
- Up-date ITTO mangrove work plan;
- Build upon the lessons learned and experiences of the Expert Panel system.

Following the presentation of Ms. Pekam, the delegation of Switzerland thanked the Expert Panel for its work and welcomed its recommendations, in particular those regarding the need of further training in the use of the ITTO Manual for Project Formulation, using the 'training of trainers' approach in order to share the responsibilities of passing the knowledge to the stakeholders.

The delegation of Indonesia also thanked the Chairperson of the Expert Panel for her comprehensive presentation and mentioned that the key criteria for project appraisal shall be included and up-dated in the ITTO Manual for Project Formulation. The delegation of Indonesia also informed that they have a clearinghouse mechanism which is also used to provide training for project formulation. Ms. Pekam, reacted making the clarification that the main criteria is included in the ITTO Manual for Project Formulation, and therefore there is no need to up-date the Manual, she mentioned that if formulators follow closely the Manual, they should be able to come with a high quality proposal.

The delegation of Guatemala also thanked the chairperson of the Expert Panel, and noted that recommendations of the Expert Panel are concise; however, the delegation of Guatemala expressed concern as many project proposals have not been properly formulated, and supported the recommendation made by Ms. Pekam on further training on project formulation, in order to improve the capacity of member countries.

Finally, Ms. Pekam, thanked ITTO and the members of the Expert Panel for their support during her chairmanship.

#### **Item 5 – New Projects and Pre-Projects**

The Committees noted the projects and pre-projects that were approved under the time-bound electronic no objection procedures to accept Expert Panel ratings and circulated to member countries pursuant to Decision 6(XLVIII), following the recommendations of the Expert Panel at its Forty-first and Forty-second Meetings as follows:

| <b>For Forty-first Expert Panel</b> |                                                                                                                                                                        |                    |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| PD/PPD NUMBER                       | TITLE                                                                                                                                                                  | SUBMITTING COUNTRY |
| PD 563/09 Rev.3 (F)                 | Community Based Forest Management of Sungai Medihit Watershed                                                                                                          | Malaysia           |
| PD 584/10 Rev.2 (F)                 | Implementing the Cooperative Framework between ODEF and the Stakeholders for the Effective Participatory and Sustainable Management of the Eto-Lilicope Forest Complex | Togo               |

| <b>For Forty-second Expert Panel</b> |                                                                                                                                                                                                                         |                    |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|
| PD/PPD NUMBER                        | TITLE                                                                                                                                                                                                                   | SUBMITTING COUNTRY |
| PD 581/10 Rev.2 (F)                  | Establishing a Geographic Information System for the Sustainable Management of the Forest Areas of Togo                                                                                                                 | Togo               |
| PD 617/11 (F)                        | Promoting Biodiversity Conservation in Betung Kerihun National Park (BKNP) as the Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia (Phase III)                                                  | Indonesia          |
| PD 622/11 Rev.1 (F)                  | Marketing of Native Plant Seeds, Seedlings and Timber Products to Improve Living Standards and Strengthen Regional Forest Policies in the Amazon Region of Peru: A Pilot Case on the Taulia Molinopampa Rural Community | Peru               |
| PPD 153/11 Rev.1 (F)                 | Forest Fire Prevention through the Implementation of Regional Actions with the Participation of Local Communities and Other Relevant Stakeholders So As To Ensure the Protection of Forests and Ecosystem Services      | Colombia           |

### **Item 6 – ITTO Annual Market Discussion -2011**

The Committees noted the summary of the ITTO Annual Market Discussion – 2011, held in the Joint Session of All Committees on 16 November 2011, as contained in Appendix A of document CEM-CFI(XLV)/5. The theme of the Market Discussion was “The Crisis, the Impact and the Recovery”. Dr. James Gasana (Vice-Chairperson of CFI) chaired the meeting and Mr. Brent McClendon (TAG Coordinator) served as the moderator of the Market Discussion.

The following feature presentations were made during the Market Discussion:

|                                                                                                 |                                                     |
|-------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| Mr. André de Boer<br>European Timber Trade Federation                                           | The Market for Tropical Timber in Europe            |
| Ms. Luo XinaJian<br>Center for Intl. Forest Products Trade<br>China State Forest Administration | Crisis, Impact and Recovery in China                |
| Mr. Ramkrishna T. Somaiya<br>Timbers Importers Association of India Ltd.                        | India, an Oasis of Growth                           |
| Mr. Alhassan Attah<br>Timber Industry Development Division<br>Forestry Commission of Ghana      | The Crises, the Impacts and the Recovery            |
| Mr. Brent J. McClendon, CAE<br>Intl. Wood Products Association (U.S.A.)                         | State of the US Industry                            |
| Dr. Akihiko Nemoto<br>Tottori University of Environment (Japan)                                 | The Great East Japan Earthquake and Forest Industry |

The TAG Coordinator informed the Committees that collaboration between TAG and the Secretariat would continue for the organization and holding of the ITTO Annual Market Discussion 2012. He informed the Committees that the tentative theme for the discussion would be ‘Trading in Challenging Markets’.

The Committees noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B of document CEM-CFI(XLV)/5.

### **Item 7 - Report on Completed Projects and Pre-projects**

The Secretariat informed the Committee that the completed projects and pre-projects are described in document CRF(XLV)/2, “Report on Completed Projects and Pre-projects in the Field of Reforestation and Forest Management”.

The Committee then proceeded to review the following completed projects:

### 7.1 **Completed Projects**

- 1) **PD 55/98 Rev.3 (F) Evaluation of Mangrove Forests in the North-east of the Orinoco Delta Region in Venezuela with a View to Sustainable Forest Utilization (Venezuela)**

The Committee took note that the project completion report, together with technical reports as well as other products and means of verification, an article for TFU and the project's Final Audit Report had been submitted by the EA and were assessed by ITTO's Regional Officer for Latin America in Brasilia and considered satisfactory. As such, the Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

- 2) **PD 37/00 Rev.1 (F) Operational Strategy for Sustainable Forestry Development with Community Participation in India (India)**

The Committee took note that, at the last session of the Committee, the project was considered as completed upon the receipt of a satisfactory Final Financial Audit Report by the Secretariat. As the Secretariat received the satisfactory Final Audit Report in August 2011, the Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

- 3) **PD 199/03 Rev.3 (F) Strengthening National Capacity and Regional Collaboration for Sustainable Use of Forest Genetic Resources in Tropical Asia (Malaysia)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and Final Audit Report. The delegation of Malaysia made a presentation on the main outcomes of the project, highlighting the development of a regional mechanism for sharing information on conservation and use of forest genetic resources in seven selected Asian member countries of ITTO with the support of two collaborating agencies. The Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

- 4) **PD 200/03 Rev.4 (F) The Establishment of Seed Orchards for Selected Indigenous Tree Species in Sabah, Malaysia (Malaysia)**

The Committee took note that, at the last session of the Committee, the project was considered as completed upon the receipt of a satisfactory Final Financial Audit Report by the Secretariat. As the Secretariat received the satisfactory Final Audit Report in August 2011, the Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

- 5) **PD 310/04 Rev.2 (F) Biodiversity Management and Conservation in Forest Concessions Adjacent to Totally Protected Area (Nouabale-Ndoki National Park), Northern Republic of Congo – Phase II (Congo)**

The Committee took note that the Executing Agency has submitted the Project Completion Report and several Technical Reports as well as the Final Financial Audit report which will be reviewed by the ITTO Management Services. The Congolese delegation expressed his satisfaction on the project implementation and the delivered outputs and thanked ITTO and all project donors for their support to the implementation of the project which has allowed good collaboration between the Executing Agency, the private sector and the Government Administration. He further indicated that they would submit a new proposal on the same subject focused on another national park in Congo. In light of this, the Committee decided to declare the project as completed after addressing the recommendations derived from the final review of the Final Financial Audit report by ITTO Management Services.

- 6) **PD 324/04 Rev.3 (F) Sustainable Management of Tropical Forest Resources through Stakeholder Agreements in Traditional Owned Areas of Papua New Guinea (PNG)**

The Committee took note that, at the last session of the Committee, the project was considered as completed upon the receipt of a satisfactory Final Financial Audit Report by the Secretariat. The delegate of PNG thanked the donors (Japan and Australia) for their support in making funds available for the

implementation of the project. As the Secretariat received the satisfactory Final Audit Report in March 2011, the Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

- 7) PD 349/05 Rev.2 (F) Criteria for the Management of Mangrove and Flood Forests in the Central Coastal Plains of Veracruz, Mexico: A Community Management Tool (Mexico)**

The Committee noted that the project completed all its field activities and produced a series of outputs and results. The EA submitted to the Secretariat the completion report, technical documents, an article for TFU and the Final Audit Report, which were analysed and considered satisfactory. As such, the Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

- 8) PD 359/05 Rev.1 (F) Building Capacity to Develop and Implement Afforestation and Reforestation Projects under Clean Development Mechanism (AR-CDM) of the Kyoto Protocol in Tropical Forestry Sector (Global-Japan)**

The Committee took note that the project has published a guidebook for AR-CDM project developers and facilitated the formulation of six draft small-scale AR-CDM Project Design Documents. The Committee also took note of the complicated rules and procedures for AR-CDM projects development and the project's thirty-two months extension. In light of this, the Committee decided to close the project without any further extension and declared the project as completed in accordance with the rules of ITTO.

- 9) PD 421/06 Rev.2 (F) Strengthening of the Production Chain for Timber from Forest Concessions and Other Forests under Management (Peru)**

The Committee noted that the project completed all its field activities and submitted the completion report, relevant technical documents, means of verification, and the Final Audit Report, which were analysed and considered satisfactory to the Secretariat. The EA through its coordinator presented to the Committee the project's main aspects, results and outputs. As such, the Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

- 10) PD 434/06 Rev.1 (F) Strengthening of the Aimex Seed Laboratory and Nursery (Brazil)**

The Committee noted that the EA presented to the Secretariat the completion report, means of verification, pictures, an article for TFU and the Final Audit Report. In light of this, the Committee decided to declare the project as fully completed .

## **7.2 Completed Pre-projects**

- 1) PPD 135/07 Rev.1 (F) Community-based Forest Management of Sungai Medihit Watershed (Malaysia)**

The Committee took note that, at the last session of the Committee, the pre-project was considered as completed upon the receipt of a satisfactory Final Financial Audit Report by the Secretariat. As the Secretariat received the satisfactory Final Audit Report in January 2011, the Committee decided to declare the pre-project as fully completed in accordance with the rules of ITTO.

- 2) PPD 142/08 Rev.1 (F) Assessing the Policy and International Framework to Facilitate the Development of an Integrated Grazing Policy for Sustainable Management of Tropical Forest Resources in India (India)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, Technical Report and Final Audit Report. The Secretariat informed the Committee that the pre-project has assessed grazing issues in seven states of India and prepared a project proposal for the development of an integrated grazing and fodder management policy in India. The Committee decided to declare the pre-project as fully completed in accordance with the rules of ITTO.

## **Item 8 - Ex-post Evaluation**

### **(A) Ex-post Evaluation Reports**

The Committees were informed that the ex-post evaluation of the two projects grouped under the theme **Geographic Information System/Demonstrations Areas** selected by the Committee at its Forty-third Session, had been completed.

#### **Thematic Group Evaluation: Geographic Information System/Demonstrations Areas**

- |                     |                                                                                                                              |
|---------------------|------------------------------------------------------------------------------------------------------------------------------|
| PD 57/99 Rev.2 (F)  | Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase I                       |
| PD 176/02 Rev.1 (F) | Use of Remote Sensing Technology and Information Systems to Support Forestry Legislation Monitoring in the Republic of Congo |

The Committees took note of the presentation of the synthesis of this ex-post evaluations as contained in Document CRF(XLV)/5 by the Team Leader of the evaluation team, Mr. Jorge Malleux, during the Joint Session of the Committees. In his presentation, Mr. Malleux highlighted the following conclusions:

- Both projects were very relevant for this particular theme in both countries, and also very relevant for the ITTO 2000's objective.
- Some difficulties were faced in relation to expected outputs that were too ambitious in consideration to the limited resources.
- Training and dissemination activities played an important role in both projects.

The delegation of Brazil addressed the Committees to congratulate the consultant for the work carried out, indicating that the country is very pleased with the results and impacts achieved with this project. Furthermore, Brazil indicated that the proposed second phase – Project PD 452/07 Rev 4 (F) – Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase II – had its budget revised and reduced for a smaller ITTO contribution (now at US\$ 644,579) with a consequent increase in the counterpart national contribution (for a total equivalent of US\$ 890,928) in order to increase the likelihood of ITTO funding of the follow up phase. The Brazilian delegation reiterated this action as a demonstration of interest to develop the second phase of the project, which now incorporates the recommendations of the ex-post evaluation.

The Committees were further informed that the evaluation of the individual project PD 392/06 Rev. 2 (F) had also been completed.

#### **Individual Project Evaluation**

- |                     |                                                                                |
|---------------------|--------------------------------------------------------------------------------|
| PD 392/06 Rev.2 (F) | Phase I: Regional Project to Promote Reduced Impact Logging in the Congo Basin |
|---------------------|--------------------------------------------------------------------------------|

The Committees took note of the presentation of the synthesis of the evaluation by Mr. Yann Petrucci, as contained in Document CRF(XLV)/6. In his presentation, the consultant highlighted that the impact of the project has been reduced due to problems in its implementation, mainly related to over-ambitious targets and delay in launching the activities in the pilot area. On positive aspects, some timber producers retained the RIL techniques provided in the training courses, and the subject has been introduced in a discipline at the National Forest School of Gabon (ENEF). He also made recommendations for a phase II project which include the objectives of the project focused on a training component and a need to carry out a feasibility study prior to this second phase.

The delegate of Cameroon questioned why the project has been focused on only a single country although the project title is referring to the Congo Basin. Mr. Petrucci mentioned that the project had been focused on for the promotion of RIL in Gabon as a pilot case which would be applied in a standard way. The delegate of Côte d'Ivoire noted that an ex-ante evaluation of the project would be useful to minimize over-ambitious targets and a long delay in the completion of project outputs.

The Committees commended the consultants for their report and presentation.

**(B) Meta-Evaluation of ITTO Ex-Post Evaluations**  
[Document ITTC-JC(XLV)/2]

As instructed by the 46<sup>th</sup> ITTC, a Meta-Evaluation of ITTO ex-post evaluations has been carried out, according to the TOR approved at the previous Session of the Council. The Meta-Evaluation report was presented by the consultant Dr. Markku Simula during the Joint Committee Session held on 15 November 2011. To facilitate the finalization of the report, he encouraged written comments to be submitted by 15 December 2011.

The USA expressed their congratulations to the consultant for the very comprehensive study, highlighting the importance of the task and the usefulness of the results and statistics provided in the report. The USA also reiterated the need for improvements in various aspects as recommended in the report, including the importance of the careful selection of projects for evaluation and observing that none of the Secretariat activities has been evaluated. Elaborating on the importance of women in many sectors, the USA then requested the consultant to delete the part of the second paragraph, page 3, Council Document ITTC-JC(XLV)/2 that reads “perhaps mainly because gender is not relevant in many technically oriented ITTO projects” as this could send a wrong message. Again congratulating the consultant, the USA indicated that it may send written comments before the deadline for submission of such comments.

Reiterating the importance and quality of the work, Switzerland particularly welcomed the recommendation of the report to update Decision 3(XXVIII) in order to improve guidance on monitoring and evaluation in the Organization. Switzerland then requested clarification on three issues: 1) The reason for the weaknesses in project impacts and sustainability, questioning whether the guidance in the ITTO Manual for Project Monitoring, Review, Reporting and Evaluation was not sufficient 2) At what stage Executing Agencies should provide management responses to Ex-Post Evaluation reports, and 3) How often Meta Evaluations should be carried out.

Congratulating the consultant for the excellent work, Indonesia requested clarification on whether the Meta-Evaluation would demonstrate the contribution of projects to the overall objectives of the organization, where projects have contributed most and where are gaps.

The consultant expressed his appreciation for the positive feedback and thanked the delegations for their comments.

Addressing the concern of the USA regarding the sentence in the second paragraph, page 3, Council Document ITTC-JC(XLV)/2 referring to gender, he clarified that this was not in any way meant discriminatory and that he agreed that this needed to be removed or rephrased, and that he was looking forward to the written comments, so that they can be taken into account.

Replying to the Swiss questions, the consultant elaborated that in terms of project impact and sustainability the current guidance was in some aspects inconsistent or insufficient and that the Secretariat should elaborate additional guidance. Regarding the timing of management responses from Executing Agencies he stated that such responses are standard practice in other organizations and that it should become a formal requirement for ITTO projects. The responses should be provided immediately following monitoring missions. Concerning the timing of Meta-Evaluations he responded that extensive exercises as the current could be carried out every ten years.

In response to the Indonesian question the consultant explained that the contribution of the projects to the ITTO objectives is elaborated in the Meta-Evaluation Full Report, section 5.9 and also in the thematic summaries to be completed.

The Chairperson gave the floor to Dr. Manoel Sobral Filho, who congratulated the consultant for his excellent work. Highlighting the extensive experience of the consultant in terms of evaluation and monitoring, Dr. Sobral asked the consultant where the ITTO project evaluation stands in relation to other organizations, pointing out the substantial effort of the ITTO in recent years to improve its monitoring and evaluation function.

The consultant replied that ITTO project evaluation stands and performs well in comparison to other organizations.

**(C) Selection of Projects for Ex-post Evaluation**  
[Document CRF(XLV)/4]

According to Decision 3(XXVIII), "Ex-post Evaluation of Projects", the Committees are requested to consider as candidates for ex-post evaluation all completed individual projects or group of projects. The Committee considered the list prepared by the Secretariat as indicated in document CRF(XLV)/4 in application to its decision and select projects or groups of projects for ex-post evaluation for the period 2012/2013.

The Committee established a working group consisting of delegates representing Brazil, India, Japan, Liberia, Malaysia, New Zealand, USA and the Secretariat to consider the selection of projects for ex-post evaluation. The working group chaired by Mr. Arvind Madhav Singh (India) noted the selection criteria in connection with Decision 3(XXVIII). In reviewing the thirty-nine projects listed in the list under seventeen themes, the attention of the working group was given to the following:

- Selection of thematic groups which have been less conducted for ex-post evaluation in recent years.
- Balance of regional coverage for selected projects for ex-post evaluation
- The potential for wider application of lessons learned
- Cost-effectiveness of conducting the ex-post evaluation by aggregating projects under the same thematic group or the same region.

The working group's report was considered by the Committee, which approved the following projects ex-post evaluation by thematic group as follows:

**1) Thematic Group Evaluation: Biodiversity Conservation / Conservation Areas**

PD310/04 Rev.2 (F)      BIODIVERSITY MANAGEMENT AND CONSERVATION IN FOREST CONCESSIONS ADJACENT TO TOTALLY PROTECTED AREA (NOUABALE-NDOKI NATIONAL PARK), NORTHERN REPUBLIC OF CONGO (PHASE II)

**2) Thematic Group Evaluation: Community Participation in SFM**

PD324/04 Rev.3(F)      SUSTAINABLE MANAGEMENT OF TROPICAL FOREST RESOURCES THROUGH STAKEHOLDER AGREEMENTS IN TRADITIONALLY OWNED AREAS OF PAPUA NEW GUINEA

**3) Thematic Group Evaluation: Forest Rehabilitation / Landscape Restoration / Secondary Forest Management**

PD271/04 Rev.3 (F)      REHABILITATION OF DEGRADED FOREST LAND INVOLVING LOCAL COMMUNITIES IN WEST JAVA, INDONESIA

PD394/06 Rev.1 (F)      RESTORING THE ECOSYSTEM FUNCTIONS OF THE LAKE TOBA CATCHMENT AREA THROUGH COMMUNITY DEVELOPMENT AND LOCAL CAPACITY BUILDING FOR FOREST AND LAND REHABILITATION (Indonesia)

**4) Thematic Group Evaluation: Improvement and Conservation of Genetic Resources**

PD105/01 Rev.3 (F)      TOWARDS SUSTAINABLE TIMBER PRODUCTION IN GHANA: STAGE I. IMPROVING SHOOT BORER RESISTANCE AND DEVELOPING SILVICULTURAL SYSTEMS TO MAXIMIZE MAHOGANY PLANTATION SUCCESS (Ghana)



**5) Thematic Group Evaluation: Mangroves**

- PD156/02 Rev.3 (F) CONSERVATION AND REFORESTATION OF THREATENED MANGROVE FOREST AREAS ALONG THE PACIFIC COAST OF PANAMA – PHASE II
- PD349/05 Rev.2 (F) CRITERIA FOR THE MANAGEMENT OF MANGROVE AND FLOOD FORESTS IN THE CENTRAL COASTAL PLAINS OF VERACRUZ, MEXICO: A COMMUNITY MANAGEMENT TOOL

**6) Thematic Group Evaluation: Criteria and Indicators for SFM**

- PD037/00 Rev.1 (F) OPERATIONAL STRATEGY FOR SUSTAINABLE FORESTRY DEVELOPMENT WITH COMMUNITY PARTICIPATION IN INDIA
- PD272/04 Rev.2 (F) DEVELOPMENT OF NATIONAL PRINCIPLES, CRITERIA AND INDICATORS FOR THE SUSTAINABLE MANAGEMENT OF CONGO FOREST BASED ON ITTO CRITERIA AND INDICATORS FOR SFM (Rep of Congo)

**7) Thematic Group Evaluation: Environmental Services (CDM, REDD, Carbon Credits, Kyoto, etc.)**

- PD054/99 Rev.2 (F) ALTERNATIVE FINANCING MODEL FOR SUSTAINABLE FOREST MANAGEMENT IN SAN NICOLAS, COLOMBIA
- PD240/03 Rev.1 (F) ALTERNATIVE FINANCING MODEL FOR SUSTAINABLE FOREST MANAGEMENT IN SAN NICOLÁS – SECOND PHASE: NON-KYOTO REHABILITATION AREAS (Colombia)
- PD359/05 Rev.1 (F) BUILDING CAPACITY TO DEVELOP AND IMPLEMENT AFFORESTATION AND REFORESTATION PROJECTS UNDER THE CLEAN DEVELOPMENT MECHANISM (AR-CDM) OF THE KYOTO PROTOCOL IN TROPICAL FORESTRY SECTOR (Global)

The Delegation of Brazil stressed the importance to take into account in all the upcoming ex-post evaluations, the recommendations of the Meta-Evaluation of Previously Evaluated ITTO Projects [Document ITTC-JC(XLV)/2], as presented by Dr. Markku Simula at the Joint Session of the Committees. Special reference was made for due attention to be given on the selection of consultants from locally available expertise. The Secretariat informed the Committee that, consultants for the ex-post evaluations will be selected taking into account such recommendation, as much as possible.

**Item 9 - Policy Work**

The Committee considered the following policy-related matters which are included in the 2010-2011 ITTO Biennial Work Programmes:

**(i) Review and update the *ITTO Guidelines for the Sustainable Management of Natural Tropical Forests* to take into account recent developments in tropical forestry**

The Committee took note of Document CRF(XLV)/7 “Revised Guidelines for the Sustainable Management of Natural Tropical Forests” (draft) prepared by consultants Dr. Juergen Blaser and Dr. Cesar Sabogal. The document was presented by Mr. James Gasana of Helvetas Swiss Intercooperation including the results of the expert meetings held in Thun, Switzerland in June 2010, and in Antimary, Brazil, in August 2011.

Delegations commended the comprehensive work carried out and considered necessary to have more time to provide further inputs from ITTO member countries to the full draft version of the revised ITTO Guidelines for the Sustainable Management of Natural Tropical Forests. The Committee recommended that the full document be made available online from 1<sup>st</sup> December 2011 until 31<sup>st</sup> March 2012 during which member countries should send to the Secretariat their comments and contributions. Thereafter, the Secretariat shall finalize the document and make its final version available for approval during the 48<sup>th</sup> Session of the ITTC.

**(ii) Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests**

The Secretariat reported on the implementation of this activity, in particular on the developments in Togo and as related to Wildfire 2011, as follows:

The Secretariat informed about the completion of all activities related to Council Decision 6/(XXXIII) PREVENTION AND MANAGEMENT OF FOREST FIRE, including support to seven producer Member Countries (namely Colombia, Guyana, Nepal, Peru, Philippines, Thailand and Togo) to assist them in evaluating their country's forest fire prevention and management situations, and to identify strategies and actions to address forest fire management issues.

Mr. Richard Edjedomélé Gbadoé, Director General of OEDF, Togo, reported on the recent completion of the policy, strategy and capacity building activities on national forest fire management in the country.

The Secretariat also informed that, under Council Decision 6/(XXXIII), support has been provided for co-sponsorship of the 3<sup>rd</sup> International Wildland Fire Conference and Summit in Australia in October 2003, and for participation of 14 ITTO Producer Member Country representatives to the 5<sup>th</sup> International Wildland Fire Conference in South Africa in 9-13 May 2011. All ITTO sponsored participants provided presentations on the achievements in forest fire management and prevention through ITTO projects in their respective countries, being it in plenary sessions or at a Side-Event organized by ITTO specifically to disseminate the achievements of ITTO projects related to fire management and prevention.

Moreover, in view of ITTO's commitment since 2008 as a Core Member of the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) and the Global Fire Monitoring Center (GFMC), the Secretariat, at the request of ITTO's producer member countries, has taken a proactive role in the aforementioned forest fire-related networks and on the international forest fire scenario. As such, the Secretariat is submitting a new activity related to forest fires within the proposed ITTO Biennial Work Programme for the Years 2012-2013 [Document ITTC(XLVII)/8], for due consideration of potential donors.

**(iii) Monitoring the progress in the application of criteria and indicators for sustainable forest management**

**a) Report on activities developed under Decision 4(XXXIV)**

The Secretariat informed the Committee that 32 countries of ITTO's 33 producer members had provided reports utilizing the C&I reporting format for the SFM Tropics 2011 report. Several countries (Brazil, Fiji, Guyana, Honduras, Malaysia, Myanmar, Suriname and Trinidad and Tobago) had prepared these reports without the modest assistance offered to countries by ITTO for this purpose, indicating growing capacity to report using the C&I framework.

The Secretariat informed the Committee of the successful convening of a national C&I training workshop in Suriname in August 2011. The workshop had also included representatives of Trinidad and Tobago, allowing for a useful exchange of views and experiences between these neighbouring countries. The representatives of Suriname confirmed the value of the training workshop to their country.

The Secretariat further noted the inclusion of an activity in the 2012-2013 BWP to provide for an additional 3 training workshops. These would be primarily targeted at new members following entry into force of the ITTA 2006. The links between the work being carried out under this agenda item, the review of the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests, and the study on field level application of C&I reported on during the Joint Committee Session, were noted. The representative of the USA asked for clarification on how the findings of the review of field level application of the C&I would be reflected in ITTO's future work on C&I. The Secretariat noted that the 2012-2013 BWP also included an activity to convene an expert meeting to review the ITTO C&I in light of the report on field level implementation, the review of the SFM Guidelines, experience gained in training workshops to date and emerging forestry issues. This review will give special consideration to the continued relevance of including FMU-level indicators in the ITTO C&I given the apparent low level of use of the C&I at this level as found in the field level implementation study.

b) Report on field level application of criteria and indicators

During the Joint Committee session, members also considered a report on field level application of criteria and indicators presented by consultants Ms. Stephanie Caswell and Mr. Ivan Tomaselli. The consultants presented the draft results of the ITTO global study on the "Use and impact of criteria and indicators (C&I) for sustainable forest management (SFM) at the field/FMU and other operational levels". They provided an overview of responses to two surveys circulated, respectively, to forest authorities and private forest companies and other stakeholders, on how C&I are being used and operationalized, constraints encountered, and perceptions of the impact of C&I on forest management. They recommended that ITTO continue its leadership role on C&I but consider a strategic approach to future work, which might include a focus on country-specific C&I issues, especially at the FMU level, and the subsequent review and update of ITTO's 2004 C&I, taking into account relevant emerging issues, such as forest carbon assessments in the context of REDD+ and initiatives on C&I for sustainable woodfuel production, forest governance, biodiversity and land degradation. The consultants requested members who had not responded to the survey to do so by 15 December 2011 so the report could be finalized with input from all members by March 2012.

The representative of Germany requested clarification on the role of C&I in monitoring, assessing and reporting on forests and related SFM policies. The representative of USA noted that the Montreal process C&I had been very useful to forest managers and for preparing national reports on the trends in forest conditions and management in USA. The representative of India cautioned against trying to use C&I for a wide range of issues given that implementation was often difficult for the full range of indicators. The representative of Liberia cautioned against a "one-size fits all" approach and noted that his country was using C&I in their forest management framework. The representative of Indonesia noted that national C&I had been developed through a multi-stakeholder process based on the ITTO C&I. He expressed concern about the dominance of FSC certification in international markets and a desire for national C & I based certification systems to be accepted as well.

**(iv) Strengthening cooperation and collaboration between ITTO and ACTO countries on C&I and related topics, including organizing a regional workshop to consolidate ITTO C&I and the Tarapoto Process**

Mr. Antonio Matamoros from the Secretariat of the Amazon Cooperation Treaty Organization (ACTO) informed the Committee on the advancement of this activity, including the production of a working paper on the harmonization of the Criteria and Indicators of the Amazon Tarapoto Process, and the ITTO Process; as well as the organization of a workshop to discuss and finalize the document, which is planned to be carried out in Surinam in early 2012. The completion of this activity shall be reported to the 46<sup>th</sup> Session of the CRF.

**(v) International Conference on Forest Tenure, Governance and Small and Medium Forest Enterprises with focus in the Asia-Pacific**

Ms. Augusta Molnar, co-chair of the CSAG (consumer countries), briefed the Committee on the organizations and the results of this International Conference, which corresponds to the Activity 47 of the ITTO Biennial Work Programme 2010-2011. The Committee was informed that partial funds were secured through the Thematic Programme on Community Forest Management and Enterprises (CFME), and further fund raising actions guaranteed the organization of the Conference in Lombok, Indonesia, on 11-15 July 2011, co-organized by the Government of Indonesia, ITTO, and the Rights and Resources Initiative (RRI), with the support of other CSAG members, the European Forest Institute, and other partners. The Conference counted with over 300 participants, mainly from 17 Asia-Pacific countries but also from the other tropical regions. The event has been organized in the framework of the International Year of Forests 2011 and the celebrations of the 25<sup>th</sup> Anniversary of ITTO. Its main report, including the conclusions, recommendations and the Conference final message has been disseminated as a special issue of the ITTO quarterly Tropical Forest Update (TFU Volume 20 Number 4), made available during this Committee Session.

Following the presentation made by CSAG, the Delegate from Indonesia complemented the presentation by reiterating the country commitment to address the tenure issues in Indonesia, considering tenure among the key enabling conditions for forestry development, including the implementation of REDD+. The Delegate from Indonesia stressed that, when offering to host this conference last year during the 46<sup>th</sup> ITTC, they were aware that it would mean addressing a huge issue that is very important and very urgent. The Delegate informed that the Lombok Conference allowed participants to learn about the issues and to brainstorm on ideas to handle them. The Delegate also informed that immediately after the Conference, the Government of Indonesia sat together with CSOs and exchange views and concepts about the way forward in tenure reform. The Delegate informed that consultation meetings continue to be held, as a demonstration of

the interest in Indonesia to advance on a national roadmap for tenure reform bringing it to the broad audience of stakeholders in order to accelerate promotion of people's access to the sustainable use of forests, speed up the forest area delineation, and establish a sound mechanism for tenure conflict resolution. The Delegate made special reference to the successful experience in going through a multi-stakeholder process with the establishment of the Indonesia Timber Legality Assurance System, which has been accepted and recognized by the EU, and manifested their hope for acceptance by other Consumer Countries as well. The Delegation mentioned that Indonesia has done their best to address timber legality, and is now making all efforts to tackle tenure issues, with the hope to achieve the same success in addressing the challenges for Sustainable Forest Management. Finally, the Delegate of Indonesia extended their appreciation to the ITTO for the opportunity to host and co-organize the Tenure Conference, and to the RRI and other CSAG members for their kind cooperation.

**(vi) Review of draft ITTO Biennial Work Programme for 2012 to 2013, as contained in Document ITTC(XLVII)/8, especially the section pertaining to the activities of the Committee on Reforestation and Forest Management.**

The Committee was briefed by the Secretariat regarding six draft CRF Biennial Work Programme for 2012 to 2013, as contained in Document ITTC(XLVII)/8, the draft ITTO Biennial Work Programme for 2012 to 2013. The delegate of Côte d'Ivoire underlined the importance of holding regional level preparatory meetings which will contribute to the achievement of an international conference on environmental services to be organized under Activity 39 (Promote the understanding of the contribution of environmental services to the sustainable management of tropical forests). The delegate of USA commented that the TOR needed to be revised to reflect the recent development in restoration taking into account the Bonn Challenge, a global call for the restoration of 150 million ha by 2020, as well as the updated estimate for the area of forest land with restoration potential which was recently found to be up to 2 billion hectares.

In order to facilitate the review of the draft CRF Biennial Work Programme for 2012 to 2013, the Committee established a working group consisting of delegates representing Australia, Brazil, Côte d'Ivoire, Japan, Malaysia, New Zealand, Philippines, PNG, Sweden, USA and the Secretariat. The working group chaired by Dr. Norini Haron (Malaysia) considered six draft CRF BWP for 2012-2013, namely Activities 39-44, and debated the terms of references of these proposed activities in detail. The working group reported back its outcomes to the Committee, which is provided to the Chairperson's Open-Ended Drafting Group as the CRF input to the ITTO Biennial Work Programme for 2012 and 2013. The approved CRF BWP for 2012 to 2013 is presented in Annex of this report.

**Item 10 - Review of Implementation of Approved Projects and Pre-projects**

**10.1 Project Work in Progress**

The Committee took note of a status report [document CRF(XLV)/3] by the Secretariat on the 81 projects, in the field of Reforestation and Forest Management, that have been approved by the Council, and which are either: A) in the process of implementation (54), B) awaiting the signing of an Agreement (3), C) projects awaiting financing (15), or D) falling under the sunset provision since the last Session (1).

The Committee noted the reports on the progress of these projects in the above document. In view of the desire of the Committee to further streamline its work in accordance with Council Decision 4(XXV) Annex A, Section VI.1, the Committee requested the Secretariat and Members to limit the reporting and discussion during the Session to those projects that are:

- having implementation problems;
- requiring additional funds;
- requesting extension in time of more than 6 months beyond the original duration of the project; or
- requesting essential major modifications of the work plan and budget.

The Secretariat informed that projects that have been declared completed in previous Committee Sessions but are still pending final financial audits were re-inserted in this session as projects under implementation. The Secretariat also informed that, as per ITTO regulations, Executing Agencies pending submission of financial audits do not qualify for further disbursements in any other ITTO projects they may be implementing. The Committee urged all Executing Agencies in this situation to submit financial audits as soon as possible in order to comply with the regulations.

The Committee then proceeded to discuss the issues associated with a number of projects. Details of these discussions are as follows:

**(A) Projects under implementation**

\* Completion report received, pending financial audit

\*\* Reported as completed at previous CRF sessions, but still pending final financial audit

**1) \*\*PD 2/93 Rev.1 (F) Integrated Pilot Management of the Ngoua II Forest-North - Phase I: Preparation of the Management Plan (Congo)**

The Committee was informed that this project was reported as completed at a previous CRF session and documented as such in the document CRF(XXXVIII)/3, but it is still pending the final financial audit, since February 2006. The Committee was also informed by the Delegation of the Republic of Congo that all key financial documents were destroyed during the civil war in that country from 1997 to 2000. Therefore, it is impossible to carry out the final financial auditing for this completed project. The Committee took note of the information and asked the Secretariat and the Executing Agency to find an appropriate way to address this issue and report to the Committee at its next session in 2012.

**2) PD 20/99 Rev.2 (F) Establishment and Management of Production-Protection Community Forests in Lower and Middle Atrato, Department of Choco, Colombia (Colombia)**

The Committee took note that project implementation is delayed, which was increased this year for the heavy rainy season that affected the project region. A Project Steering Committee Meeting (PSCM) was held in the main city of project implementation, with significant participation of beneficiaries that gave their testimony on the benefits brought by the project. They presented to the PSCM a request that the nurseries for the preparation of seedlings for the project should be constructed in the communities to avoid their travel and transportation costs, which affect their quality. The company Maderas del Darien was also present in part of the PSCM and informed that it can not be active part of the project as it was in the past, but continue to be interested in the acquisition of the timber when ready to cut.

**3) PD 32/99 Rev.2 (F) Productive Forest Management for the Rural Reserve Area of Guaviare (Colombia)**

The Committee noted that the Executing Agency completed all project activities and delivered to ITTO the completion report, the means of verification and an article for TFU. The EA director addressed the CRF shortly and informed that the project had important outputs and results which are fundamental for presenting alternatives to the illicit crops that were cultivated in the recent past in the Guaviare region. He also informed the CRF that three follow up projects were prepared and will be submitted to the ITTO for financing. He presented his thanks to Japan and USA for the support of the present project. Furthermore he informed that the Final Audit Report is to be delivered before the end of November. The project will be declared completed after the submission of this Final Audit Report and its approval by ITTO.

**4) PD 62/99 Rev.3 (F) Reforestation Pilot Project for the Recovery of Degraded Areas in the Medium Doce River Region, State of Minas Gerais, Brazil (Brazil)**

The Committee was informed that the change in the State government caused an almost complete stop in the project in the first semester of the year. To address the unfavorable situation for the project, a meeting called upon by the ITTO Regional Officer was held in July between the EA, the ITTO ROLAC and the ABC/MRE. As a result, a PSCM was realized in October and the project activities are coming to normal pace. The CRF took note of this information as well that the neutral budget extension that was granted to the EA until March 2012, when the project is expected to complete all its activities.

**5) PD 28/00 Rev.2 (F) Integrated Management of Community Forests in the Valley of Mefou and Afamba (Central Province of Cameroon) (Cameroon)**

The Committee was informed that the project activities were completed and the project completion report and Final Audit Report were due since September 2009 and October 2009 respectively. The Secretariat urged the Executing Agency to submit these two reports at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the project completion report and Final Audit Report by the end of March 2012.

**6) \*\*PD 53/00 Rev.3 (F) Implementation of a Permanent Network of Stands Dynamics Monitoring Plots for the Gazetted Forests of Côte d'Ivoire (Côte d'Ivoire)**

The Committee was informed that this project was considered as completed at a previous CRF session as in document CRF(XLVII)/2, but it is still pending the Final Financial Audit Report since October 2009. The Secretariat urged the Executing Agency to submit this report at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the project Final Audit Report by the end of March 2012.

**7) PD 54/00 Rev.4 (F) Genetic Resistance of Iroko to Phytolyra lata – Phase II (Côte d'Ivoire)**

The committee was informed that the post-election crisis had a bad impact on the project implementation. Some facilities of the project, including a project vehicle, were destroyed during the crisis. The delegate of Côte d'Ivoire informed the Committee that the Executing Agency made some pre-finance to execute some activities and maintain the personnel. An extension was required to fully complete the objectives of the project. In light of this, the Committee recommended that the conditions for the extension shall be examined during the next PSC project to be held in December 2011.

**8) \*\*PD 63/01 Rev.2 (F) Assessment and Management of Mangrove Forests in Egypt for Sustainable Utilization and Development (Egypt)**

The Committee was informed that this project was reported as completed at a previous CRF session and documented as such in the document CRF(XLVII)/2, but it is still pending the project final financial audit, since August 2009. The Secretariat urged the Executing Agency to submit this report at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the project Final Audit Report by the end of March 2012.

**9) PD 66/01 Rev.1 (F) Establishment of the Mengamé-Minkébé Transboundary Gorilla Sanctuary (MMGS) at the Cameroon-Gabon Border (Cameroon)**

The Committee was informed that the project activities were completed and the project completion report and Final Financial Audit Report were due since September 2008 and October 2008 respectively. The Secretariat urged the Executing Agency to submit these two reports at its earliest convenience. The Cameroonian delegation informed the Committee that the funds are already mobilized for the financial audit realization and the report will be sent to the Secretariat before the end of March 2012. The Committee took note of this information and urged the Executing Agency to submit the project Final Audit Report at its earliest convenience.

**10) PD 142/02 Rev.2 (F) Sustainable Production of National Forests under the "Regime of Forest Concessions" (Brazil)**

The Committee was informed on the results of the 6<sup>th</sup> Project Steering Committee Meeting that was held in Brasília in November 2010. The project has been slowly progressing but satisfactorily concluded various activities in support to the formulation of the management plans of three national forests (FLONA) in Brazil (Altamira, Caxiuanã and Itaituba), which constitute the main result of the project. The Committee decided to approve a request of the Executing Agency for a budget neutral extension of the project until March 2012 for the full completion of the project's expected outputs.

**11) \*PD 197/03 Rev.2 (F) Support for the Implementation of a Sustainable Forest Development Master Plan in Eco-Floristic Area IV, Togo (Togo)**

The Committee was informed that the project completion report was submitted in January 2010, but the project Final Financial Audit Report is pending since February 2010. The Secretariat asked the Executing Agency to submit this report at its earliest convenience. The Committee took note of the information and asked the Executing Agency to submit the project final financial Audit Report by the end of March 2012.

**12) PD 248/03 Rev.4 (F) Antimary Forest Management Regional Training Centre (Brazil)**

The Committee was informed on the results of the 4<sup>th</sup> Project Steering Committee Meeting that was held in Antimary Forest Reserve in November 2010. The project is advancing satisfactorily and to consolidate its achievements. The Committee decided to approve a request of the Executing Agency for a budget neutral extension of the project until December 2011 for the completion of all activities. The project will be declared complete at the next Session of the Committee.

**13) PD 276/04 Rev.2 (F) Revised World Atlas of Mangrove for Conservation and Restoration of Mangrove Ecosystems (Global-Japan)**

The Secretariat informed the Committee of the completion of the French and Spanish versions of the Atlas that were published in mid- and late 2011 respectively. A Policy Brief/special issue of TFU will be produced if funds for producing the TFU are made available under ITTO's 2012-13 Biennial Work Program. The project will complete its activities with distribution of the Spanish version of the Atlas later this year and the final report and audited final financial statement will be submitted thereafter. The project will be declared complete at the next Session of the Committee.

**14) PD 284/04 Rev.2 (F) Fire Management and Post-fire Restoration with Local Community Collaboration in Ghana (Ghana)**

The Committee was informed that the project completion report was submitted, but the project Final Financial Audit Report is still pending. The Secretariat asked the Executing Agency to submit this report at its earliest convenience. The Committee took note of the information and asked the Executing Agency to submit the project Final Audit Report by the end of March 2012

**15) PD 288/04 Rev.2 (F) Development of Lanjak Entimau Wildlife Sanctuary as a Totally Protected Area, Phase IV (Final Phase) (Malaysia)**

The Committee took note of a presentation made by the delegate of Malaysia on the main outcomes of the project including a documentary book – the Lanjak Entimau Story: Changing Landscape in Biodiversity Conservation. The Committee commended the Executing Agency and the project leader (Dr Paul Chai) for the achievements of the project and the presentation. The delegate of Indonesia informed the Committee that promoting biodiversity conservation in Betung Kerihum National Park had been promoted through two ITTO projects and the third phase project [PD 617/11 (F)] is awaiting financing to enhance the transboundary ecosystem between Indonesia and Sarawak, Malaysia. The Committee was informed by the Secretariat that the Executing Agency has submitted the completion report and several technical reports. In light of this, the Committee considered the project as completed subject to the receipt of a satisfactory Final Audit Report by the Secretariat.

**16) PD 294/04 Rev.4 (F) The Study and Demonstration of the Management of Secondary Forests in Tropical Regions for the Purpose of Enhancing Economic and Ecological Benefits – Phase II (China)**

The Secretariat briefly introduced the main outcomes of the project which include the establishment of a demonstration site for the plantation of selected promising local species and the training of more than 100 farmers in reforestation. The Committee noted that the Secretariat has received the completion report, several technical reports, including a book entitled “Management of Secondary Tropical Forests”, as well as the satisfactory Financial Audit Report just before this Session. In light of this, the Committee decided to declare the project as completed in accordance with the rules of ITTO.

**17) PD 346/05 Rev.2 (F) Conservation and Recovery of Degraded Land in Family Agriculture Units in the Eastern Brazilian Amazon (Brazil)**

The Committee took note that project is under implementation and has as major characteristics its links with the academic sector generating research papers as basis for post-graduation thesis. CRF was also informed also that the Executing Agency continues with difficulties to provide the project documentation as progress reports and others on time, but this situation is being addressed by the ABC/MRE with the EA.

**18) PD 350/05 Rev.3 (F) Production Systems and Integrated Management of Shoot-borers for the Successful Establishment of Meliaceae Plantations in the Yucatan Peninsula and Veracruz, Mexico (Mexico)**

The Committee took note that project implementation appears to be slower than initially projected. In this light, the Executing Agency submitted a formal request and a justification for the aforementioned extension in time until July 2012 with budget amendments but without additional funds, in order to successfully complete the project activities. The Secretariat reviewed the corresponding documents, considered these to be justified, submitted to the CRF consideration and such extension was endorsed. In this light, the Committee endorsed an extension of the project until the end of July 2012, without additional funds, as per written request and justification submitted by the Executing Agency.

**19) PD 351/05 Rev.1 (F) Criteria and Indicators for the Evaluation of Tropical Forest Management Sustainability in Mexico (Southeastern Coastal Plains: Gulf of Mexico and Yucatan Peninsula) (Mexico)**

The Committee may wish to take note that project implementation appears to be slower than initially projected. In this light, the Executing Agency has recently submitted a formal request and a justification for the aforementioned extension in time until September 2012 with budget amendments but without additional funds, in order to successfully complete the project activities. The Secretariat reviewed the corresponding documents, considered these to be justified, submitted to the CRF consideration and such extension was approved. In this light, the Committee endorsed an extension of the project until the end of September 2012, without additional funds, as per written request and justification submitted by the Executing Agency.

**20) PD 367/05 Rev.2 (F) Promotion of the Sustainable Management of Tropical Planted Forest in Congo's Tropical Forest Plantations (Republic of Congo)**

The Committee was informed that the project activities were completed and the project completion report and Final Financial Audit Report were due since October 2010 and November 2010 respectively. The Secretariat asked the Executing Agency to submit these two reports at its earliest convenience. The Committee took note of the information and asked the Executing Agency to submit the project completion report and Final Audit Report by the end of March 2012.

**21) PD 377/05 Rev.3 (F) Development of Cloning for Samba (Obéché), West African Mahogany and Tiokoué Tree Species (Côte d'Ivoire)**

The committee was informed by the delegate of Cote d'Ivoire that the post-election crisis had a bad impact on the project implementation. The Executing Agency made some pre finance to maintain the project facilities and personnel. Most of the materials given to SODEFOR were destroyed and a project extension is required. The Committee took note of the information provided and requested that conditions for the extension should be examined during the next PSC project to be held in December 2011.

**22) PD 405/06 Rev.3 (F) Extending the Area Under Sustainable Forest Management in the Forest Lands of The Embrea-Wounaan Comarca, Darien (Panama)**

The Executing Agency has completed the project activities and is currently finalizing the completion report and Final Audit. The project will be declared as completed at the next Session of the Committee.

**23) PD 419/06 Rev.3 (F) Forest Seeds Management and Conservation (Côte d'Ivoire)**

The committee was informed by the delegate of Cote d'Ivoire that the post-election crisis had a bad impact in the project implementation and that a project extension is required. The committee recognized the efforts made by the EA, took note of the information provided and requested that conditions for the extension should be examined during the next PSC project to be held in December 2011.

**24) PD 428/06 Rev.2 (F) Promoting the Rehabilitation, Management and Sustainable Use of Tropical Bamboo Forests in the North-Western Region of Peru (Peru)**

The Committee was informed by the director of the Executing Agency about the normal implementation of the project activities. It was highlighted its importance for the paradigm braking about the way the rural population look at the bamboo. It was also emphasized the need of more ITTO bamboo projects in the Latin American region.

**25) PD 438/06 Rev.2 (F) Sustainable Forest Management for the Forest Production Area of the Northern and Northeastern Regions of the Department of Antioquia, Colombia (Colombia)**

The Committee took note that the project is being regularly implemented ,but a budget neutral extension of 9 months, until June 2012, was requested to allow the EA to complete the activities as well as to consolidate the work. The EA officially informed ITTO the increase in the counterpart funds by US\$ 132,342, doubling its participation. CRF was also informed that the region continues to be area of armed conflicts which contributes with difficulties for the project implementation. The EA presented to the Committee the main aspects, advances and outputs of the project. A book was presented having two of the project coordinators as authors,



written in the context of the ITTO project. In this light, the Committee endorsed the budget neutral extension of the project until June 2012.

**26) PD 459/07 Rev.1 (F) Improving the Enabling Conditions for Sustainable Management of Sandalwood Forest Resources in East Nusa Tenggara Province, Indonesia (Indonesia)**

The project is proceeding satisfactorily and the results of a study tour to Australia carried out in November 2011 has been reported to the Committee as it generated the establishment of a network for market and technical information exchange between producers of sandalwood in both countries.

**27) PD 470/07 Rev.1 (F) Development and Implementation of Criteria and Indicators for Sustainable Management of Planted Forests and Community Forests (Thailand)**

The Committee was informed by the Secretariat that the Executing Agency has not yet submitted an inception report with a yearly plan of operation for the commencement of the project. The delegate of Thailand informed the Committee that the Executing Agency (Royal Forest Department) has recognized the importance of the project and that the inception report will be submitted in December 2011.

**28) PD 507/08 Rev.1 (F) Development of the National Reforestation Policy and Afforestation Strategy Consistent with Liberia 3C-Approach (Liberia)**

The Committee was informed that the project suffered a set back with the passing away of the ITTO National Focal Point in Liberia in mid 2010, but regained momentum and got back to track on the planned activities. A third PSC meeting is scheduled for January 2012 in Monrovia to take stock and provide further guidance for project implementation.

The Liberian delegation has requested for a project extension. The Committee took note and informed the delegate that the request should be examined during the next PSC project meeting.

**29) PD 542/09 Rev.1 (F) Support to Convene the V Latin American Forestry Congress (Peru)**

The Committee was informed about the importance of the CONFLAT, as one of the most significant forestry events in the Latin American region. ITTO supported also two of its previous editions. The project coordinator, professor Ignacio Lombardi addressed the Committee to inform on the Congress realization in Lima, Peru, in October 2011, and the expressive results obtained. The next (6<sup>th</sup>) CONFLAT edition is scheduled to be held in Mexico.

**(B) Projects awaiting implementation agreement**

**1) PD 454/07 Rev.3 (F) Community Forest Management: A Sustainable Alternative for the Maues State Forest, Amazonas State (Brazil)**

The Committee was informed that Brazil has requested a change of the Executing Agency of this project, taking into account that, due to time spent between the approval and the actual funding of the project, the initially appointed Executing Agency was not anymore active in the project area. The new proposed Executing Agency is the Institute of Amazonian Research and Development (IPDA). The Secretariat received an extended justification from Brazil, including the curriculum of the organization and staff involved, as well as IPDA's previous experience in the area. The Committee considered the Brazilian request appropriated and approved the new Executing Agency, recommending the project to initiate its activities as soon as possible.

**2) PD 577/10 Rev.1 (F) Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Transboundary Biodiversity Conservation Between Thailand, Cambodia and Laos (Phase III)**

The Committee was informed by the Secretariat that there has been a long delay in the signing of the project agreement by Thailand although Cambodia is fully ready to commence the project. The delegate of Thailand informed the Committee that the project agreement is now in the final review process by the Ministry and will be forwarded to the Cabinet for endorsement. He indicated that the project agreement will be signed by mid December 2011 so that that the project can commence its activity from early 2012.

### (C) Projects awaiting financing

The Committee noted that eighteen (18) projects approved at earlier Sessions were still awaiting funding, out of which five (5) would be sunset if funding was not secured before the next Session.

- 1) PD 452/07 Rev.3 (F) Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase II (Brazil)

The Committee was informed that Brazil had proposed a revised budget for this project reducing the ITTO contribution to US\$ 644,579 and increasing the national counterpart contribution to an equivalent of US\$ 890,928 in order to increase the likelihood of ITTO funding of the project. The Committee took note of the request and approved the proposal as PD 452/07 Rev 4 (F) – Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase II – with the new budget distribution.

- 2) PD 456/07 Rev.4 (F) Building the Capacities of Forestry Training Institutions Members of the Network of Central African Forestry and Environmental Training Institutions (RIFFEAC) for Providing SFM Training for Forest Concessions (ITTO)

The Committee was informed that this project had received funds from Belgium and Japan for 84% of its budget but 16% are still missing; so the Secretariat is calling on donors to cover the outstanding balance to allow the full implementation of the project.

- 3) PD 467/07 Rev.4 (F) Generating an Ongoing Information System on the Status of Mahogany (*Swietenia Macrophylla*) and Cedar (*Cedrela Odorata*) Populations in Support of Cites Scientific Authority in Peru (Peru)

- 4) PD 475/07 Rev.2 (F) Restoring the Ecosystem Functions of the Jambi Grand Forest Park Through Promotion of Multiple-Use Function of Forest Resources in Collaboration with Local Stakeholders (Indonesia)

- 5) PD 476/07 Rev.3 (F) Clonal Test of Superior Progeny of *Shorea Leprosula* for Enrichment Planting Program (Indonesia)

- 6) PD 477/07 Rev.4 (F) Improving Forest Functions in Bengkulu Province through Community Participation in Rehabilitation of Degraded Forest by Using Local Prospective Commodities (Indonesia)

- 7) PD 495/08 Rev.4 (F) Guatemalan Forest Productivity Information System

- 8) PD 530/08 Rev.3 (F) Phase II of ITTO Project [PD 30/97 Rev.6 (F)] Management of Forests Established through Rehabilitation of Degraded Forests by Local Communities in Ghana (Ghana)

- 9) PD 541/09 Rev.2 (F) Forest Promotion and Development by Native Communities in Peru

- 10) PD 544/09 Rev.2 (F) Increased Economic Returns from Forest Management in Permanent Production Forests of Peru

- 11) PD 554/09 Rev.1 (F) Pilot Sustainable Management Systems for Secondary Forests in the Collective Territory of the Bajo Calima Community Council, Buenaventura, Colombia

- 12) PD 560/09 Rev.3 (F) Conservation and Sustainable Management of Mangrove Forests of the Kouilou Coastal Area, with the Participation of Local Communities Established in this Area of Southern Congo (Republic of Congo)

- 13) PD 563/09 Rev.3 (F) Community Based Forest Management of Sungai Medihit Watershed (Malaysia)

- 14) PD 568/09 Rev.1 (F) Developing Community-Based Sustainable Mangrove Management System for the Amanzuri and Ama Emissa River Estuaries in Ghana
- 15) PD 581/10 Rev.2 (F) Establishing a Geographic Information System for the Sustainable Management of the Forest Areas of Togo
- 16) PD 584/10 Rev.2 (F) Implementing the Cooperative Framework between ODEF and the Stakeholders for the Effective Participatory and Sustainable Management of the Eto-Lilicope Forest Complex (Togo)
- 17) PD 617/11 (F) Promoting Biodiversity Conservation in Betung Kerihun National Park (BKNP) as the Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia (Phase III)
- 18) PD 622/11 Rev.1 (F) Marketing of Native Plant Seeds, Seedlings and Timber Products to Improve Living Standards and Strengthen Regional Forest Policies in the Amazon Region of Peru: A Pilot Case on the Taulia Molinopampa Rural Community

**(D) Projects coming under the sunset provisions since the last Session**

The Committee noted that one (1) project has become sunset since its last Session.

- 1) PD 527/08 Rev.1 (F) Enhancing Capacity Building on Assessing Tropical Forest Carbon Stock and its Changes in China (China)

**10.2 Pre-project Work in Progress**

The Committee took note of a status report of approved pre-projects in document CRF(XLIV)/3. The Committee discussed the issues associated with a number of pre-projects. Details of these discussions are as follows:

**(A) Pre-projects under implementation**

\* Completion report received, pending financial audit

**\*\* Reported as completed at previous CRF sessions, but still pending final financial audit**

- 1) PPD 94/04 Rev.1 (F) Evaluation of the Status of Forest Resources in Côte d'Ivoire (Côte d'Ivoire)

The Committee was informed that the pre-project activities were completed, and its completion report and Final Financial Audit Report were due since May 2008 and June 2008 respectively. The Secretariat urged the Executing Agency to submit these two reports at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the pre-project completion report and Final Audit Report by the end of March 2012.

- 2) **\*\*PPD 108/04 Rev.1 (F)** Sustainable Community Management, Utilisation and Conservation of Mangrove Ecosystems in Ghana (Ghana)

The Committee was informed that this pre-project was reported as completed at a previous CRF session and documented as such in the document CRF(XLIII)/2, but it is still pending the pre-project final financial audit, since April 2009. The Secretariat urged the Executing Agency to submit this report at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the pre-project Final Audit Report by the end of March 2012.

- 3) **\*\*PPD 123/06 Rev.1 (F)** Controlling the Dieback and Decay Phenomenon in Plantation Species (Côte d'Ivoire)

The Committee was informed that this pre-project was reported as completed at a previous CRF session and documented as such in the document CRF(XLIII)/2, but it is still pending the project final financial audit, since September 2009. The Secretariat urged the Executing Agency to submit this report at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the pre-project Final Audit Report by end of March 2012.

**(B) Pre-projects awaiting implementation agreement**

The Committee noted that there was no pre-projects awaiting implementation agreement.

**(C) Pre-projects awaiting financing**

- 1) PPD 153/11 Rev.1 (F) Forest Fire Prevention through the Implementation of Regional Actions with the Participation of Local Communities and Other Relevant Stakeholders So As To Ensure the Protection of Forests and Ecosystem Services

**(D) Pre-projects coming under the sunset provisions since the last Session**

The Committee noted that no pre-project has become sunset since its last Session.

In closing the Agenda Item 10, the Secretariat appealed to all Executing Agencies that have completed their projects but are still pending the submission of the Final Audit Report, to complete this process at their earliest convenience, and no later than the end of March 2012, in order to allow for the projects to be declared completed at the next Committee Session, complying with the ITTO regulations. Furthermore, the Secretariat alerted that Executing Agencies with pending Final Audit submissions will not qualify for new project funding until their situation is regularized.

**Item 11 - Election of Chairperson and Vice-Chairperson for 2012**

Dato' Dr. Hj. Abdul Rahman Hj. Abdul Rahim (Malaysia) was elected as Chairperson for 2012. Ms. Alicia Grimes (USA) was elected as Vice-Chairperson for 2012.

**Item 12 - Dates and Venues of the Forty-sixth and Forty-seventh Sessions of the Committee**

The Forty-sixth Session of the Committee would be held in conjunction with the Forty-eighth Session of the International Tropical Timber Council.

The Forty-seventh Session of the Committee would be held in conjunction with the Forty-ninth Session of the International Tropical Timber Council.

**Item 13 - Other Business**

None

**Item 14 - Recommendations to the International Tropical Timber Council**

- (A) The Committee recommended that funding be made immediately available for the following projects and pre-project approved under the Project Cycle Spring 2011 and Project Cycle Autumn 2011:

**Projects**

- |                     |                                                                                                                                                                                                                                                 |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PD 563/09 Rev.3 (F) | Community Based Forest Management of Sungai Medihit Watershed (Malaysia) [US\$537,704.00]                                                                                                                                                       |
| PD 581/10 Rev.2 (F) | Establishing a Geographic Information System for the Sustainable Management of the Forest Areas of Togo (Togo) [US\$345,840.00]                                                                                                                 |
| PD 584/10 Rev.2 (F) | Implementing the Cooperative Framework between ODEF and the Stakeholders for the Effective Participatory and Sustainable Management of the Eto-Lilicope Forest Complex (Togo) [US\$162,788.00]                                                  |
| PD 617/11 Rev.1 (F) | Promoting Biodiversity Conservation in Betung Kerihun National Park (BKNP) as the Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia (Phase III) (Indonesia) [US\$663,147.00]                                             |
| PD 622/11 Rev.1 (F) | Marketing of Native Plant Seeds, Seedlings and Timber Products to Improve Living Standards and Strengthen Regional Forest Policies in the Amazon Region of Peru: A Pilot Case on the Taulia Molinopampa Rural Community (Peru) [US\$149,958.00] |

Pre-Project

PPD 153/11 Rev.1 (F) Forest Fire Prevention through the Implementation of Regional Actions with the Participation of Local Communities and Other Relevant Stakeholders So As To Ensure the Protection of Forests and Ecosystem Services (Colombia) [US\$99,576.00]

- (B) The Committee recommended that funding will be made immediately available for the following project which was revised and approved at this Session:

Project

PD 452/07 Rev.4 (F) Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase II (Brazil) [US\$ 644,579]

- (C) Recommendation related to ex-post evaluation

The Committee recommended that ex-post evaluation of CRF projects take into account the recommendations of the Meta-Evaluation of Previously Evaluated ITTO Projects [Document ITTC-JC(XLV)/2], as presented by Dr. Markku Simula at the Joint Session of the Committees, with special reference on the selection of consultants from locally available expertise, as much as possible.

- (D) Recommendation related to the Revised Guidelines for the Sustainable Management of Natural Tropical Forests

In relation to Document CRF(XLV)/7 – “Revised Guidelines for the Sustainable Management of Natural Tropical Forests” (draft), the Committee considered necessary to have more time to provide further inputs from ITTO member countries to the full version of the document and recommended the full version to be made available online from 1<sup>st</sup> December 2011 until 31<sup>st</sup> March 2012, during which member countries should send to the Secretariat their comments and contributions. Thereafter, the Secretariat shall finalize the document and make its final version available for approval during the 48<sup>th</sup> Session of the ITTC.

**Item 15 - Report of the Session**

The Committee accepted this Report for submission to the Council.

## **Annex 1**

### **Terms of Reference for CRF Biennial Work Programme for 2012-2013**

Activity No. 39

#### **PROMOTE THE UNDERSTANDING OF THE CONTRIBUTION OF ENVIRONMENTAL SERVICES TO THE SUSTAINABLE MANAGEMENT OF TROPICAL FORESTS**

*[ITTA, 2006, Articles 1(g), (j) (m) (q), (r), (s)]*  
*[ITTO Action 2008-2011, Expected Outcome 5 (E), (G)]*

#### **I. Background**

SFM has always recognized the importance of enhancing the continuous supply of forest goods and services to improve their contribution to socio-economic development. However, one of the main problems of SFM is less profitable as a land use than other ways of using the land. Sustaining SFM in the long-term requires the sufficient availability of financial resources as well as the provision of incentives and appropriate economic instruments that promote and support SFM. In this regard, it is important to promote investment and payment for all the goods and services provided by tropical forests while capitalizing on all their economic values. In particular, payment for forest/environmental services such as biodiversity, tourism and recreation, water conservation, soil protection and climate change mitigation is an innovative way for forest financing.

ITTO Thematic Programme on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES) includes promoting the capacity of ITTO developing member countries and their stakeholders in maintaining and enhancing environmental services of tropical forests in order to contribute to the social and economic sustainability and well-being of forest-dependent communities through payments for forest-based environmental services (PES). With support of this Programme, PES mechanisms have been developed and/or under implementation with involvement of a number of local communities.

How are PES mechanisms developing, what are key factors for the success of PES mechanisms, and how can we learn from such experience to further advice of PES mechanisms in the tropics? Given the significant importance of developing and implementing PES mechanisms in the tropics and sharing best practices and lessons learned from many organizations' activities and projects to scale up ITTO and global efforts to promote PES mechanisms, there is an urgent need to organize an international forum. In this way, International Conference on Environmental Services of Tropical Forests will be organized to share lessons learned from the development of PES mechanisms as well as recommending actions at local, national and international levels for the development and effective implementation of PES mechanism in support of SFM in the tropics.

#### **II. Description**

In close cooperation with relevant international, regional and national organizations, International Conference on Environmental Services of Tropical Forests will be organized in 2013 in a selected country in Latin America. The Conference will bring policy makers, researchers and academicians, practitioners, civil society, the private sector, and regional and international organizations engaged in the development and implementation of PES mechanisms. To this end, specifically the Conference intends

- a) To overview of current PES mechanisms (i.e. government-led/user-led schemes; watershed management, forest/biodiversity conservation, carbon services and other environmental services) and those being developed in support of SFM;
- b) To report on the potential and challenge of remuneration systems for compensating environmental services;
- c) To identify the policy, socio-economic and environmental issues for the effective development of PES with a view to make recommendations for further advancement of PES mechanisms at local, national and international levels; and
- d) To promote and facilitate cooperation among partners including South-South partnerships and among bilateral and multilateral PES initiatives.

#### **III. Expected Outputs**

The Conference will contribute to facilitating the dissemination and sharing of outcomes and lessons learned from ITTO project work in PES in member countries, and from other existing relevant experiences on environmental services . It will also allow for the presentation of other experiences from concerned organizations, namely UNFCCC, CBD, FAO, and IUCN.

The expected outputs of the Conference include:

- a) Publication of Conference materials (e.g. papers, PowerPoint presentations) on the ITTO website and associated compact disk;
- b) Materials and messages to be presented at relevant fora regarding payments of environmental services provided tropical forests;
- c) Recommendations for the improved development of PES mechanisms and their effective implementation in the tropics;
- d) Networking between ITTO-supported project staff, and other experts and practitioners engaged in PES mechanisms; and
- e) Distribute findings of the Conference at the subsequent ITTC Session.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 12 months in 2013

**VI. Budget** US\$300,000

Activity No. 40

**REVIEW AND UPDATE THE ITTO GUIDELINES FOR THE ESTABLISHMENT AND  
SUSTAINABLE MANAGEMENT OF PLANTED TROPICAL FORESTS TO TAKE INTO  
ACCOUNT RECENT DEVELOPMENTS IN TROPICAL FORESTRY**

*[ITTA, 2006, Articles 1(j), (m)]*

*[Yokohama Action Plan 3.2, Goal 2(1)]*

*[ITTO Action Plan 2008-2011, Expected Outcome 6 (F)]*

**I. Background**

The ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) was published in 1993 in order to make accessible the best practice techniques and management experiences to the operational forest managers and planners working in tropical countries. Thus, it is important to update the guidelines by taking into account the new developments in tropical forestry and roles of tree in the tropics, including timber supply, energy generation, provision of environmental services, as well as its forest restoration potential and the potential of agroforestry and trees outside forests in providing timber and other forest related goods and services.

Regarding the scope and content, it should be considered the option of integrating relevant aspects from the following ITTO policy publications:

- ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests (PS-17);
- ITTO Guidelines for the Restoration, Management and rehabilitation of degraded and Secondary Tropical Forests (PS-13); and
- Other relevant ITTO policy publications revised or being revised.

The purpose of this activity is to engage and support consultants to review and update the ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4), and identify and involve selected countries in the field tests of the draft revised guidelines.

**II. Description**

Therefore, it is proposed to implement this activity in two following stages:

- a) Review and update the ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) through the following actions:
  - Assess and analyze the latest developments in the sustainable management of natural tropical forests since the publication of the ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4).
  - Analyze and take into consideration the experience using existing SFM-oriented guidelines and manuals in relation to the programmes of private sector practitioners and relevant international organisations such as the members of the CPF, relevant NGO's and certification schemes.
  - Prepare a discussion paper reflecting developments and experiences and including preliminary proposals for a revision of the Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4).
  - Organize and conduct an expert panel meeting with at least 25 participants in order to capture experiences and needs with respect to the sustainable management of natural tropical forests. Participants should be drawn from experts and practitioners involved in projects that have applied the ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4), as well as from organisations and institutions with hands-on experience in sustainable management of Planted Forests.
  - Prepare and present a report at the Forty-eighth Session of the Council containing: (a) A draft proposal of the revised Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4); and (b) A proposal for planning field tests of the draft of the revised Guidelines for the Sustainable Management of Planted Forests.



- b) Conduct field tests of the draft revised ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) in selected ITTO Producing Countries in accordance with the specific recommendations to be made by the Forty-eighth session of the Council and through the following main actions:
- Select host countries in the three tropical regions where to conduct the field tests of the draft of the revised ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4), to be submitted to the Forty-eighth session of the Council for consideration, based on a specific plan of operation for field tests.
  - Conduct field tests in selected ITTO Producing Countries at both the forest management unit and provincial or national level in collaboration with relevant forestry institutions and companies, and communities within the selected countries in order to benefit from their competencies and experience in this area. These partners will be encouraged to participate and assist in the testing and application of the concepts underlying the Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4).
  - Prepare a discussion paper reflecting developments and experiences of the field tests and including preliminary proposals for a revision of the Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) based on the main findings of the field tests.
  - Organize and conduct a second expert panel meeting with participants drawn from experts and practitioners involved in projects that have applied the ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) as well as from organisations and institutions with hands-on experience in sustainable management of natural tropical forests.
  - Prepare and present a report at the Forty-ninth Session of the Council containing: (a) A draft of revised ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) integrating the findings of field tests carried out in selected producing countries; and (b) A proposal for communicating and disseminating the final version of the revised Guidelines.

### **III. Expected Outputs**

The main expected output is the revised and updated ITTO Guidelines for the Establishment and Sustainable Management of Planted Forests (PS-4) integrating the findings of field tests carried out in selected producing countries and taking into account the recent developments in tropical forestry.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

**VI. Budget** US\$250,000

Activity No. 41

**HARMONIZE THE REPORTING SYSTEM OF THE ITTO CRITERIA AND INDICATORS FOR THE SUSTAINABLE MANAGEMENT OF TROPICAL FORESTS WITH THE VALIDATED AND REVISED ITTO GUIDELINES FOR THE SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS.**

*[ITTA, 2006, Articles 1(c), (f), (l), (p), (p)]*  
*[Action Plan 2008-2011, Expected Outcome 6 (A), (B), Cross-cutting Action (b)]*

**I. Background**

The International Tropical Timber Organization – ITTO - has been mandated by its Council to review and update the ITTO Guidelines for Sustainable Management of Natural Tropical Forests (ITTO Policy Development Series 1, July 1992), taking into account recent and innovative developments that may influence the sustainable use and conservation of tropical forest resources. A consultative process has been developed since 2010 with the organization of expert meetings in Switzerland (Thun, June 2010) and Brazil (Acre, August 2011), and the production of the revised ITTO Guidelines for Sustainable Management of Natural Tropical Forests, which has been submitted to the relevant Committee for approval.

The revised document updates the Principles and Guidelines for SFM but has not yet been harmonized and validated against the ITTO Criteria and Indicators for SFM, which are regularly used by the ITTO member countries to report on their progress towards sustainable forest management.

**II. Description**

Revise the reporting system of the ITTO Criteria and Indicators for SFM against the revised and updated ITTO Guidelines for the Sustainable Management of Natural Tropical Forests in at least three ITTO producer member countries, harmonizing and validating the reporting system accordingly.

**III. Expected Outputs**

- c) Harmonized reporting system for the ITTO Criteria and Indicators of SFM in line with the revised ITTO Guidelines for the Sustainable Management of Natural Tropical Forests; and
- d) Validated new reporting format of the ITTO Criteria and Indicators for SFM in at least three producer member countries.

- IV. Target Countries**                      At least one ITTO producer member country in each of the tropical regions, upon manifestation of interest to participate in the study.

- V. Duration & Timing**    12 months in 2012

- VI. Budget**                      US\$ 130,000

Activity No. 42

**PROMOTE THE IMPLEMENTATION OF GUIDELINES FOR THE MANAGEMENT OF  
SECONDARY TROPICAL FORESTS, THE RESTORATION OF DEGRADED TROPICAL FORESTS AND  
THE REHABILITATION OF DEGRADED FOREST LAND**

*[ITTA, 2006, Articles 1(j), (m)]*  
*[ITTC Decisions 1(XXXV), 4(XXXV)]*  
*[Action Plan 2008-2011, Expected Outcome 6 (B), (C)]*

**I. Background**

Degraded forests form a substantial part of the accessible areas in the tropics. Recent findings indicate that there are up to 2 billion ha of tropical forests are actually in some stage of degradation<sup>3</sup>. In the last few years ITTO has been actively participating in the Global Partnership on Forest Landscape Restoration (GPFLR), to promote forest restoration and rehabilitation of degraded forests in the tropics. A series of national workshops have been organized in ITTO producer member countries to disseminate and promote the application of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests. In September 2011 a Ministerial Roundtable was convened by the Government of Germany and IUCN on forest landscape restoration. This event resulted in the Bonn Challenge, a global call for the restoration of 150 million ha by 2020 using a forest and landscape restoration approach. Projects have been developed and a substantial knowledge is being generated, which can now be compiled and disseminated to scale up tropical forest restoration and rehabilitation.

Furthermore, a new momentum has been created under the climate change debate with the inclusion of forest degradation (the second D) in the REDD mechanism – Reduced Emissions from Deforestation and Forest Degradation being designed under the UNFCCC.

**II. Description**

This activity proposes to work with partners in the tropics and with international organizations interested in the theme (including the GPFLR, IUCN, Wageningen International and others), for the establishment and consolidation of a Community of Practice for knowledge management and technical support for the implementation of rehabilitation and restoration activities in degraded forests in the tropics and serve as an ITTO contribution to the achievement of the Bonn Challenge for restoration.

The aim is to establish a network of learning sites in selected countries of Asia, Africa and Latin America based on existing field experience which served as testing ground of the ITTO Guidelines, and where it is possible to demonstrate the feasibility of tropical forest restoration and rehabilitation as a sound land use system for the tropics in its economic, social and environmental implications. The network will be a mean to disseminate knowledge in order to promote the implementation forest landscape restoration activities.

Criteria for the selection of learning sites will include the following aspects:

- a) Existence of ongoing activities (e.g. plantations, soil conservation, secondary forestry management, agroforestry, etc.), that serves as a basis for tropical forest restoration/rehabilitation;
- b) Local communities engaged in the work related to forest restoration/rehabilitation;
- c) Expressed willingness by the project executor / implementing agency to apply the relevant ITTO Guidelines (Policy Document 13), to document the experience and share their learning within the GPFLR network, with a view to upscaling the implementation of the concept;
- d) Some degree of interest at national level within major stakeholders (e.g. Forestry Department, Academic/Research institutions, senior management of private companies, local communities / NGO's, etc.); and
- e) Previous exposure to the forest landscape restoration concept, e.g. through the GPFLR/ ITTO / IUCN workshops.

**III. Expected Outputs**

- a) Network of learning sites established;

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<sup>3</sup> Global Partnership on Forest Landscape Restoration, World Resources Institute, South Dakota State University, International Union for Conservation of nature, September 2011.

- b) Documentation related to the restoration and rehabilitation of degraded forests in the learning sites systematized, assessed and made available to the public;
- c) Web page of the Learning Sites Network established and gradually updated by GPFLR with links to relevant partners websites; and
- d) A community of practice established for knowledge management and information dissemination on forest landscape restoration, directly involved institutions and experts of ITTO producer member countries.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$100,000

Activity No. 43

**FACILITATE THE APPLICATION OF THE ITTO/IUCN GUIDELINES FOR THE CONSERVATION AND SUSTAINABLE USE OF BIODIVERSITY IN TROPICAL TIMBER PRODUCTION FORESTS**

*[ITTA, 2006, Articles 1(m), (r)]*

*[ITTC Decision 6(XLVI)]*

*[Action Plan 2008-2011, Expected Outcomes 6 (B), (E) (G)]*

**I. Background**

The ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests had been adopted by the Forty-fourth Session of the Council, in November 2008, under the Council Decision 6(XLIV). It has been published in all three ITTO working languages for dissemination and promotion in the international community. The same Council Decision requested the Executive Director of ITTO, in collaboration with IUCN and other relevant partners, to facilitate the application of the guidelines at a range of scales in partnership with forest operators, local communities and other stakeholders.

**II. Description**

This activity will contribute to promote the use of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests through the following actions:

- a) Support interested member countries in developing project proposals for the implementation of the ITTO/IUCN biodiversity guidelines, especially under the ITTO/CBD Collaborative Initiative. Consultants will be engaged for the formulation of at least three proposals (one per tropical timber producing region) to be submitted to ITTO. The consultants should visit selected countries for the stakeholders' analysis and problem identification, as well as for the analysis required for the project formulation in each country, involving the timber producing private sector;
- b) Dissemination of the biodiversity guidelines amongst the international community through special events to be held at the World Conservation Congress of IUCN to be held in Korea in September 2012; CBD COP 11 to be held in India in October 2012; and others;
- c) Promoting the dissemination, fund raising and partnerships (e.g. with GEF, environmental NGO's and others) for the implementation of the ITTO/CBD Collaborative Initiative, with emphasis on the field use of the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests.

**III. Expected Outputs**

- a) At least three project proposals (one per each of the three tropical regions) formulated and submitted to ITTO for implementation under the ITTO/CBD Collaborative Initiative, focusing on the field application of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests. Project proposals shall include close involvement of forest concessionaires and local communities in its implementation.
- b) Wider knowledge and use of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests by other institutions, including CPF partners and academia.
- c) Partnerships and fund raising activities strengthen the ITTO/CBD Collaborative Initiative.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$100,000

Activity No. 44(a)

**CONTRIBUTE APPROPRIATELY TO NATIONAL AND INTERNATIONAL EFFORTS IN  
THE AREA OF PREVENTION AND MANAGEMENT OF FIRE IN RELATION TO  
TROPICAL TIMBER-PRODUCING FORESTS**

**(A) REVIEW AND UPDATE THE ITTO GUIDELINES ON FIRE MANAGEMENT IN TROPICAL FORESTS**

*[ITTA, 2006, Article 1 (m)]*  
*[ITTC Decision 6(XXXIII)]*  
*[ITTO Action Plan 2008-2011, Expected Outcome 5 (C)]*

**I. Background**

The ITTO Guidelines on Fire Management in Tropical Forests (PS-6) was published in 1997 in order to promote the development of forest fire prevention and control strategies to the operational forest managers, planners and local communities in tropical countries. Considering the scientific insights of the state of forests and forest protection in the tropics in the last 15 years and the progress made in fire management research and development globally it is important to update the guidelines by taking into account mitigation and adaptation to climate change, and assist in poverty alleviation.

The purpose of this activity is to engage and support consultants to review and update the ITTO Guidelines on Fire Management in Tropical Forests (PS-6) and identify and involve selected countries in the field tests of the draft revised guidelines.

**II. Description**

Therefore, it is proposed to implement this activity in two following stages:

- a) Review and update the ITTO Guidelines on Fire Management in Tropical Forests (PS-6) through the following actions:
  - Assess and analyze the latest developments as regards the management, control and prevention of tropical forest fires since the publication of the ITTO Guidelines on Fire Management in Tropical Forests in 1997 (PS-6).
  - Analyze and take into consideration the latest developments related to climate change mitigation and adaptation and assist in poverty alleviation.
  - Prepare a discussion paper reflecting developments and experiences and including preliminary proposals for a revision of the Guidelines.
  - Organize and conduct an expert panel meeting in order to capture experiences and needs with respect to fire management, control and prevention in tropical forests. Participants are to drawn from experts and practitioners involved in projects that have applied the ITTO Guidelines on Fire Management in Tropical Forests (PS-6), as well as from organisations and institutions with hands-on experience in tropical forest fire management.
  - Prepare and present a report at the Forty-ninth Session of the Council containing: (a) A draft proposal of the revised ITTO Guidelines on Fire Management in Tropical Forests (PS-6).
  - (b) A proposal for planning field tests of the draft of the revised on Fire Management in Tropical Forests; and (c) A proposal for communicating and disseminating the final version of the revised Guidelines.
- b) Conduct field tests of the draft revised ITTO Guidelines on Fire Management in Tropical Forests (PS-6) in selected ITTO Producing Countries in accordance with the specific recommendations to be made by the Forty-eighth Session of the Council, and through the following main actions:
  - Prepare a discussion paper reflecting developments and experiences of the field tests and including preliminary proposals for a revision of the ITTO Guidelines on Fire Management in Tropical Forests (PS-6) based on the main findings of the field tests.
  - Organize and conduct a second expert panel meeting with participants drawn from experts and practitioners involved in projects that have applied the ITTO Guidelines on Fire Management in Tropical Forests (PS-6) as well as from organisations and institutions with hands-on experience in tropical forest fire management.

- Prepare and present a report at the Forty-ninth Session of the Council containing: (a) A draft of revised ITTO Guidelines on Fire Management in Tropical Forests (PS-6) integrating the findings of field tests carried out in selected producing countries; and (b) A proposal for communicating and disseminating the final version of the revised Guidelines.

### **III. Expected Outputs**

The main expected output is the revised and updated ITTO Guidelines on Fire Management in Tropical Forests (PS-6) integrating the findings of field tests carried out in selected producing countries and taking into account the recent developments related to climate change mitigation adaptation and poverty alleviation.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

**CONTRIBUTE APPROPRIATELY TO NATIONAL AND INTERNATIONAL EFFORTS IN  
THE AREA OF PREVENTION AND MANAGEMENT OF FIRE IN RELATION TO  
TROPICAL TIMBER-PRODUCING FORESTS**

**(B) FURTHER ITTO'S COMMITMENT AS A CORE MEMBER OF THE UNISDR GLOBAL WILDLAND ADVISORY GROUP, GWFN AND GFMC, AND PROVIDE SUPPORT FOR THE AFRICA, ASIA, AND LATIN AMERICA REGIONAL FOREST FIRE NETWORKS AND OTHER INTER-INSTITUTIONAL COOPERATION EFFORTS IN THEIR PREPARATORY MEETINGS FOR THE 6TH INTERNATIONAL WILDLAND FIRE CONFERENCE TO BE HELD IN SOUTH KOREA IN MAY 2015**

*[ITTA 2006 Article 1 (m)]*

*[ITTC Decision 6(XXXIII)]*

*[ITTO Action Plan 2008-2011, Expected Outcome 5 (C)]*

**I. Background**

In view of ITTO's commitment as a Core Member of the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) and the Global Fire Monitoring Center (GFMC), cooperating organizations and agencies have requested ITTO take a more proactive role in the organization of the meetings of the aforementioned regional forest fire-related networks focusing on the tropics and in the preparation for the 6<sup>th</sup> International Wildland Fire Conference in South Korea in May 2015.

**II. Description**

Provide support for the Africa, Asia, and Latin America Regional Wildland Fire Networks and other inter-institutional cooperation efforts made by the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) and the Global Fire Monitoring Center (GFMC), in their preparatory meetings for the 6<sup>th</sup> International Wildland Fire Conference to be held in 2015 in South Korea, such as the holding of regional workshops in each ITTO tropical timber producing region (Africa, Asia-Pacific and Latin America) and the participation of ITTO and its member countries at other forest fire-related meetings organized through inter-institutional cooperation.

**III. Expected Outputs**

ITTO will join the existing collaborative effort of the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) and the Global Fire Monitoring Center (GFMC) to promote and facilitate the successful implementation of forest fire policies, strategies and other initiatives in tropical regions via preliminary preparatory work towards the organization of for the 6th International Wildland Fire Conference to be held in South Korea in 2015, as a means to enhance forest conservation and people's livelihoods. Towards this goal the focus is on the delivery and dissemination of policy support and technical relevant information, recommendations and practical tools to government agencies, forest managers, local communities and supporting organizations.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

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



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**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

**TWENTY-SIXTH SESSION OF THE  
COMMITTEE ON FINANCE AND ADMINISTRATION**



## **REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

### **TWENTY-SIXTH SESSION OF THE COMMITTEE ON FINANCE AND ADMINISTRATION**

#### **Item 1: Opening of the Session**

1. The Chairperson, Dr. Agus Sarsito of Indonesia, welcomed all delegates to the Twenty-sixth Session of the Committee.

#### **Item 2: Adoption of Agenda and Organization of Work**

2. The Chairperson suggested that the Committee takes up discussions agenda item by item in the order listed in document CFA(XXVI)/1. The Vice-Chairperson of the Committee, Dr. Atsushi Suginaka of Japan was requested by the Chairperson to lead the discussion of the Committee on a number of the agenda items.

3. The Chairperson drew the attention of the Committee to the work of the Panel on Sub-Account B of the Bali Partnership Fund (BPF) for the allocation of funds under Sub-Account B of the BPF, created under Council Decision 4(XXX). This Panel was chaired by the Chairperson of the Committee and will report directly to the Council. It convened its first meeting on Thursday, 17 November 2011. He informed that the selection of the members of the Panel is to be finalized shortly with a view to commence its work.

#### **Item 3: Admission of Observers**

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

#### **Item 4: Report of the Expert Panel for Technical Appraisal of Project Proposals**

5. The Chairperson advised the Committee that the Report of the Thirty-ninth and Fortieth Meetings of the Expert Panel for Technical Appraisal of Project Proposals (Documents ITTC/EP-41 and ITTC/EP-42) were deliberated and concluded in the joint session of the Committees on 14 November 2011. The joint session had not requested the CFA for any follow-up.

#### **Item 5: Draft Administrative Budget for the Year 2012**

6. The Secretariat introduced document CFA(XXVI)/2, which had been distributed to Members on 29 July 2011 in accordance with Rule 3 of the ITTO's Financial Rules and Rules Relating to Projects which was amended by the Council at its Thirty-fourth Session in May 2003 [Decision 7(XXXIV)], for the preparation of the draft administrative budget for a biennial period, instead of an annual period, applying the exchange rate of the month when the budget was prepared. At the Twenty-second Session of the Committee in November 2008, and as approved by the Council at its Forty-third Session, it was decided that the proposed budget will not be revised for any further subsequent change in the exchange rate.

7. The proposed Administrative Budget has been prepared for a single year for 2012 on the basis of the operation of the Organization under the ITTA, 1994. Although there has been progress towards ratification of the ITTA, 2006, that may bring the Agreement into force in 2012, as of now, ratifications by countries accounting for an additional 12 votes (as in Annex A of the ITTA 2006) are needed to reach the threshold required in Article 39 paragraph 1 of the ITTA, 2006. Although additional ratifications may be completed in the near future, at the time of preparation of this budget the organization continues to operate under the ITTA, 1994, and the budget has been prepared accordingly.

8. The Secretariat informed the Committee that the proposed Administrative Budget for 2012 was prepared using the exchange rate in July 2011 of JPY.80.84 to USD.1, which resulted in an increase of an amount of \$886,091 more than the approved budget for 2011 of \$7,058,902 (or 12.55%) due mainly to the following reasons:

- (a) An increase of 4.78% due to the change in exchange rate (from JPY.84.69 to USD 1 used in 2011 to JPY.80.84 for the proposed administrative budget for 2012);
- (b) An increase of nearly 5% due to annual salary increment of staff members, provision of full year's salary for AD-FI position (as against six months in 2011), retirement/recruitment of two senior staff members and other changes in entitlements in accordance with the staff regulations and rules; and
- (c) An increase of 2.83% to the total administrative costs due to the inclusion of a new provision of US\$200,000 for holding Council session outside Japan [Decision ITTC(XLVI)6].

9. A number of members were concerned about the large increase in the proposed administrative budget for 2012 and suggested some areas of administrative costs that could be reduced, particularly in the cost of personnel including staff restructuring. Suggestions were made to freeze the two vacant positions of the Statistician and the Research Assistant, as well as of the two additional positions, viz., Assistant Director, Management Services, and Finance/Administrative Officer that would become vacant during the year 2012.

10. The delegate from Germany remarked that in the interest of staff welfare and also to reduce the cost for separation payments, unused annual leave should not be paid. The Secretariat advised that such payment was stipulated in the Staff Regulations and Rules. However, in future staff members would be encouraged to use up their accumulated annual leave prior to their separation from service.

11. The Secretariat informed the Committee that the Executive Director during his opening statement to the Council on the first day conveyed of his intention to present a revised organizational structure after a comprehensive review to take account of the changed circumstances occurred in the past several years that had already affected the workload of the Organization and its staff members, as well as to cope with the challenges under the ITTA, 2006, which is expected to enter into force in the near future. The Secretariat further informed that the comments of the Members on the future staff compositions will be taken into account while conducting this review.

12. The Chairperson, after noting the deliberations at the meeting, requested the Secretariat to make revisions in the proposed Administrative Budget for the year 2012 to reduce the budget, taking into consideration the comments made by members at this meeting with two possible scenarios: (a) to achieve zero nominal growth in United States dollar terms from the approved Administrative Budget for 2011; and (b) a revised budget for 2012 with moderate reductions. The revised budget under scenario (a) was to include information about the further reductions along with their possible consequences.

13. The Secretariat presented the revised budgets under the two scenarios and with regard to the personnel cost revisions and explained that reductions were made by costing one D-1 position for six months and temporarily freezing the two currently vacant positions of: (i) Statistician; and (ii) Research Assistant. However, moderate provisions were made to engage contractor(s) to perform part of the regular duties, particularly those of the Statistician. To achieve zero nominal growth in the budget for 2012 against 2011, reductions were made in a number of other administrative costs and the secretariat also provided the Committee with explanations with regard to their possible consequences.

14. The Committee examined the two scenarios of (a) zero nominal growth; and (b) a revised budget with moderate reductions, showing a net increase of \$378,778 (or 5.37%) against the approved budget for 2011. After examination of the two scenarios, the Committee decided to concentrate its discussions on the proposed revisions with moderate reductions. While recognizing that about 90% of the administrative budget are for expenditures related to personnel for which most items are fixed or compulsory and there were not much rooms for reduction, the Committee requested the Secretariat to present a new revised proposal with further reductions, particularly in items like official travel, special activities, data processing and other costs.

15. The Secretariat presented two new revisions to the proposed budget for 2012 at the third meeting of the Committee at this Session: (a) option 1 – showing a net increase of \$293,604 (or 4.16%) against the 2011 budget allocation; and (b) option 2 – with a net increase of \$263,969 (or 3.74%). A number of delegates agreed with the original revision (with an increase of 5.37%) to ensure that the Secretariat continues its quality services required by the Council. On the other hand, some members expressed difficulties to accept increase in the proposed budget and suggested that the increase should be kept even lower.

16. After additional discussions and further consultations among members, a compromise was reached to adopt the budget with an increase of \$278,828 (or 3.95%) against the approved budget for 2011. The

Committee recommended that the Council approve the Administrative Budget for the Financial Year 2012 as presented in document CFA(XXV)/2/Amend.1 in the amount of **US\$7,337,730**. This amount will be further increased by US\$191,837 to take account of the discount to be granted to Members for prompt payment of their contributions in 2011 (in accordance to Rule 4, paragraph 3, of the Financial Rules and Rules relating to Projects). As in previous years, an amount of US\$1,567 in bank interest earned in 2011 would also be used to square out the net amount to be assessed from Members. Accordingly, the net amount to be assessed from Members towards the Administrative Budget for the Financial Year 2012 is therefore **US\$7,528,000**. The assessed contribution from Members to the Administrative Budget for 2012 is shown in document CFA(XXV)/2/Amend.1; and the Secretariat will be sending invoices to Members for payment of their assessed contributions in accordance with the Financial Rules.

#### **Item 6: Review of Contributions to the Administrative Budgets**

17. The Secretariat introduced document CFA(XXVI)/3/Rev.1, dated 14 November 2011. This document detailed the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2011, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed the Committee that, as shown in the document, in 2011, \$2,578,509.00 had been received from Producing Members out of the total net assessment of \$3,561,358.00; and \$3,184,975.60 had been received from Consuming Members out of the net assessed amount of \$3,496,870.00. The Secretariat informed the Committee that payments were received from Members on 14 November 2011, from Members namely: (a) amount of \$300,682.77 from Myanmar in payment for its contribution for 2011 in full and for part of its arrearage in contribution for 2010; (b) amount of \$349,904.00 from Suriname in payment for the remaining balance of its contribution for 2011, and all of its arrearages in contributions to previous years, leaving a credit balance in the amount of \$171,319.36 as Suriname's advance payments for future budgets. These contributions had been reflected in the above document. The Secretariat also informed the Committee that a cheque in the amount of \$30,500 was received from Panama in payment for part of its contribution for 2011 although this amount was not reflected in the report.

18. As shown in the document, arrearages in contributions to previous years' budgets from Producing Members amount to \$4,555,751.81; and arrearages from Consuming Members amount to \$142,795.00. Furthermore, the outstanding payment of interest charges levied on late contributions under the ITTA, 1983, amount to \$117,475.94. The document also includes information on the status of arrearages in contribution of six members which affects the eligibility to submit project proposals; as well as the arrearage of a former member (Russian Federation) of \$24,720.00 and interest charge of \$116.72.

19. Contributions received in advance from three members in the total amount of \$401,490.55 was also recorded in the document.

20. In response to the inquiry from the delegate of Malaysia, the Secretariat clarified that discount to the assessed contribution is given against the following year on condition that the contribution to the current year is paid in full before the due date, i.e., 30 April of each calendar year.

21. The delegate of Guyana welcomed the fact that the total amount of contributions received for the current year to-date has improved, compared to the previous years. The Secretariat added that the contributions received to-date for this year amount to approximately 80% of the total assessed contributions, while the average for the past few years had been around 70% at this point of time.

22. While Japan noted the improvement in the amount of contributions received for the current year, it expressed its concern on the considerable amount of arrears and urged members with outstanding balances to settle their contributions as soon as possible. The delegate of Liberia took the floor to inform the Committee that they have taken action to pay their contribution for the current year by the end of the week. The delegate of the European Union also informed the Committee that three members in the EU with outstanding balances, namely, Greece, Portugal and Spain, will be urged to pay their contributions soon.

23. The Committee took note of the report.

#### **Item 7: Current Status of the Administrative Account**

24. The Secretariat introduced document CFA(XXVI)/4/Rev.1, dated 14 November 2011, together with estimated expenditures for the current year. The Secretariat advised the Committee that in spite of the weaker strength of the U.S. dollar which would have increased the expenditures in 2011, the estimated expenditures

for the current year would amount to \$6,737,838 (i.e. \$321,064 less than the total amount approved in the budget for 2011 of \$7,058,902).

25. The Secretariat further informed the Committee that the total contributions received to-date is \$5,763,484.60, and together with contributions expected to be paid by members before the end of 2011 (of \$624,488.40), it is anticipated that a deficit in the amount of \$349,191 would be incurred in 2011. The Committee noted that a Council Decision is already taken to authorize the Executive Director to utilize funds in the Working Capital Account to cover such shortfall up to the limit of \$500,000. The delegate of Canada sought clarification from the Secretariat on the procedures for utilizing funds from the Working Capital Account, should the actual deficit exceed the aforementioned limit. Accordingly, the Secretariat confirmed that in such case the Council's approval will be required.

26. In light of the comparatively high amount of contributions received this year, the delegation of Indonesia inquired whether the amount of contributions expected to be received before the end of the year was estimated at a higher level than the past few years, and further requested the Secretariat to clarify on what basis this amount was calculated. The representative of the United States of America requested the Secretariat to clarify the composition of members that have been taken into account for this calculation, however, the Secretariat explained that the calculation is based on experience and track records and does not intend to list the names of members which are considered to be likely or unlikely to pay their contributions before the end of the year.

27. The delegate from Germany suggested that the surplus added to or deficit to be covered by the Working Capital Account be reflected in Section D of the summary to show the correct end balance of the Working Capital Account. The Secretariat took note of the suggestion.

28. The Secretariat also informed the Committee that the resources of the Working Capital Account had been slightly increased from the balance of US\$2,640,781.00 at the beginning of 2011 to \$3,149,029.79 as at 14 November 2011.

29. The Committee took note of the report.

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

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

31. The Secretariat informed the Committee that the document showed a comprehensive listing of expenditures on, and contributions to, the two sub-accounts of the Special Account, namely Pre-Project and Project Sub-Accounts, and the Bali Partnership Fund (BPF). A list of completed Pre-Projects, Activities and Projects was also included in the document and reported the pro-rated refunds to relevant donors including the funds remaining under "monitoring and evaluation". In accordance with Council Decision 3(XXVIII) of May 2000, agreement of the donors was requested at regular intervals for the transfer of their share of the remaining "monitoring and evaluation" funds, to the "Pooled Sub-Accounts" for ex-post evaluations. The funds transferred to this pooled account to date, amount to US\$3,015,573.41 and regular ex-post evaluations of projects including a meta evaluation in 2011, as approved through the respective Technical Committees, were carried out. Accordingly, the current available balance in this account amounts to US\$611,101.28.

32. The Secretariat informed the Committee that Statement on the Thematic Programme Sub-Account has been included in this document on pages 76 to 87, and that the report on the activities in the various Thematic Programmes will be directly reported at the Council. The five ITTO thematic programmes that were approved in November 2008, with a total budget of US\$58m had received pledges in the amount of US\$18m or 31%. The Secretariat also highlighted the schedule on the "summary of resources available in the Special Account" on page 104 and added that donor members are expected to utilize their available funds during this Council Session to finance thematic programmes, projects, pre-projects and activities pending financing.

33. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that as of the end of the last session, forty-five Activities (including Activities for biennial work programmes), five Pre-Projects and five Projects with a total amount of US\$19.33m had been funded from the resources of Sub-Account B of the Bali Partnership Fund. However, the available funds in the Sub-Account B of the Bali Partnership Fund as of 31 December 2011, was estimated to be negligible at US\$72.38. The Panel on Sub-Account B of the Bali Partnership Fund will meet separately and will report directly to the Council.

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

35. The Committee took note of the document.

#### **Item 9: Auditor's Report for the Financial Year 2010**

36. The Secretariat introduced document CFA(XXVI)/6 which was the report of the recently appointed auditor, Ernst & Young Shin Nihon LLC, Tokyo for the calendar year 2010, with the financial statements of the four accounts of the Organization – (a) the Administrative Account, (b) the Special Account, (c) the Bali Partnership Fund Account, and (d) the Executing Agencies Account.

37. Members' attention was drawn to pages 7 and 8 of this document, which provided consolidated financial information on all of the four Accounts of the Organization, showing a comprehensive picture of the overall financial status of the Organization. Of the total revenues of \$26.30 million for 2010 (total revenues for 2009 \$14.94m), \$18.94 million was voluntary contributions that were considerably higher than the amount of \$8.20 million shown in 2009, due to the US\$7.92m contributions received for the various ITTO thematic programmes. The total expenditures were \$21.42 million (2009: \$20.89m), and it included an amount of \$14.4 million (2009: \$14.0m) which was for the ongoing project work of the Organization. Since inception, the fund allocations for project works amount to over \$360 million financing nearly 1,000 activities, projects, pre-projects and the ITTO thematic programmes. The current fund balances managed amount to around US\$43m.

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

39. In response to the clarifications sought by the delegates of Germany and Guyana, the Secretariat confirmed that Ernst & Young Shin Nihon LLC, which is one of the large international audit firms, did conduct the audit in a satisfactory manner, within the given timeframe and fees quoted.

40. The Committee took note of the Auditor's reports and decided to recommend their approval to the Council. The Committee also recommended to the Executive Director for the re-engagement of the same Auditor for the second year for auditing the Accounts of the Organization for the financial year 2011.

#### **Item 10: Biennial Work Programme of the Committee for the Years 2012-2013**

41. The Chairperson referred to the report by the Secretariat on the implementation of the Biennial Work Programme for 2010-2011 presented at this Session of Council and the Biennial Work Programme for the Years 2012-2013 of the Committee of Finance and Administration [documents ITTC(XLVII)/7 and ITTC(XLVII)/8, respectively]. He informed that during this Session, the documents were introduced in Council and the Council had instructed for its deliberation in the respective Committees. The Chairperson reminded the Committee of its mandate under the ITTA, 1994, and noted that the technical committees will be responsible for setting priorities in their respective areas, while the CFA would be responsible for examining the work programme for its implications on the capacity and workload of the Secretariat and to highlight issues that should be raised to Council.

42. The Chairperson informed the Committee that the Contact Group under the Chairperson of the Council and subsequently, the Chairperson's Open-Ended Drafting Group would finalize the proposed Biennial Work Programme for 2012-2013.

43. The Committee took note of the Biennial Work Programme for the Years 2012-2013, including administrative activities, strategic policy activities, and with special attention to the sections related to the Secretariat, and the Administrative and Finance Activities as shown in the Annex to this Report.

#### **Item 11: Election of Chairperson and Vice-Chairperson for 2012**

44. The Vice-Chairperson of the Committee for 2011, Dr. Atsushi Suginaka of Japan, was elected Chairperson of the Committee for 2012. Mr. Pearl Jules of Suriname was elected Vice-Chairperson of the Committee for 2012.

**Item 12: Dates and Venue of the Twenty- seventh and Twenty-eighth Sessions**

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

**Item 13: Other Business**

46. There was no other business discussed by the Committee.

**Item 14: Recommendations to the International Tropical Timber Council**

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

- (1) To approve the Administrative Budget for the Financial Year 2012 as presented in document CFA(XXVI)/2/Amend.1, of the amount of US\$7,337,730. The assessed contributions from Members for 2012 will be US\$7,528,000 to take account of the discount to be given to Members for timely payment of their contributions in 2011 and utilization of part of the bank interest earned in the same year; and
- (2) To adopt the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year 2010 as contained in document CFA(XXVI)/6.

**Item 15: Report of the Session**

48. The Committee adopted this report as amended.



Annex I

**BIENNIAL WORK PROGRAMME FOR THE YEARS 2012 - 2013  
COMMITTEE ON FINANCE AND ADMINISTRATION**

| ACTIVITY                                                                                                                                                                                                                                        | IMPLEMENTATION APPROACH<br>AND COST IMPLICATIONS |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| (i) Review the independent audited statements for the 2011 and 2012 financial years, and make recommendation to the Council for their approval.<br><i>[ITTA, 2006, Article 26(3)]</i>                                                           | Routine. Regular Sessions' work.                 |
| (ii) Make recommendations to Council on the appointment of auditor for a three-year term for the purpose of auditing the accounts of the Organization for the 2013, 2014 and 2015 financial years.<br><i>[ITTA, 2006, Article 26(3)]</i>        | Routine. Regular Sessions' work.                 |
| (iii) Examine and make recommendations to Council, regarding the approval of the Organization's biennial administrative budget proposals for the financial years 2014-2015.<br><i>[ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]</i>   | Routine. Regular Sessions' work.                 |
| (iv) Review and make recommendations to Council, as necessary, regarding the Organization's administrative budget for the year 2013.<br><i>[ITTA, 2006, Article 26(3)]</i>                                                                      | Routine. Regular Sessions' work.                 |
| (v) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work.<br><i>[ITTA, 2006, Article 26(3)]</i>                                                     | Routine. Regular Sessions' work.                 |
| (vi) Examine and make recommendations to Council, on the budgetary implications of the Organization's work programme, and the actions that might be taken to secure the resources needed to implement it.<br><i>[ITTA, 2006, Article 26(3)]</i> | Routine. Regular Sessions' work.                 |



## **ANNEX V**

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)**

**DOCUMENT:ITTC(XLVII)/2 Rev.1**



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

**13 November 2011  
La Antigua Guatemala, Guatemala**

**Twenty-fifth Meeting of the Informal Advisory Group (IAG)  
La Antigua Guatemala, Guatemala, 13 November 2011**

**Report of the Chairperson**

**Introduction**

1. The Twenty-fifth Meeting of the IAG was convened on Sunday, 13 November 2011 at the Del Obispo Room of the Porta Hotel Antigua at 11:00 a.m., chaired by Mr. Joachim Bile Allogho (Gabon), Chairperson of the Council. The meeting was attended by Mr. Josue Ivan Morales Dardon (Guatemala), Chairperson of the Committee on Economic Information and Market Intelligence (CEM), Dr. Samuel Ebia Ndongo (Cameroon), Chairperson of the Committee on Forest Industry (CFI), Dr. Agus Sarsito (Indonesia), Chairperson of the Committee on Finance and Administration (CFA), Ms. Carolina Castellini (Brazil), Producer Spokesperson, Dr. Atsushi Suginaka (Japan), Representative of the Host Government of the Headquarters and Mr. Emmanuel Ze Meka, the Executive Director.

The IAG was informed of the vacancy of the post of Vice-Chairperson of the Council following the resignation of Ms. Carla Boonstra (The Netherlands) and the absence of Ms. Jennifer Conje, the Consumer Spokesperson. The Chairperson requested Dr. Atsushi Suginaka to advise the Consumer Caucus of the immediate need to select the replacement for Ms. Carla Boonstra and Ms. Jennifer Conje as the Vice-Chairperson of the Council and the Consumer Spokesperson respectively for the current session of the Council.

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-fourth Meeting, 12 December 2010;
    - General observation by IAG Members;
  - ii. Election of the Vice-Chairperson of the Council for 2011.
  - iii. Briefing on the outcomes of the informal teleconference held on 13 September 2011:
    - Entry into force of the ITTA, 2006
    - ITTO Biennial Work Programme 2012-2013
    - Briefing on preparations for the Forty-seventh Session of the Council in Guatemala
    - ITTO Biennial Work Programme 2010-2011
    - *Activity 12: Requirements of Legality and Procurement Policies for Timber Products*
    - Any other issues
  - 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(XLVII)]
    - ITTO Biennial Work Programme 2012-2013
    - New ITTO Action Plan
    - Further Guidance on Monitoring and Evaluation
    - Establishment of Conditions for Accession of the International Tropical Timber Agreement, 2006
    - Functions of the Committees
    - Rules of Procedure of Financial Rules and Rules Relating to Projects of the ITTO
  - v. List of possible decisions for the Forty-seventh Session of the Council 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-fourth Meeting held on 12 December 2010 in Yokohama, Japan as contained in document ITTC(XLVI)/2 dated 12 December 2010. 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 the Vice-Chairperson of the Council for 2011**

4. The Executive Director informed the IAG that Ms. Carla Boonstra (The Netherlands) had submitted her resignation from the post of Vice-Chairperson of the Council for 2011 on health grounds. In accordance with paragraph 3, Article 8 of ITTA, 1994, the IAG recommended to the Consumer Caucus to nominate a new candidate to be elected by the Council at the first meeting of its current session as the Vice-Chairperson of the Council for 2011. The Chairperson requested Dr. Atsushi Suginaka to advise the Consumer Caucus in this regard.

### **Briefing on the outcomes of the informal teleconference held on 13 September 2011**

5. The Executive Director briefed the IAG on the deliberation and outcomes of the informal teleconference held on 13 September 2011. Following the briefing, the IAG discussed and considered the outcomes, focussing on the following issues.

### Entry into Force of the ITTA, 2006

6. The IAG noted the concern expressed during the teleconference that while the threshold for the entry into force of the ITTA, 2006 had been met in respect of the Consumer Member Countries, there was a shortfall of 53 votes from the threshold for the Producing Member Countries. More crucially, some key producing countries were not in the list of the Parties to the ITTA, 2006 as this would affect the assessment of the contributions of the Producing Member Countries to the Administrative Budget under the ITTA, 2006. The IAG was updated by the Executive Director that there were currently sixty (60) Parties to the ITTA, 2006 comprising thirty-seven (37) Consumer Member Countries and twenty-three (23) Producing Member Countries. While the Producing Member Countries exceeded the number of 12 Governments of Producers as the threshold, these countries accounted for 580 votes, 20 votes short of the threshold of 60 percent of the total votes as set out in Annex A to the ITTA, 2006. Accordingly, the conditions for the entry into force of the ITTA, 2006 had yet to be met during the current session of the Council. The Executive Director further informed the IAG that several producing countries including Brazil, Honduras, Nigeria, Colombia and the Central African Republic were making progress towards completing their internal processes of becoming Parties to the ITTA, 2006. In view of the latest situation, the IAG recommended to the Council that the operation of ITTO and the consideration of its Administrative Budget for 2012 be based on the provisions of the ITTA, 1994. The IAG also took note of the likelihood of the ITTA, 2006 entering into force during the course of 2012. In the event, the IAG recommended to the Council that the ITTO Administrative Budget for 2012 to be considered and approved by the Council at its current session be maintained till the end of 2012 and that the ITTO Administrative Budget for 2013 based on the ITTA, 2006 be considered and approved by the Council at its Forty-eighth Session in November 2012.

### ITTO Biennial Work Programme 2012-2013

7. The Executive Director briefed the IAG on the Draft ITTO Biennial Work Programme for the Years 2012-2013 as contained in document ITTC(XLVII/8). The programme had been prepared, taking into account the ITTA, 2006, the ITTO Action Plan 2008-2011 and the Progress Report on the Implementation of the ITTO Biennial Work Programme for 2010-2011 as contained in document ITTC(XLVII)/7. The IAG recommended to the Council that the programme be given due consideration under item 13(b) of its agenda.

### Briefing on Preparations for the Forty-seventh Session of the Council in Guatemala

8. The IAG was briefed by the Executive Director on the preparations for the Forty-seventh Session of the Council in La Antigua Guatemala, Guatemala. Mr. Josue Ivan Morales Dardon informed the IAG that the Host Country had extended invitations to ministers and high ranking officials in the Latin America and Caribbean region to attend the session but no responses had been received. The IAG noted with appreciation the elaborate preparations that had been made and the generous hospitality being extended by the Government of Guatemala as Host of the Forty-seventh Session of the Council. The IAG recommended to the Council to duly put on record its sincere appreciation to the Government of Guatemala for hosting the event.

ITTO Biennial Work Programme 2010-2011

*Activity 12: Requirements of Legality and Procurement Policies for Timber Products*

9. The IAG noted that activity 12 was included in the ITTO Biennial Work Programme for the Years 2010-2011 that was approved by the Council at its Forty-fifth Session in 2009. It was given further consideration by the CEM at its Forty-fourth Session in 2010 resulting in its terms and reference and budget being approved by the Committee and endorsed by the Council at its Forty-sixth Session. The IAG further noted the strong views expressed by the Producer Members during the teleconference for the activity to be financed. The Executive Director informed the IAG that the activity had been included as activity 38 in the draft ITTO Biennial Work Programme for the Years 2012-2013 under the CEM as the responsible body. The IAG recommended that the activity be given due consideration by the Council under item 13(b) of its Agenda.

Any other issues

10. The IAG noted the proposal made by Japan during the teleconference that ITTO should consider participating in the United Nations Conference on Sustainable Development (UNCSD)(Rio+20) to be held in Rio de Janeiro, Brazil from 20 to 22 June 2012 and co-hosting a side-event with the Government of Japan at the Conference. The Executive Director informed the IAG that following the proposal, activity 5 'Provide for ITTO's participation in and visibility at the United Nations Conference on Sustainable Development (UNCSD)(Rio+20)' had been included in the Draft ITTO Biennial Work Programme for 2012-2013 as contained in document ITTC(XLVII)/8. Dr. Atsushi Suganaka indicated the interest of the Government of Japan in funding the activity and invited other ITTO Member Countries to participate in the side-event. The IAG recommended to the Council that this activity be given due consideration under item 13(b) of its agenda.

**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"**

11. 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 2012-2013
  - (iii) New ITTO Action Plan
  - (iv) Further Guidance on Monitoring and Evaluation
  - (v) Establishment of Conditions for Accession of the International Tropical Timber Agreement, 2006
  - (vi) Functions of the Committees
  - (vii) Rules of Procedure of Financial Rules and Rules Relating to Projects of the ITTO
12. The IAG recommended to the Council to consider decisions on topics (i), (ii), (iii) and (iv) and to defer consideration of topics (v), (vi) and (vii). In addition, the IAG recommended to the Council to consider a decision authorising the retainment of the ITTO Administrative Budget 2012 to be considered and approved by the Council at its current session under the provision of ITTA, 1994 in the event that ITTA, 2006 was to enter into force during the course of 2012.

**List of possible decisions for the Forty-seventh Session of the Council and report to the Council**

13. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Forty-seventh Session as follows:
- (i) Projects, Pre-projects and Activities
  - (ii) ITTO Biennial Work Programme for the Years 2012-2013
  - (iii) New ITTO Action Plan
  - (iv) Further Guidance on Monitoring and Evaluation
  - (v) Entry into Force of the International Tropical Timber Agreement, 2006.

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



**Other Matters**

14. No other matters were discussed and considered by the IAG.

**Adjournment**

16. The Twenty-fifth meeting of the IAG was adjourned at 11:45 a.m. with a vote of thanks to the Chairperson of the Council.

## **ANNEX A**

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***DRAFT***  
**DECISION 2(XLVII)**

**ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2012-2013**

The International Tropical Timber Council,

Appreciating the work of the Secretariat in its proposal to Council on the Biennial Work Programme for the years 2012-2013;

Noting further that activities listed in paragraph 2 below are derived from the following: (a) ITTO Action Plan 2008-2011; (b) the four ITTO Committee Reports to the Forty-seventh Session of Council; and (c) previous Council decisions;

Decides to:

5. Adopt the Biennial Work Programme for the years 2012-2013 as contained in the Annex to this Decision, subject to revision as appropriate, should the ITTA, 2006, enter into force provisionally or definitively within this biennial period;
6. 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.
7. Request the Executive Director to implement and/or facilitate the implementation of activities in the approved Biennial Work Programme for the years 2012-2013, as contained in the Annex; and
8. Request the Executive Director to report to Council on the progress in implementing the Biennial Work Programme for 2012-2013.

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**DRAFT  
DECISION 3(XLVII)**

**NEW ITTO ACTION PLAN**

The International Tropical Timber Council,

Recognizing the objectives of the ITTO as set out in Article 1 of the ITTA, 1994 and 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 would expire at the end of the year;

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

Noting that the ITTA, 2006 would soon enter into force;

Decides to:

2. Extend the implementation period of the ITTO Action Plan 2008-2011 for one year;
2. Request the Executive Director to prepare a working paper on the new ITTO Action Plan with the assistance of two consultants, one each from producer and consumer countries, and to circulate it to members by 30 April 2012;
3. Request the Executive Director to convene a Working Group comprising six members from producer countries, six members from consumer countries, two representatives from the Civil Society Advisory Group (CSAG) and two from Trade and Industry Advisory Group (TAG) to consider the working paper and any comments and suggestions by ITTO members. The members of the Working Group will act in their expert or personal capacity and prepare a draft Action Plan for the period from 2013-2018, which will be circulated to Members for consideration prior to review by Council at its Forty-eight Session in November 2012.
4. Authorize the Executive Director to seek voluntary contributions from Member countries to meet the financial requirements of this decision, not exceeding US\$150,000. If sufficient contributions are not received by 31 January 2012, the Executive Director is requested to use funds from the Working Capital Account of the Administrative Account.

\* \* \*

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**DRAFT  
DECISION 4(XLVII)**

**FURTHER GUIDANCE ON ITTO PROJECT MONITORING AND EVALUATION**

The International Tropical Timber Council,

Recalling Decision 3(XXVIII) on the Ex-Post Evaluation of Projects and its Annex presenting options for selection and funding of ex-post evaluations,

Taking note of the recommendations of the report on 'Meta Evaluation of previously evaluated ITTO projects' [ITTC-JC(XLV)/2],

Noting the need to further strengthen the monitoring and evaluation practice of ITTO projects, as a strategic tool for learning and accountability,

Decides to:

1. Request the Committees in its selection for evaluation, to take into account the project's strategic importance to the achievement of the objectives of the International Tropical Timber Agreement in its potential for learning, replication, innovation and impacts;
2. In addition to the criteria contained in Decision 3(XXVIII), Annex 1; request the Committees to give appropriate consideration to the grouping of projects for ex-post evaluation as a cost-effective measure to enhance learning from project results, including grouping by a) substantive theme; b) by country or region; or c) based on specific relevant criteria;
3. Consider carrying out mid-term evaluations as a strategic monitoring tool to assess the achievements and provide guidance for the project towards attaining its objectives, especially in (i) phased projects, (ii) large projects (e.g. US\$ 500,000 or above), and (iii) in specific situations to proactively improve project performance or if a revision of the project design may be required;
4. Request the ITTO Secretariat to provide a written management response to project evaluation reports;
5. Include a specific clause into Project Agreements establishing an obligation for Executing Agencies to:
  - (a) Routinely report on post-project follow-up activities after project completion as well as on any post-evaluation action, upon request by the Secretariat and within a defined time limit,
  - (b) Submit a written management response to project evaluation reports;
6. Foster the utilization of lessons learned from monitoring and evaluation by requiring project proponents to consider them as an input to the formulation of new projects;
7. Request the Expert Panel and the Thematic Programme Advisory Committees to verify that relevant lessons learned from past (ex-post) evaluations have been considered in the proposal formulation;

8. Reinforce the role of the Secretariat in monitoring and evaluation for:
  - (a) Continuous development of the monitoring and evaluation system of the Organization, including strengthening of staff capacity in proactive monitoring
  - (b) Organization and supervision of mid-term and ex-post evaluations
  - (c) Updating the guidance for monitoring and evaluation in the Organization
  - (d) Analysis and systematization of monitoring and evaluation results for lessons learned in cooperation with the Divisions
  - (e) Ensuring that the Expert Panels and Thematic Programme Advisory Committees are informed on the relevant lessons learned related to the project proposals subject to their appraisal
  - (f) Ensuring effective dissemination of lessons learned from monitoring and evaluation in cooperation with the Communication Unit;
9. Encourage donors to provide adequate resources for improved dissemination of lessons learned from monitoring and evaluation, preparation of communication products, and organization of training events.

\* \* \*

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***DRAFT***  
**DECISION 5(XLVII)**

**ENTRY INTO FORCE OF THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 2006**

The International Tropical Timber Council,

Recalling its Decisions 3(XV) of November 2009, 3(XLI) of 11 November 2006 and 7(XLIV) of 8 November 2008, which decided to extend the International Tropical Timber Agreement, 1994, until the entry into force of the International Tropical Timber Agreement, 2006;

Having reviewed the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006 as contained in document ITTC(XLVII)/6;

Welcoming that many Governments have taken the necessary measures to become parties to the ITTA, 2006 since last Session of the Council in December 2010;

Confirms its intention to maintain the extension of the ITTA, 1994, beyond 2011;

Also appreciating the work of the Secretariat and the Committee on Finance and Administration during the current session with preparation and adoption of the administrative budget for the year 2012, as an interim measure, on the basis of operating under the ITTA, 1994;

Decides to:

1. Encourage all governments who have not yet signed or completed the necessary procedures to become parties to the ITTA, 2006 to accelerate their efforts to do so;
2. Maintain the administrative budget for the year 2012 until the end of year, in the event that the ITTA, 2006 should come into force definitively before the next Session of the Council on 5-10 November 2012 in accordance with Article 39(1) of the ITTA, 2006; and
3. Authorize the ED to convene the Forty-eighth Session of the Council in November 2012 under the ITTA, 2006, in the event that the ITTA, 2006 should enter into force before November 2012.

\* \* \*