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FORTY-SIXTH SESSION  
13 – 18 December 2010  
Yokohama, Japan

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

**Yokohama, Japan**

**13 – 18 December 2010**

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## REPORT

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

1. The Forty-sixth Session of the International Tropical Timber Council (ITTC) was opened by the Chairperson of the Council, Mr. Daniel Birchmeier (Switzerland). He warmly welcomed all delegates and thanked the Government of Japan for hosting the Session. He also extended a warm welcome to H.E. Mr. Martin Mabala, Minister of Forests and Water of Gabon, H.E. Dr. Elvis Ngolle Ngolle, Minister of Forests and Wildlife of Cameroon, H.E. Mr. Henri Djombo, Minister of Sustainable Development, Forest Economy and Environment of Congo, Madam Fumiko Hayashi, Mayor of the City of Yokohama and Mr. Yoshitsugu Minagawa, Director General of the Forestry Agency of Japan.
2. The Chairperson underscored the importance of the Forty-sixth Session. He noted that the Organization was at a crossroad of two Agreements – ITTA, 1994 and ITTA, 2006 and urged the Council to urgently decide on the future direction of the Organization. He emphasized that the critical issue facing the Council was the entry into force of the ITTA, 2006 and regretted that the Agreement had not entered into force, five (5) years after it was concluded and opened for signature. He called on all Member Countries who were not yet parties to the new Agreement to speed up their internal processes.
3. The Chairperson also expressed concern about the continuing loss of forests at an alarming rate in many developing countries, especially in South America and Africa and 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. He underlined the need for a modernized ITTO able to respond to the current global challenges.
4. In her welcoming remarks, Madam Fumiko Hayashi, Mayor of the City of Yokohama, underscored the importance of ITTO's work for the global environment such as in the prevention of global warming, conservation of biodiversity and in securing water resources. She outlined measures being undertaken by the City of Yokohama to protect forests and farmlands. She noted that Yokohama's strengths were in the fact that there were valuable environmental initiatives such as the Satoyama initiative in the city and also the citizens of the city are active and vibrant. She, however, stated that the city was losing greenery through urbanization and that the local culture and social climate which had hitherto protected the environment were also changing. She pledged the City of Yokohama's continued cooperation with various entities including local businesses and international organizations, including ITTO.
5. In his keynote address to the Council, Mr. Yoshitsugu Minagawa, Director-General of the Forestry Agency of Japan, on behalf of the Government of Japan, underscored the important role of tropical forests in supporting the lives of local communities in achieving poverty reduction and sustainable development in developing countries. Mr. Minagawa echoed the growing concern over global environmental issues such as biodiversity loss and climate change and the importance of tropical forests in addressing those issues. He informed the Council about a revised strategic plan (Aichi Target) on conservation and sustainable use of biodiversity for the post-2010 period which was adapted during the 10<sup>th</sup> Meeting of the Conference of the Parties to the Convention on Biological Diversity in Nagoya, Japan, in October 2010.
6. Mr. Minagawa stated that emissions from deforestation and forest degradation in developing countries had been estimated to account for approximately 20% of the world's greenhouse gas emissions and underlined the importance of sustainable management of tropical forests in climate change mitigation. He commended ITTO for its activities since its establishment in 1986, in promoting trade of tropical timber and the sustainable management of tropical forests. He cited for example the "ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests" as a valuable tool for the conservation and sustainable use of biodiversity. He pledged Japan's willingness to continue to support ITTO and its activities as much as possible.
7. In his address to the Council, H.E. Dr. Elvis Ngolle Ngolle, Minister of Forests and Wildlife of Cameroon, reaffirmed his government's commitment to the core objectives of ITTO. He briefed the Council about the vast forest resources of Cameroon and indicated that 12 million ha of forests had been identified as production or conservation forests out of which 4 million ha had already been

reserved as state property. He also informed the Council that logging in Cameroon was being carried out in the form of forestry concessions. He mentioned that 3 million ha of forests had already been certified through various certification systems and indicated that sustainable forest management was one of the pillars of the government's policy. The Honourable Minister also informed the Council that Cameroon had signed a voluntary partnership agreement with the European Union on 6 October 2010. He recalled Cameroon's active involvement in the Council since its inception and indicated that Cameroon was ready to implement the ITTA, 2006 as soon as it enters into force. He expressed his gratitude to all donors for providing multi-faceted support for the sustainable management of the Congo Basin forests in general and those of Cameroon in particular and stated that the Government of Cameroon, on its part, would not relent in its efforts to abide by its commitments to ITTO.

8. In his address to the Council, H.E. Mr. Henri Djombo, Minister of Sustainable Development, Forest Economy and Environment of the Republic of Congo, briefed the Council on the outcome of the 16<sup>th</sup> Conference of the Parties to the UNFCCC convened in Cancun, Mexico. He noted that after the 10<sup>th</sup> Conference of the Parties to the Convention on Biodiversity convened in Nagoya, Japan, there had been a renewed confidence in the system of multilateral negotiations at the United Nations. He commended ITTO for its holistic approach to sustainable forest management, including ecological and environmental services. He called on ITTO to continue its partnership with other international organizations. H.E. Mr. Djombo appealed to donors for financial assistance to enable Congo host a summit of Heads of States of the three forest basins of the world. He stated that the objective of the summit would be to establish a formal instrument for consultation and exchanges in order to achieve south-south cooperation in the area of forestry. He noted that the three tropical forest basins have similar problems and challenges and, therefore, the need to share experiences in order to improve their management.
9. In his address to the Council, H.E. Mr. Martin Mabala, Minister of Forests and Water of Gabon, informed the Council that for almost a decade ago, the Government of Gabon adopted a legislation governing its forestry activities which recognized the involvement of local communities in the management of forests and the distribution of all forms of benefits flowing from the forests. He also briefed the Council about the progress achieved by his Government in sustainable forest ecosystem management. He mentioned that Gabon has 11 million ha of forests committed to sustainable forest management out of which 5.3 million ha were under management plans and 2.0 million ha certified by FSC. In terms of conservation the government has also created 13 national parks representing 11% of the national territory, with an ultimate goal of achieving 17% or 4.0 million ha of national territory as protected areas. The Honourable Minister stated that with an annual deforestation rate of approximately 1.0% Gabon's forest cover was one of the largest in the world.

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

10. The Executive Director reported that the quorum for the Forty-sixth 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)**

11. The Chairperson referred to document ITTC(XLVI)/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)**

12. 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)**

13. The report of the Credentials Committee was presented by Dr. David Brooks (U.S.A.), on behalf of the Chairperson of the Committee, Ms. Ellen Shaw. The Committee, composed of Cameroon, Finland, Indonesia, Japan, Malaysia, Sweden and the United States of America convened a meeting on 17 December 2010 to examine the credentials of forty-seven (47) countries and European Union participating in the Forty-sixth 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)**

14. The Chairperson referred to document ITTC(XLVI)/1 containing the proposed distribution of votes for 2010. 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 2011. In the absence of any comments, the Council approved the proposed distribution of votes.

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

15. The Chairperson drew the Council's attention to document ITTC(XLVI)/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)**

16. 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. Prof. Elvis Ngolle Ngolle, Minister of Forests and Wildlife of Cameroon; H.E. Mr. Henri Djombo, Minister of Sustainable Development, Forest economy and Environment of Congo; and H.E. Mr. Martin Mabala, Minister of Forests and Water of Gabon. He also expressed his appreciation to Mr. Yoshitsugu Minagawa, Director-General of the Forestry Agency of Japan, representing the host Government of Japan and Madam Fumiko Hayashi, Mayor of the City of Yokohama.
17. The Executive Director reported on ITTO's active participation in the celebration of 2010 as the International Year of Biodiversity. He cited among others, the following activities which ITTO organized or co-organized:
  - a conference in Yokohama on Biodiversity Conservation in Human Influenced Areas, in cooperation with IUCN and JICA; and
  - the International Conference on Biodiversity Conservation in Transboundary Tropical Forests in Quito, Ecuador, in cooperation with the Government of Ecuador, CBD Secretariat, IUCN, Fundación Natura, and Conservation International – Ecuador.
18. The Executive Director also informed the Council that ITTO had signed a letter of intent with the Government of Japan for the financing of a project on transboundary conservation area between Thailand and Cambodia as the first step of an initiative that would be pursued in cooperation with CBD, the Government of Japan and other interested donors. Mr. Ze Meka also reported on collaboration between ITTO and other organizations during the year, including:
  - Hosting of the UNFF Meeting on Promoting North-South, South-South and Triangular Cooperation for Sustainable Forest Management;
  - Co-sponsoring the Workshop on Forest Governance, Decentralization and REDD in Latin America in Oaxaca, Mexico;
  - Actively participating in the FAO Committee on Forestry meeting in Rome, in October; and
  - Hosting of the 17<sup>th</sup> Meeting between the Common Fund Commodities and the International Commodity Bodies in Yokohama in August.

The Executive Director further announced that ITTO had signed a memorandum of understanding to strengthen cooperation with the CBD Secretariat, JICA and the UNFF and that similar MoUs were being developed with the Global Forest Trade Network, and the United Nations Convention to Combat Desertification. The Organization had also improved cooperation with the private sector, including pharmaceutical companies involved in the exploitation of forest species included in CITES appendices.

19. The Executive Director reiterated that the entry into force of the ITTA, 2006 was the major focus of the Organization during the year, and that although there were some significant developments, the slow

pace towards the ratification of the new Agreement was frustrating. He called on the Council to take a decision that would give clarity to the timing of the Agreement's entry into force.

20. On the implementation of the Thematic Programmes, the Executive Director stated that the enthusiasm of Member Countries in submitting project proposals had been tremendous although the funding of the Thematic Programmes had not yet matched that enthusiasm and that only USD 12.6 million had so far been secured, out of the targeted total budget of USD 58 million for the three-year pilot phase.
21. The Executive Director also recounted some previous ITTO's initiatives undertaken in addressing global policy issues. He cited ITTO's pioneering role in Criteria and Indicators and noted that currently more than one hundred and fifty (150) countries worldwide were using C&I in their forest management. He also recalled that in 2000, just when illegal logging was beginning to be recognized by the international community as an issue, ITTO had already identified it as one of the impediments to Indonesia's progress towards sustainable forest management. He underlined that these recollections demonstrated that the Council had kept pace with, and at times anticipated developments regarding tropical forests and had devised realistic and credible strategies to address the many issues facing tropical forests. He indicated that given ITTO's practical experience and demonstrated competence, ITTO could, with significant funding, do much more to improve the situation in tropical countries. He underscored the fact that with the entry into force of the ITTA, 2006, the activities and programmes of the Organization would be even more effective in meeting the Organization's objectives. He called for a renewed commitment from members and appealed to donors to provide more funding for the Organization's programmes, projects and activities.
22. The Executive Director thanked the Council for past efforts to streamline the work of the Secretariat. He, however, indicated that under the ITTA, 2006, the Council was more likely to meet only once in a year and, therefore, the Secretariat would require additional flexibility especially in responding speedily to the demands of new donors.
23. The Executive Director stated that 2011 would be full of challenges as the ITTA, 2006 is expected to enter into force. He noted that the ITTO Biennial Work Programme for 2012-2013 that would be submitted for the Council's consideration at the Forty-seventh Session would align all activities of the Organization with the new Agreement. He mentioned that the pilot phase for the implementation of the thematic programmes would be completed in 2011 and, therefore, an evaluation of the pilot phase would have to be carried out with a view to enhancing the overall efficiency and effectiveness of the thematic programmes. The Executive Director further noted that 2011 had been proclaimed by the United Nations as the International Year of Forests, with a year long programme for its commemoration being coordinated by the UNFF Secretariat. He further informed the Council that 2011 would also mark the 25<sup>th</sup> Anniversary of the establishment of ITTO.

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

24. The Chairperson presented the report of the Twenty-fourth meeting of the Informal Advisory Group (IAG) convened on 12 December 2010. In attendance were the Chairperson and Vice-Chairperson of the Council, the Chairpersons of the Committees, the Consumer spokesperson, a representative of the Government of Japan and the Executive Director. Also in attendance were Mr. Josue Ivan Morales Dardon (Guatemala), Mr. Jose Trinidad Suzao Bulnes (Honduras) and Mr. Takuo Sato (Japan). The IAG was informed of the absence of the Producer Spokesperson and the Chairperson of the Committee on Reforestation and Forest Management.
25. Issues considered by the IAG included:
  - (i) Briefing on the outcome of the informal teleconference held on 4 June 2010;
  - (ii) Financing of the Forty-seventh Session of the ITTC;
  - (iii) Coordination of funding for ITTO's Spring 2011 Project Cycle;
  - (iv) Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII) – "Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization"; and
  - (v) List of the following possible decisions for the Forty-sixth Session of the ITTC:
    - Projects, Pre-projects and Activities;
    - Appointment of Auditors for the Financial Years 2010-2012;

- Cooperation between ITTO and Non-ITTO Member Donors, and Responding to Calls for Proposals;
- CBD/ITTO Collaborative Initiative to Conserve Tropical Forest Biodiversity;
- Multi-donor Trust Fund to Facilitate Enhanced Cooperation between ITTO and CITES;
- International Year of Forests and Silver Anniversary of ITTO in 2011;
- Matters Related to Article 16 of ITTA, 1994;
- Financial Arrangements Related to Hosting Council Sessions Outside the Headquarters of the Organization;
- Functions of the Committees; and
- Summit of the Tropical Forest Basins of the World (Amazon, Congo and Borneo-Mekong Basins)

26. Ms. Nurmala Abd. Rahim (Malaysia) commended the IAG for the comprehensive report. She stated that 73.7% of Malaysia's land area was still under tree cover, including agricultural tree crops and that the total area of natural forest legally constituted for biodiversity, conservation and permanent reserve forest was approximately 48% of the country's land mass. She reiterated that Malaysia's permanent reserve forests were under sustainable management not only for timber production but also for social and environmental benefits. She also indicated about 1/3 of Malaysia's permanent reserve had been certified under the Malaysian Timber Certification Scheme (MTCS) which had been endorsed by PEFC (Programme for Endorsement of Forest Certification). Ms. Abd. Rahim stated that more than 4.7 million ha of forest certified under the MTCS represent one of the largest tracts of natural tropical forests certified in the world. She noted that these elements were at the core of ITTO's objectives in promoting trade of timber from sustainable sources as enshrined in the ITTO Year 2000 Objective. She indicated that although Malaysia was proud of the many achievements of the Organization, she expressed concern about the state of health of the Organization. She referred to the ITTA, 2006 which was adopted with much enthusiasm but had still not entered into force. She further stated that voluntary contributions to fund project activities had significantly declined and that the Bali Partnership Fund to finance projects in promoting sustainable forest management to achieve the ITTO Year 2000 Objective had become less popular with donors. She also stated that the number of project proposals submitted by Member Countries had been declining due to lack of funding and that resources available for the Thematic Programmes were less than promising. She further stated that due to lack of funds the Council Sessions had been reduced to one Session a year instead of two Sessions a year resulting in less time for discussions and consultations, especially on policy issues. Nevertheless, she underlined that the Organization still has a future in terms of contributing to the improvement and management of tropical forests.
27. Ms. Abd. Rahim further drew the Council attention to the on-going brain storming on issues related to biodiversity conservation and global warming and noted that forestry experts had indicated that sustainable forest management and certification could contribute enormously to biodiversity conservation and mitigation of global warming apart from ensuring the production and trade of legal and sustainable timber and underscored the fact that ITTO had grown into a world leader on issues related to the implementation of sustainable management of tropical forests. She recalled the pioneering role of the Organization in the development of Criteria and Indicators which form the basis of forest certification and all the guidelines for achieving sustainable forest management, biodiversity conservation and forest restoration. She called on the Organization to return to basics and remain true to its core mandate – i.e. sustainable forest management which would also contribute to mitigate other global environmental problems. She reiterated that the Organization should focus its energy and resources in pursuit of sustainable forest management and certification.
28. Ms. Abd. Rahim noted that the MTCC which was created in 1999 benefited from technical assistance from the Government of The Netherlands through a pilot study on certification. MTCC also worked cooperatively to secure the endorsement of well established international schemes and eventually adopted the PEFC route because of its system of mutual recognition. She noted that with the PEFC endorsement there was still a feeling of rivalry from competing schemes and that although the MTCS had been endorsed by PEFC, Malaysian timber was still being subjected to assessment by certain countries resulting in huge expenditures by MTCC. She called for support and encouragement without which forest certification would remain in meeting rooms and documents and not in the forests. Ms. Abd. Rahim stated that in view of the proliferation of schemes and initiatives on certification, verification for legality and public procurement policies being implemented, Finland must be commended for its initiative to support the harmonization of guidelines for public procurement of wood products. She further underlined the fact that policy development was an important instrument for

ITTO to achieve its core objective to enhance the capacity of Members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources. She therefore, called on the Organization to address the confusion and potentially damaging impacts as a consequence of the proliferation of initiatives and schemes on forest certification, public procurement and verification for timber legality. She indicated that Members of ITTO shared the same vision and the issues highlighted above were crucial elements in that vision. Ms. Abd. Rahim stated that with the support of the CSAG and TAG, ITTO should be well positioned to address the problems identified and proposed that a small working group led by Finland should be constituted to formulate the strategy and modalities in pursuit of the policy goals indicated. She stressed that with so much going on in the area of forest certification, verification for timber legality and public procurement initiated by ITTO Member Countries independently, ITTO could not remain an innocent bystander. Ms. Abd. Rahim welcomed 2011 as the International Year of Forests and the 25<sup>th</sup> Anniversary Celebration of ITTO and called for a new era of meaningful cooperation in the ITTO forum and pledged Malaysia's full cooperation.

29. H.E. Mr. Urs Bucher (Switzerland) commended the IAG members for the report. He stated that Switzerland believes that ITTO is the appropriate forum to discuss matters related to tropical timber trade and sustainable management and conservation of tropical forests in view of the expertise, knowledge and network of relationships that the ITTO had already established. He underlined that Switzerland was looking forward to positive outcomes with regard to discussions on the entry into force of the ITTA, 2006. He noted that it was almost 5 years since the ITTA, 2006 was concluded and that waiting longer for its entry into force might impact negatively on the many important achievements of the past and would delay further expected progress in relation to the potential that tropical forests offer in improving the well-being of mankind. He reiterated Switzerland's firm belief that the Council should take as soon as possible, the necessary steps and actions to enhance the entry into force of the new agreement. H.E. Mr. Urs Bucher also referred to agenda item 13 – "Financing of Council Sessions held Outside the Headquarters" and commended Brazil and Mexico for their joint proposal and also expressed appreciation for efforts made during the Forty-fifth Session to confirm the venue and the funding of the 2011 Session in Guatemala. He seconded the proposal by the IAG to hold substantial discussions on agenda item 12 at the CFA and indicated that an agreement for a more general framework for the financing of future Sessions held outside the Headquarters should be agreed in view of the impending entry into force of the ITTA, 2006. He proposed that the goal should be to first get a common understanding for the funding of the 2012 Council Session and in that context it would be useful to know which Member States were ready to host the 2012 Council Session and the kind of expectations. He called for transparent discussions in the caucuses, as the first step.
30. Mr. Enzo Barattini (European Union) underlined the importance of the Forty-sixth Session and the crucial issues on the agenda for the Session, notably the entry into force of the ITTA, 2006. He recalled that the European Union had expressed its views on the subject and reaffirmed the fact that it was regrettable that the conditions for the entry into force had not yet been met. He said that the European Union was ready and willing to participate in any kind of efforts that would lead to an early implementation of the new agreement. Mr. Barattini also noted that the European Union had also expressed its opinion on the financing of Sessions held outside the Headquarters of the Organization and again regretted that the situation had become a bit rigid and hoped that the Forty-sixth Session would be able to find a lasting solution to ensure that future decisions on venue and dates of Sessions held outside the Headquarters would be easier for the Council to make. He called on all Members of the Council to work together to find a sustainable solution. Mr. Barattini also referred to the proposed draft Administrative Budget and called on Members to consider it in a realistic manner to ensure adequate resources.
31. Dr. David Brooks (U.S.A.) reiterated the importance of the discussions on the entry into force of the ITTA, 2006 and pledged the United States full cooperation to accelerate the process of bringing the new agreement into force. He welcomed the report of the IAG and indicated that the United States had provided its initial comments on the joint proposal by Brazil and Mexico regarding finding a long-term solution to the financing of Council Sessions held outside the Headquarters of the Organization and endorsed the IAG recommendation for detailed discussions on the subject to be held in the CFA. He hoped that the manner in which the Council would address the issue would be efficient and effective.



**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)**

32. 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 informed the Council that no new listing proposals had been received by the Secretariat since the last Session of the Council.

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

33. Dr. Steven Johnson (ITTO Secretariat) presented the report as contained in document ITTC(XLVI)/4. He noted that during 2010, the ITTO CITES programme continued to build capacity in Member Countries to implement CITES commitments for tropical timber. Activities were also underway in all range states covered under the programme (Cameroon, Congo, Democratic Republic of Congo, Indonesia, Malaysia, Bolivia, Brazil and Peru). The programme had assisted countries to carry out the non-detriment findings and established export quotas for species listed in CITES Appendix II and provided training and other capacity building activities on wood identification, timber tracking, conversion factors, etc. He reported that the Secretariat was collaborating with CITES and the Chinese CITES Management Authority to produce a user-friendly identification manual for CITES-listed species and had also been in contact with IUCN regarding the inclusion of high volume timber species such as meranti and keruing in the recently updated IUCN Red List of Threatened Species. Dr. Johnson stated that the Secretariat had requested more information on the criteria used to include (and remove) species from the Red List and was investigating how to become more involved in the assessment process for tropical timber species.
34. Dr. Johnson reported that the Secretariat had developed a programme website [http://www.itto.int/cites\\_programme/](http://www.itto.int/cites_programme/), and all reports had been posted on the website together with the quarterly programme newsletter. He also mentioned that ITTO hosted a side-event on the CITES programme in Doha in March 2010 during CITES COP 15. An external evaluation of the programme was completed in early 2010 and the Programme Advisory Committee met for the third time prior to the CITES COP15 meetings, and recommended that the programme should be extended to non-timber tree species listed in CITES and to CITES Appendix III – listed tree species. Dr. Johnson indicated that the programme had recently benefited from private sector interest with two pharmaceutical firms (Solvay and Indena) providing approximately USD 400,000 to fund programme activities to promote sustainable management of *Prunus africana* in Cameroon and that negotiations were underway with three additional pharmaceutical firms to fund similar work in the Democratic Republic of Congo. He also reported that Switzerland and Germany had provided funds to the programme in 2010 and negotiations were underway with Norway to obtain funding to support potential CITES listing for timber species in Madagascar.
35. Dr. Johnson stated that the Secretariat had requested additional funding of USD 1.5 million under the BWP 2010-2011, of which just over USD 500,000 had been obtained.
36. Ms. Milena Sosa Schmidt (CITES Secretariat) provided further update on the ITTO-CITES collaboration. She recalled that the programme began four (4) years ago and since 2005, ITTO and CITES Secretariats had been working closely to ensure that international trade in CITES-listed timber species was consistent with their sustainable management and conservation. European Commission, U.S.A., Switzerland, Japan, Norway, Germany, New Zealand and the private sector through companies like Solvay and Indena had generously contributed more than 3.0 million Euros. She thanked all the donors who had made it possible for eight countries from three regions to strengthen their capacities to conserve, manage and trade in ramin, afromosia, cidar and mahogany and other timber tree species listed in CITES Appendix II and noted that both the ITTC and the Conference of Parties of CITES had expressed their support for the ITTO-CITES partnership. She underlined that many good lessons had been learnt during the first phase of the programme and hoped that these lessons would be replicated in a second phase of the programme in other countries that have the same species as well as extended to work on other tree species used for other purposes than timber. She called for more work without frontiers at the regional and international levels and that consumerism and the quest for profit should not be allowed to result in a non-sustainable use of these species and underlined that strategic alliances such as the ITTO-CITES cooperation programme were the key to protecting biodiversity.

37. Ms. Schmidt noted that 2011 would be the International Year of Forests and that both ITTO and CITES had been promoting sustainable management of tropical forests for many years and hoped that ITTO-CITES partnership would continue into the future.
38. Dr. Hadisusanto Pasaribu (Indonesia) reiterated Indonesia's appreciation for the CITES programme. He stated that the programme had proved very helpful in promoting the sustainable management of CITES-listed timber species and looked forward to further promotion of the programme. He referred to document ITTC(XLVI)/4 and noted with surprise that meranti and keruing had been placed on the IUCN Red List of Threatened Species. He indicated that these species were in abundance in Indonesia and had been vegetatively propagated. It was, therefore, beyond his comprehension that meranti and keruing should be treated as threatened species. He called on the Organization to take up the issue with the IUCN. He further drew the Council's attention to the on-going cooperation between the CITES programme and pharmaceutical companies and noted that it might be the form of cooperation and contribution related to bio-piracy addressed by the protocol of access to genetic resource and fair and equitable sharing of the benefits arising from their jurisdiction which was agreed during the CBD COP10 in October 2010 in Nagoya, Japan.
39. 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. He 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 April 2011. He called for further strengthening of cooperation between ITTO and CITES.
40. Mr. Koji Hattori (Japan) underscored the usefulness of the programme and its importance to both ITTO and CITES. He also commended the effectiveness of the capacity building programme in the range states.
41. Dr. Norini Haron (Malaysia) reiterated Malaysia's full commitment in managing her forest resources sustainably and informed the Council on efforts being continuously carried out to avoid species depletion of tropical timbers traded internationally and listed in the CITES Appendices, such as *Gonystylus* spp. (ramin) and *Intsia* spp. (merbau). Those measures had been executed through various means such as policy efforts and special planning, management and enforcement programmes. Ramin tress were being harvested using cautious quota system, taking into account current scientific information and stocking data such as silvicultural characteristic, growth, stand density and forest acreage. She reiterated that Malaysia would continue to improve the management practices based on scientific findings and prudent use of forest resources. Besides species listed under CITES Appendices, Malaysia had also embarked on a project called "Conservation monitoring of rare and threatened plants of Peninsular Malaysia" aiming at developing a Plant Red List in the families of *Dipterocarpaceae*, *Palmae* and *Begoniaceae*. Malaysia had also successfully published the Red List for Peninsular Malaysian Dipterocarps and reiterated Malaysia's commitments to better manage not only *Gonystylus bancanus* but also all the rich biological resources in the region.
42. Dr. Norini Haron reported on an agreement signed between ITTO and Malaysia on three (3) activities to be carried out in 2010 and five (5) other activities which were implemented under the ITTO-CITES Programme in 2008. All the five (5) activities were expected to be completed in December 2010. The three (3) activities under the ITTO-CITES Programme 2010, included 2 workshops and an on-going project aimed at assisting Peninsular Malaysia to determine the recovery rate conversion of ramin logs into sawn timber and plywood, as well as develop a technique for quantifying wood waste from sawmilling and plywood production. She reported that the regional workshop on "sharing the findings from the activities implemented in Malaysia and Indonesia" and a national workshop on "Enhancement compliance for trade in Ramin (*Gonystylus* spp.)" were successfully held from 1 to 4 December 2010 and from 8 to 10 December 2010 respectively.

43. Dr. Norini Haron Commended ITTO and CITES for making it possible for Malaysia to improve the management, conservation and regulation of CITES-listed timber species, particularly ramin. She noted that the cooperation between the two Organizations was of immense importance and would provide significant contribution and impact in ensuring the good management, conservation and sustainability of the world's biodiversity, especially the most vulnerable species. She also thanked the EU and other donors for the financial assistance provided to the ITTO-CITES programme.
44. Mr. Garvoie Kardoh (Liberia) referred to the civil war in Liberia which resulted in loss of all forestry records and indicated that the last species inventory in Liberia was as far back as the 1970s and early 1980s which was carried out with the assistance of the GTZ. He indicated that there was no functioning herbarium in Liberia although there were on-going efforts to start some activities in species identification and cataloguing. With regard to the ITTO-CITES Programme, Mr. Kardoh stated that the Council should not limit itself to bilateral cooperation and cited the conspicuous absence of the VPA FLEGT process and indicated that it was necessary to take the VPA FLEGT process into consideration in the cooperation between ITTO and CITES. He called on the Council to broaden the scope of the collaboration. Mr. Kardoh also highlighted the issue of illegal trade across borders and called for the strengthening of mechanisms for legal exploitation of forest resources, especially NTFPs, including medicinal plants.
45. Dr. David Brooks (U.S.A.) welcomed the report and noted that the collaboration between ITTO and CITES was producing concrete benefits to all Members through capacity building. He underscored the fact that the thematic approach had enabled the Organization to attract new sources of funding and also had enabled the Secretariat to organize its work by concentrating in particular areas and developing expertise that had become relevant and effective in assisting members in building relevant capacities. 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 commended the Secretariats of both organizations and the Member Countries involved in the programme.
46. Mr. Ignacio Lombardi Indacodhea (Peru) stated that Peru had benefited a lot from the ITTO-CITES Programme because it had made it possible for Peru to manage its trade in mahogany. He indicated that through the programme Peru had carried out inventory of its mahogany and cedrela population. He stated that although some additional information on the cedrela population would have to be investigated, he indicated that the species had been brought under sustainable management. He thanked ITTO and CITES for the support. He also noted that a considerable database had been developed on the management of both mahogany and cedrela.
47. Mr. Dennis Bebegu (Papua New Guinea) welcomed the report and supported the collaboration between ITTO and CITES. He indicated that PNG, like the other countries was taking measures to comply with these CITES requirements. He referred to the listing of *Aquilaria* spp. (agarwood) under CITES Appendix II and stated that PNG was taking measures to ensure that the harvest of agarwood would be from sustainably managed localities. He noted that concerns had been raised by various organizations that *Intsia* spp. (kwila) was under threat and hence should be listed under CITES and acknowledged that various countries had already taken measures to ensure that *Intsia* spp. imports were from sustainably managed forests. He reported that PNG had a large stock of kwila timber species in its forests and had therefore, set up a kwila Committee to oversee the sustainable harvest of the species and other premium species that would be under threat in the not too distant future. He urged CITES and other related organizations not to unilaterally decide to list kwila in Appendix II. He proposed that any future recommendations to have kwila listed under Appendix II of CITES should come from the respective producer countries after an assessment by the country level committee. Mr. Bebegu also supported the intervention by Indonesia regarding meranti and keruing species and appealed to ITTO to include PNG in its future activities under the programme.

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

48. Elements for the 2010 Annual Review and Assessment of the International Tropical Timber Situation were presented by Ms. Frances Maplesden (Consultant). The report is contained in document ITTC(XLVI)/5. She informed the Council that the base data for the Annual Review was derived from the ITTO Joint Questionnaire. For 2010, only 32 out of 60 Member Countries returned the questionnaire, either fully or partially completed. The thirty-two (32) countries comprised 20

Consuming Countries (74%) and 12 Producing Member Countries (36%). She further noted that only 11 countries fully completed the Joint Questionnaire, representing 18% of ITTO Member Countries. She expressed concern about India and Mexico that had received considerable assistance from ITTO to improve their reporting capability but still failed to submit their JQ. Ms. Maplesden reiterated that ITTO's database was the most comprehensive international database on tropical timber production and trade. However, the quality of the data and the ability to monitor the transparency of the trade was dependent on the timely and quality of information via the JQ process. She stressed that all member Countries should fully complete their JQs and on time.

49. 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 2009 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. Then 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.
50. In 2009, China's tropical log imports should have been affected by the country's diversification of log sourcing after the introduction of log export tariffs. However, that gap had been taken up by softwood supplies from New Zealand and North America. As a result of the high GDP growth and significant subsidies to the housing sector India was the only major importer to have sustained import growth over 2008 and 2009.
51. The major trade flows of tropical sawnwood in 2009 showed less dominance by few exporters, reflecting the restriction imposed on log exports and more domestic processing in many of the supplying countries. Although China retained the major importer, there were a significant number of important sawnwood markets compared to the situation with the log trade. Asian suppliers dominated the sawnwood exports and sixty per cent (60%) of that trade was within the region with exports dominated by Malaysia and Thailand. China was the largest importer of sawnwood in 2009. Sawnwood prices declined in 2009 reflecting the unfavorable market conditions in consumer markets.
52. Malaysia and Indonesia continued to be the major suppliers of tropical plywood. Although Japan and U.S.A. were the dominant markets, an increasing trade to the Middle East countries was observed in 2009. There had been some quite significant changes in the tropical plywood trade over the last few years with Indonesia's exports declining due to a restricted log supply owing to a reduction in the logging quotas and crackdowns in illegal logging. From mid-2008, plywood producers worldwide were hit by escalating transport and resin costs and by a significant reduction in construction activity and consumption in traditional markets. China's exports fell in 2009 after a period of phenomenal growth in its plywood processing industry. Although China's plywood had generally been competitively priced, rising production costs had reduced margins and product quality issues had continued to dampen demand to some extent in some markets. Although Japan remained the major ITTO tropical plywood importer, the Japanese market had been declining.
53. Ms. Maplesden reported that the Japan housing starts dropped to a record low in 2009 although they were estimated to stabilize at a low level in 2010. 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 2010 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.
54. Mr. Alhassan Attah (Ghana), on behalf of the Producer Group, noted the general decline in demand for tropical timber, particularly in the traditional dominant markets. He referred to the earlier intervention by Malaysia which raised some concerns about public procurement policies in the various markets and stated that most of the dominant markets had instituted public procurement policies resulting in diversion of trade to emerging markets, particularly those not very sensitive to environmental issues. He, therefore, urged the Council to address the concerns raised by Malaysia regarding harmonization of public procurement policies within the various markets so that they do not appear to constrain and limit access to those markets.

55. Dr. James Gasana (Switzerland) sought information on the share of certified timber. He also wanted to know if there were any advantages for certified timber in terms of access to markets in the context of the market downturn.
56. Mr. Koji Hattori (Japan) noted that the consultant had indicated that there were some inconsistencies in the data. He, therefore, proposed that the Secretariat should work with FAO to correct any inconsistencies in view of its experience in that regard. He also urged Member Countries to submit quality and timely data to the Secretariat in order to improve the quality of data for the Annual Review.
57. Dr. David Brooks (U.S.A.) noted that the Annual Review had highlighted the effect of the financial crisis and the ensuing recession on the global wood products industry. He recognized and appreciated many of the factors affecting trade and demand in markets in addition to the core economic conditions. In that context, he noted with interest the changes in importance of some markets, particularly the increasing importance of China and India as markets for consumption of tropical timber. He also noted with great interest the report on increasing importance of consumption of tropical timber in producing countries and indicated that that would be an important area for discussion as to what policy initiatives were being undertaken in producing countries resulting in increasing consumption of tropical timber in those countries. Dr. Brooks further noted the continuing increasing importance of secondary processed wood products (SPWP) and wanted to know what policies the Council might consider as a result of that shift in importance. He also wanted to know whether there was data to show the relative importance of tropical timber being produced from plantations in the tropics.
58. Mr. R.K. Goel (India) informed the Council that in view of the change in the export and import policy of India there had been a total ban on the export of round logs and sawn timber. He stated that in the last few years there had been a distinct change in the supply of timber and timber products. He indicated that most of the timber was coming mainly from outside the forest especially from agroforest areas. Hence, there had been a slight delay in the supply of information. He indicated that it had become difficult to obtain information from primary sources and the government had, therefore, started relying on information from secondary sources and hoped to provide the necessary information to ITTO as soon as possible.
59. Dr. B.C.Y. Freezailah (Malaysia) expressed concern about the declining importance and role of tropical timber. He called on the Council to proactively take remedial measures to avoid undermining the very foundation of the Organization. He referred to the earlier statement made by Malaysia on the proliferation of various initiatives for sustainable and legal timber and stated that the Producer Group had discussed the statement and would present a proposal to the Council for its consideration.

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

60. 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(XLVI)/6 Rev.3. 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-seven (57), including the European Union, out of which fifty-three (53) had completed their processes of ratification, acceptance, approval or definitive signature, and therefore, considered as parties to the Agreement. The Fifty-three Members comprised twenty (20) Producer Members and thirty-three (33) Consumer Members.
61. The Executive Director mentioned that the twenty-six (26) Consumers listed in Annex B of the ITTA, 2006 who were already parties to the Agreement accounted for over 70% of global imports of tropical timber in the reference year 2005. On the other hand the nineteen (19) Producers listed in Annex A of the ITTA, 2006, who were already Parties to the Agreement held 514 of the votes shown in Annex A of the ITTA, 2006, falling short of the required threshold for the Agreement to enter into force. He also stated that pursuant to Article 39 paragraph 3 of the ITTA, 2006, the Secretariat had circulated letters to Members soliciting their opinions on the convening of the United Nations Conference on the entry into force of the ITTA, 2006. He noted that responses were received from Canada, European Union, Ghana, Panama, Peru and U.S.A.
62. Mr. Dennis Bebegu (Papua New Guinea) informed the Council that PNG ratified the ITTA, 2006 in October 2009, without first signing the Agreement. He reported that the Permanent Representative of

Papua New Guinea at the United Nations Headquarters had been tasked to sign the ITTA, 2006 and hoped that the process would be finalized before the end of the Forty-sixth Session of the ITTC.

63. Mr. Alhassan Attah (Ghana) on behalf of the Producer Group welcomed the report. He noted that it had been almost five (5) years since the ITTA, 2006 was concluded and indicated that Producer Members were making every effort to ratify the new Agreement. He, however, acknowledged that Producer Members were facing challenges which sometimes had been driven through change and desire for democracy resulting in delays in internal processes. Regarding the convening of the United Nations Conference to bring the Agreement into force, under Article 39, paragraph 3, he indicated that Producers had some concerns given the impact it could have on contributions of Member Countries to the Administrative Budget. Producers would, therefore, request the Council to tread cautiously and rather extend the ITTA, 1994 in the hope that the ITTA, 2006 would come into force in 2011. Mr. Attah recalled that during the negotiations of the ITTA, 2006, there was a general feeling that there would be some progress in terms of resources to the Organization and also that the new Agreement covering social and environmental issues would open up new channels for Producing Members. He indicated that during the transitional period, Producers were hopeful that there would be some signals as to what the new Agreement would bring into the Organization. However, so far that had not been realized and reports indicated that resources were rather dwindling and support to Member Countries was decreasing. He cited the Thematic Programmes as an example, which had received only 20% of the total budget, and reiterated that these signals were providing difficulties in some Member Countries. Mr. Attah also cited the hosting of Council Sessions and the discussions that had been going on for the past four (4) years as another challenge hindering the process of ratification of the ITTA, 2006 by Producing Members. He was, however, hopeful that the Agreement would enter into force in 2011 to coincide with the International Year of Forests and the 25<sup>th</sup> Anniversary of ITTO.
64. Mr. Pearl Jules (Suriname) informed the Council that Suriname was in the process of ratifying the ITTA, 2006 and hoped that the process would be completed before the Forty-seventh Session of the Council in 2011.
65. Ms. Carolina Costellini (Brazil) informed the Council that after a long period of deliberations Brazil signed the ITTA, 2006 in September 2010. The Agreement would be placed before the Congress in January 2011.
66. Dr. Atsushi Suginaka (Japan) stated that Japan would support the early entry into force of the ITTA, 2006 for the following reasons:
- the new Agreement emphasizes the importance of the multiple role of the tropical forests and aims to take measures against illegal logging and, therefore, ITTO would be able to make further contributions to the global economy under the new Agreement;
  - ITTO would be able to begin programmes with new Member countries that had already ratified the ITTA, 2006; and
  - 2011 had been declared as the International Year of Forests and it would, therefore, be a good opportunity to foster global measures towards sustainable forest management.

He hoped that countries that had not yet ratified the ITTA, 2006 would accelerate their efforts towards ratification.

67. Mr. Michel Lebana (D.R. Congo) referred to the responses by Canada, European Union, Ghana and U.S.A. to the request by the Secretariat on whether to convene the United Nations Conference on the entry into force of the ITTA, 2006 pursuant Article 39 paragraph 3 and supported the intervention by the Producer Spokesperson that the Council should identify the reasons behind the hesitation by Members to ratify the new Agreement. He hoped that in 2011, the ITTA, 2006 would enter into force to commemorate the International Year of Forests.
68. Ms. Sri Murniningtyas (Indonesia) supported the intervention by the Producer Spokesperson and underscored the fact that the ITTA, 2006 was the outcome of a long process of negotiations. She was glad that the pilot implementation of the Thematic Programmes had reversed the declining trend of financing within the Organization but indicated that bringing into force the ITTA, 2006 would have financial consequences on the assessed contributions of Member Countries to the Administrative Budget, especially since the level of ratification was less than the current level of membership. Under the circumstances, Indonesia was of the opinion that the Council should wait another year with the

expectation that there would be significant additional ratifications by Members in 2011. She proposed that the status of ratification should be reviewed during the Forty-seventh Session, and hoped that the assessed contributions would be based on the ITTA, 1994 during the early stages of implementation of the ITTA, 2006.

69. Mr. Jan Borring (Norway) recalled the long period of negotiations of the ITTA, 2006 and acknowledged the merits in the new Agreement, including better provisions for sustainable forest management and measures to control illegal logging. He reiterated the need for all Member Countries to ratify the new Agreement not only to enable the Organization work more effectively and have more predictable and secured funding but also work in the wider context of the international architecture on sustainable forest management. He urged all Member Countries that had not yet ratified the new Agreement to speed up their internal processes as much as possible.
70. Dr. David Brooks (U.S.A.) welcomed the report and the positive interventions made by Member Countries who had not yet ratified the Agreement. He noted that the Producer Spokesperson had outlined the tensions existing between hope and skepticism. He reiterated the need for the ITTA, 2006 to come into force as soon as possible and expressed regret about the unprecedented extended period of operation of the Organization under the ITTA, 1994, while waiting for the entry into force of the new Agreement. He indicated that the only measure as to whether or not the new Agreement would produce the expected benefits envisaged during the negotiations would be by beginning the operations under the new Agreement and that the reluctance or delay on the part of some Members could only be interpreted as a tipping in the balance towards more skepticism and away from positive expectations. He hoped that the ITTA, 2006 would come into force in 2011, during the International Year of Forests and the 25<sup>th</sup> Anniversary of ITTO and that there would be strengthening and resurgence of the Organization in the context of increasing global attention to the importance of tropical forests. He also hoped that there would be increased membership of the Organization, and that evidences were showing that to be possible. He urged Member Countries who had not taken any action to ratify the ITTA, 2006 not to delay any further so that the Organization would be able to move forward more strongly into the future.
71. Mr. Enzo Barattini (European Union) regretted that four (4) European Union Countries had not yet ratified the ITTA, 2006. He attributed the delay to circumstances such as the conduct of elections and hoped that within a few months these four (4) countries would ratify the new Agreement. Mr. Barattini reiterated that it was the hope of the European Union that the ITTA, 2006 would come into force as quickly as possible. He invited all countries to exercise due diligence to ensure that the ITTA, 2006 come into force as soon as possible. He, however, indicated that the Council should not set any deadline for the Agreement to enter into force.
72. Ms. Aida Velasco (Mexico) stated that the Council should recognize the efforts being made by Member Countries in their attempts to ratify the ITTA, 2006, in spite of internal difficulties. She stated that for Producer Countries the entry into force of the new Agreement would have repercussions on their contributions to the Administrative Budget, and indicated that Mexico's contribution would triple. She, however, hoped that the Agreement would come into force as soon as possible with the ratification by all Member Countries.
73. Ing. Josue Ivan Morales Dardon (Guatemala) called for a review of Members' contributions to the Administrative Budget under the ITTA, 2006. He indicated that any increase in contributions would be difficult for Guatemala to accept. The Chairperson of the Committee on Finance and Administration informed the Council that the draft provisional budget under the ITTA, 2006 would be discussed in the Committee and invited interested Member Countries to attend the Committee Session.

#### **FINANCING OF COUNCIL SESSIONS HELD OUTSIDE THE HEADQUARTERS (Agenda Item 13)**

74. Following the recommendations of the Informal Advisory Group (IAG) at its Twenty-fourth meeting convened on 12 December 2010, the Chairperson referred this agenda item to the Committee on Finance and Administration (CFA).

**ITTO BIENNIAL WORK PROGRAMME 2010-2011 (Agenda Item 14)**

75. The Executive Director presented the progress report on the implementation of the Biennial Work Programme 2010-2011 as contained in document ITTC(XLVI)/8 Ref.1. 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 USD 9,355,300 out of which USD 2,816,942 had been received and USD 6,538,358 was outstanding.
76. 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.
77. Mr. Alastair Sarre (Consultant) briefed the Council on the progress in the preparation of the "Status of Tropical Forest Management 2010" report. He noted that so far thirty-two (32) Producer Member Countries had submitted their completed ITTO C&I reporting format. Initial assessment showed that in all the three tropical regions, there had been an increase in the area of production permanent estate under management plans as well as the area of certified forests. In the Asia-Pacific region the area of production permanent forest estate under sustainable forest management remained unchanged compared to the report of 2005. However, in Africa and Latin America and Caribbean the area of production permanent forest estate under sustainable forest management had increased. The situation in the protection permanent forest estate also showed similar trends with a significant increase in Africa while the acreage in Asia/Pacific and Latin America remained unchanged. However, the area of protection PFE under management plans had increased in all the three tropical regions and similarly the area of protection PFE under sustainable forest management had also increased in all the three tropical regions.
78. Mr. Sarre noted that overall, there appeared to have been incremental progress towards SFM in tropical forests in the period 2005 to 2010. He informed the Council that the full report would be published by Spring 2011.
79. Ms. Carolina Costellini (Brazil) expressed concern about the low level of implementation of activities in the BWP 2010-2011, due to the lack of financial resources. She also noted that there were many activities on environmental issues especially climate change at the expense of other issues of much importance to the Organization such as the Annual Market Discussion. She indicated that almost 50% of the funds were provided through thematic programmes and expressed some concerns about the fact that the financing of projects were being replaced with the financing of activities in the BWP and called for a review of the inclusion of thematic programmes in the BWP. She further noted that after one year of approval of the BWP 2010-2011, the budget of some activities had still not been determined and requested the Secretariat to provide some guidance on the budget of those activities.
80. Mr. Edward Goberdhan (Guyana) referred to the activity on "Strengthening the Capacity to Promote Efficient Wood Processing Technologies" and thanked the Organization for conducting in-house training in Guyana. He underlined that the country benefited tremendously from the training.
81. On the issue of some activities not still budgeted for, the Executive Director explained that when the BWP 2010-2011 was presented to the Council, a number of activities were requested to be developed



under the Thematic Programme. Unfortunately, the Thematic Programmes themselves had been under funded and the Council had also instructed that priority should be given to proposals submitted by Member Countries under the Thematic Programmes and consequently, the Secretariat had established a rule not to source for more than 20% funding from the Thematic Programmes for proposals submitted by the Secretariat. The Executive Director indicated that, in his opinion, it was therefore, not very effective to request the Secretariat to further develop important activities under the Thematic Programmes, because firstly the Thematic Programmes were meant to assist Member countries and secondly, they were underfunded.

## **ITTO THEMATIC PROGRAMMES (Agenda Item 15)**

### **(a) Pledges to the ITTO Thematic Programmes**

82. The Chairperson invited pledges to the Thematic Programmes.
83. Mr. Jan Borring (Norway) noted the importance of the Thematic Programmes and announced that Norway would contribute additional twenty-five million Norwegian Kroner, equivalent to approximately USD 4.0 million to the Thematic Programme on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services (REDD). He underlined the importance of the REDD Thematic Programme to Norway and that this and its previous contribution was part of the country's international climate and forest initiative. Norway was pleased that the outcome of the UNFCCC COP16 meeting had brought further success in the direction of integrating forests efforts and climate policies. He noted that measures to reduce deforestation and forest degradation was an integral part of the final decision on the long term cooperative action under the UNFCCC and Norway was strongly convinced that ITTO would be able to contribute constructively in that regard. He reiterated that Norway's decision to support the REDD programme was based on her experience with ITTO as a professional and efficient organization that could be trusted as a good channel for Norway's funding. He said that based on that and the high degree of interest shown by Members in the programme, Norway was convinced that its funding of the programme was yielding productive results. He further noted that REDD was a good example of the thematic approach that Norway and many other Member Countries had strived for the Organization to adopt. He indicated that the approach had made ITTO more focused and was becoming more visible to the outside world. He again reiterated that Norway had been a consistent supporter of the thematic approach over the years and was happy to see the development of ITTO into an even better and more efficient organization. Mr. Borring stated that Norway had concentrated its funding into one thematic programme and that had made it possible for the country to make a substantial contribution to the REDD programme. He hoped that contributing to building up one thematic programme would provide valuable experience and inspiration to the other thematic programmes to develop equally well. He challenged other donors to contribute to ensuring that all thematic programmes would develop similar to the REDD programme. He conveyed the best wishes of the Norway Forest and Climate Initiative to the Council and looked forward to seeing further results of the REDD Thematic Programme.
84. Dr. James Gasana (Switzerland) congratulated Norway for the contribution. Dr. Gasana pledged Switzerland's support to the Thematic Programmes and indicated that Switzerland would announce its contribution in due course.
85. Dr. Atsushi Suginaka (Japan) congratulated Norway for the contribution. He mentioned that Japan was also willing to contribute to the REDD Thematic Programme and would announce its contribution in due course.

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

86. Dr. Gerhard Breulmann (ITTO Secretariat) presented the report as contained in document ITTC(XLVI)/9.
87. Pledges received during the Forty-fifth Session of the ITTC allowed the launching of two additional Thematic Programmes - "Community Forest Management and Enterprise" (CFME) and "Trade and Market Transparency" (TMT) in 2010. The development of "Monitoring Protocols" to guide the programme monitoring and evaluation had been finalized for the four active TPs on CFME, REDD, TFLET and TMT. The Spring 2010 cycle attracted eighteen (18) proposals from 10 Member Countries and the ITTO Secretariat out of which seven proposals were for TFLET, two proposals for TMT, and nine proposals for CFME. There was no call for proposals under REDD for lack of sufficient funds.

Following the review procedures, a pre-appraisal of the proposals was conducted by the Secretariat followed by a review through the respective Thematic Programme Advisory Committees (TPACs).

88. Based on the appraisals and recommendations of the respective Thematic Programme Advisory Committees the Executive Director approved the funding of the following ten (10) new proposals:
- Equipping small and medium sized forestry enterprises in China for procurement of tropical timber from legal and sustainably managed forests (China);
  - Developing collaborative management in Cibodas Biosphere Reserve, West Java, Indonesia (Indonesia);
  - Development and implementation of a species identification and timber tracking system in Africa with DNA fingerprints and stable isotopes (Germany);
  - Improvement of forest law enforcement in Guatemala (Guatemala);
  - Strengthening Capacity of Stakeholders for the Development of Community based Plantation Forest at 3 Selected Areas in Indonesia (Indonesia);
  - Increasing access to markets and capital for teak plantation smallholders in Thailand (Thailand);
  - Enabling customary landowners to participate effectively in CFM and REDD schemes within four pilot areas in PNG (PNG);
  - Enrichment of young forest plantations with selected NTFPs for livelihood improvement and support of forest fringe communities in Atwima Mpounua District of Ghana, in order to secure and protect eh resources on a sustainable forest management basis (Ghana);
  - International Conference on Forest Tenure, Governance and Small and Medium Forest Enterprises with Focus in the Asia Pacific (ITTO Secretariat); and
  - Improving resilience of the tropical timber sector to the impacts of global and regional economic and financial crises (ITTO Secretariat).
89. The total allocation of funds to the ten approved proposals under the TP Spring cycle 2010 was USD 2,675,331.
90. Dr. Breulmann reported that after the Forty-fifth Session in November 2009, additional funding of USD 335,327 had been received for TFLET from Germany (USD 87,871) and U.S.A. (USD 247,456). He provided information on the financial status of all the Thematic Programmes and urged the Council to emphasize the urgent need for additional financial pledges to initiate and implement all Thematic Programmes. He stressed that new funding was needed to more comprehensively address the defined outputs in pursuit of achieving the programmes objectives and also to enable ITTO to launch the fifth approved Thematic Programme on Industry Development and Efficiency (IDE).
91. Mr. Mario Rafael Rodriguez Palma (Guatemala) stated that the Thematic Programmes had given ITTO a new profile and called on the good will of donors to support the Thematic Programmes.
92. Mr. Alhassan Attah (Ghana) recalled that during the negotiations of the ITTA, 2006, the Thematic Programme was one of the key issues that gave hope to Producing Countries. However, during the pilot phase of the programme, there appeared to be a gap in meeting the financing needs of the programme and appealed to donors to provide more resources to the Thematic Programmes. He expressed concern about the evaluation of the Programme at the end of the pilot period if sufficient coverage was not achieved.
93. Ms. Carolina Costellini (Brazil) sought further clarification on the procedure for approving proposals under the Thematic Programmes.
94. Dr. Breulmann responded by indicating that the membership of the Thematic Programme Advisory Committee are contained in document ITTC(XLVI)/9. Their mode of operation was through electronic communication. The proposals were first pre-screened for completeness followed by pre-appraisal by the Secretariat. The proposals together with the results and comments of the pre-appraisal were forwarded to members of the Thematic Programme Advisory Committee for their expert review. The appraisal of the proposals was based on the methodology similar to that used by the Expert Panel for Technical Appraisal of Project and Pre-Project Proposals of the regular project cycle. He indicated that about 3-4 proposals were normally assigned to one reviewer depending on the number of proposals received. The results and recommendations of the Thematic Programme Advisory Committee were communicated to the Secretariat and the pre-selection of approved proposals was

done by the Executive Director and communicated to TPAC members for their comments. In the absence of any objections from the TPAC members, the approval of the proposals was then communicated to the submitting governments.

95. The Executive Director provided further information on the evaluation of the Thematic Programmes after the pilot phase. He indicated that from his discussions with some donors, the general view of donors was that even if the threshold for the Thematic Programmes was not reached there could still be an evaluation to see how the programme had functioned, the difficulties faced in order to continue with the full implementation of the programme.
96. Dr. David Brooks (U.S.A.) stated that the performance of the Thematic programmes should be evaluated after the pilot phase of the programme. He indicated that the evaluation should be carried out as soon as the new Agreement comes into force. He mentioned that the United States did not expect that the ITTA, 2006 would take so long to enter into force and that he was expecting that by now the Thematic Programmes would have been fully operational to allow for a much more robust test of the premise that the thematic approach would in fact attract new sources and level of funding. He said that the United States was ready to participate in any discussions as to what lessons could be learnt from the implementation of the Thematic Programmes, on a pilot basis. He underscored the fact that the performance of the Thematic Programmes, on a pilot basis under the ITTA, 1994 might or might not be a robust demonstration of how the Thematic Programmes would perform under ITTA, 2006 including those functions relating to raising new and additional sources of financing as well contribution to the body of work of the Organization. He noted further that the budgets for the various Thematic Programmes were indicative budgets and only a notional idea and, therefore, should not be used as a measure of performance of the Thematic Programmes.
97. Mr. Koji Hattori (Japan) supported the intervention of the United States and stated that the implementation of the Thematic Programmes on a pilot basis should be successful in order to attract more additional funding for ITTO projects. He indicated that Japan was watching carefully the current implementation, monitoring and evaluation of the Thematic Programmes and that after the pilot phase, the entire Thematic Programme processes should be reviewed at the next Session of the Council to ensure effective implementation and hoped that it would also coincide with the entry into force of the ITTA, 2006.

**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 16)**

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

98. The report was presented by Mr. Oliver Gardi (Consultant). He referred to document ITTC(XLVI)/10 and informed the Council that UNFCCC COP16 in Cancun, Mexico adopted two draft negotiation texts of the AWG-KP (I/CP.16) and AWG-LCA (I/CMP.6) He indicated that the adoption of those Agreements marked an important milestone in the UNFCCC negotiations. The Agreements provided instruments for a future climate deal and a positive and forward looking spirit so that a strong deal could be reached at the next Conference of Parties meeting (i.e. UNFCCC COP17).
99. On the future of the Kyoto Protocol, COP16 of UNFCCC decided on a project based flexible mechanisms, particularly the CDM as well as LULUCF for achieving future Annex 1 Parties Commitments. On the future of the AWG-LCA, the COP decision covered the main elements of the Bali Action Plan i.e. shared vision for long term cooperative action, adaptation, mitigation (including REDD+) finance, technology and capacity building.
100. He noted that there were currently three mitigation mechanisms being discussed under the UNFCCC that were relevant for tropical forests and tropical timber economy:
  - Continuation of the land use, land-use change and forestry (LULUCF) for Annex 1 countries and the Clean Development Mechanism (CDM) under the Kyoto Protocol;
  - Nationally Appropriate Mitigation Actions by Developing Countries (NAMAs) under the AWG-LCA-enhanced action on mitigation. These are voluntary actions by Non-Annex 1 countries that might or might not be supported by developed countries;

- Policy approaches and positive incentives or 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 (REDD+).

101. In the UNFCCC COP16 Decision 1/CP.16 Section 3C on REDD+, the Parties agreed that “Provided that adequate and predictable support is forthcoming, developing countries should aim to slow, halt and reverse forest cover and carbon loss”. In order to achieve this objective, developing countries should develop:

- A national strategy or action plan for REDD+;
- A national forest reference level or sub-national reference levels as an interim measure;
- A robust and transparent monitoring system; and
- A system for providing information on how safeguards were being addressed.

COP16 decided to include all activities mentioned under REDD+, including:

- Reducing emissions from deforestation and forest degradation;
- Conservation of forest carbon stocks;
- Sustainable management of forest;
- Enhancement of forest carbon stocks.

However, corresponding definitions were not provided. Accounting for REDD+ activities should be carried out at national level or if appropriate, at sub-national level as interim measure.

102. On the issue of governance, COP16 provided a long list of safeguards that should be promoted, inter alia:

- Consistency with national forest programmes, international conventions and agreements;
- Transparent governance structures;
- Respect for knowledge and rights of indigenous peoples and local communities;
- Full and effective participation of relevant stakeholders; and
- Conservation of natural forests and biological diversity.

103. Mr. Garvoie Kardoh (Liberia) stated that Liberia being one of the countries with the largest track of rain forest, especially within the upper Guinea belt was concerned about the REDD issue. He noted that some countries had not been factored into the pilot phase of the REDDES programme. However, Liberia’s experience had shown that forest was not about trees and animals but also about people. He wanted to know how soon some serious measures would emerge bringing on-board all the Producer Members of ITTO.

104. Mr. Koji Hattori (Japan) expressed appreciation to the Government of Mexico for hosting the UNFCCC COP16. He indicated that it was important for Member Countries to share latest information on the relationship between forest and climate change and the role of forests. He underlined that through information sharing the role of ITTO could be identified and its activities promoted. On the issue of REDD+, he hoped that ITTO would be able to contribute actively by controlling deforestation and forest degradation using its experience and know-how.

105. Mr. José Carlos Fernández Ugalde (Mexico) stated that ITTO should find a particular niche regarding its role in REDD. He informed the Council about efforts being carried out between the UN-REDD Program, FIP and FCPF to coordinate activities. In addition to these, there was also the GEF Fund, similar to the ITTO REDDES programme. He called for a closer relationship between ITTO and these other bodies and requested that Member countries be informed of developments being carried out through these coordination efforts. Mr. Ugalde also stated that Producing Countries were having great expectations and that the REDD strategies of different countries were extremely important and, therefore, a natural area of work for ITTO.

106. In his response, Mr. Oliver Gardi agreed that ITTO should have a strategic decision as to where to position itself within the wide scope of REDD and because of ITTO’s history and wide experience its niche should be focused on the issue of sustainable forest management.

107. The Executive Director further underlined the role of ITTO in promoting sustainable forest management with the development of several Policy Guidelines on SFM. He reiterated that good forestry based on sustainable forest management would have beneficial impact on climate change. He also mentioned that ITTO had developed a specific thematic programme on REDDES encompassing various aspects of sustainable forest management. He hoped that the programme would be able to make a very good impact in ITTO Member Countries and called for more resources.
108. Dr. Agus Sarsito (Indonesia) stated that it was important for ITTO to echo sustainable forest management and address the imbalance in economic, social and environmental aspects of the forests through concrete support to projects in Producing Member Countries during the readiness phase of REDD+ activities.

**(b) Feasibility Study on Building a Voluntary Carbon Marketing Scheme to Promote Sustainable Forest management**

109. The report was presented by Mr. Tapani Oksanen (Consultant) and is contained in document ITTC(XLVI)/11.
110. The objective of the study was to identify a mechanism to capture funds from the private sector and individuals to fund voluntary forest climate change projects with the potential to generate emission reductions and other environmental services. He briefed the Council on the methodology for the study. He stated that public sources would not be enough to support REDD+ and that leveraging private investment would be critical at some point. He noted that some estimates had indicated that up to 85% of the investment needs in the performance-based payments would come from the private sector resulting in an investment potential of up to USD 100 billion per year assuming a price of carbon of USD 20 per ton. He further indicated that UNFCCC COP16 had renewed the hope for an international agreement on climate change and, therefore, an increased interest of the private investors to look into REDD+ as a business proposition and also compel the private sector to address climate issues internally to offset unavoidable emissions (e.g. through REDD+).
111. Mr. Oksanen underscored the fact that REDD+ had been seen as a Public-Private Partnership (PPP) mechanism, and therefore, the private sector would be looking for partners to implement projects. He noted that early movers in the private sector were already active, and partnerships were already being formed. Private actors interested in REDD+ could be categorized into three types:
- Companies interested in purchasing solely carbon credits for corporate social responsibility (CSR) and/or pre-compliance purposes directly from carbon credit providers available in the carbon market;
  - Companies interested in donating resources to promote forest/REDD+ project preparation activities for philanthropic purposes with or without interest in potential carbon credits that could be generated;
  - Forest-runners risking up-front investments to be the first in the market to generate large amounts of REDD+ credits.

He indicated that one of the challenges of the private sector in entering into the market of implementing REDD+ had been the complexity of the set-up and, therefore, from an investors point of view the opportunity to invest into REDD+ had been seen as very diffused, with multiple actors.

112. Mr. Oksanen highlighted the following advantages for ITTO in the REDD+ partnerships:
- Intergovernmental organization, with long standing relationship with tropical timber producing countries;
  - More than 20 years of experience on promoting SFM, land tenure, community organization, improving governance, forest inventories, etc.
  - Already participating in various REDD+ related initiatives with the private sector e.g. Marubeni and 7 and i Holdings;
  - REDDES Thematic Programme as an existing framework;
  - Actively engaged with various REDD+ related initiatives (UNFCCC, CBD, CPF, UNFF...);
  - JICA-ITTO partnership to promote sustainable use and conservation of tropical forests and to promote capacity building in ITTO Producing Member Countries together with REDD+ guidebook; and

- Among the international forest related organizations ITTO has had the closest link to the private sector.

113. Mr. Oksanen proposed the following strategies for ITTO to attract private resources:

- The need to increase knowledge and awareness about the Organization and its capabilities amongst the private sector actors. ITTO should, therefore, start to build solid partnerships with international private sector institutions such as the World Business Council for Sustainable Development (WBCSD) and the International Chamber of Commerce (ICC);
- Improve REDDES proposals to attract private sector. ITTO should work with country governments to increase awareness of REDD+ project requirements and also develop an ITTO guidebook on REDD+;
- Attract donations from the private sector to REDD+ project preparation activities. This should be targeted to foundations, CSR and other philanthropic channels.

114. In conclusion, Mr. Oksanen stated that the possibilities for ITTO to work on REDD+ with the private sector was likely to rapidly materialize and the Organization should move towards making itself an indispensable partner to work with the private sector and Producer Member Countries.

115. Ms. Carolina Costellini (Brazil) stated that the UNFCCC should be the only forum to discuss issues related to climate change. Hence, expressed concern about the proliferation of fora for climate change discussions. She noted that a new period of commitment under the Kyoto Protocol was under negotiations focusing on:

- positive incentives and policies related to the reduction of deforestation and forest degradation in developing countries; and
- the role of forest conservation, sustainable management and increasing of forest carbon stocks.

She indicated that concepts, strategies and legal basis for mitigation regarding forests should not be developed in other fora, such as ITTO. The monitoring of any proceedings under the UNFCCC by ITTO would be legitimate since it would be done in an objective and impartial way and strictly for informative purposes. She referred to document ITTC(XLVI)/10 and stated that there were many judgments and opinions about many issues under negotiations in the UNFCCC. She cited a comparative analysis on a text which was still being negotiated by the Parties to the UNFCCC, and indicated that that kind of analysis was beyond the mandate of ITTO. Besides, it did not seem appropriate to evaluate Decision 4/15 of COP15 of UNFCCC as vague or evaluate the Clean Development Mechanism of the Kyoto Protocol as not being successful. She further indicated that document ITTC(XLVI)/10 also made reference to convergence of synergies between projects and institutions which in the opinion of Brazil should rather be considered with caution. She noted that in discussions on climate change and agriculture developed countries tend to argue that there was no need for greater efforts in the area of adaptation given that many actions had already been implemented in other fora. Promoting synergies could, therefore, have the adverse effects of pre-empting discussions under the UNFCCC. Ms. Costellini, therefore called on the Council not to endorse the recommendations contained in document ITTC(XLVI)/10.

116. Ms. Costellini also referred to document ITTC(XLVI)/11 on "Building A Voluntary Carbon Marketing Scheme to Promote Sustainable Forest Management" and stated that Brazil was not convinced about the feasibility of using market instruments for forest conservation and that there was no consensus in the UNFCCC on that issue. She reiterated that ITTO had no mandate to propose and analyze funding schemes in REDD before a final decision was taken by the UNFCCC. She proposed that the Council should limit itself to taken note of the information compiled. Ms. Costellini underscored the government of Brazil's understanding about the importance and attractiveness of climate change issues. However, the government would want ITTO to limit itself to informing Members on the current issue and avoiding the development of projects and activities that did not necessarily reflect the opinion of countries and where there was no clear consensus in the UNFCCC.

117. The Chairperson, in response stated that some of the concerns raised by Brazil were in conflict with the Biennial Work Programme and the Thematic Programme on REDDES, which had already been approved by the Council.

**INTERNATIONAL YEAR OF BIODIVERSITY AND INTERNATIONAL YEAR OF FORESTS (Agenda Item 17)**

118. Mr. Tim Christophersen (CBD Secretariat) commended the leadership of the Executive Director, Mr. Emmanuel Ze Meka, and the ITTO Secretariat and noted that over the past years the relationship between the CBD and ITTO had grown from one of mutual respect and recognition to one of active and fruitful collaboration. He underscored the fruitfulness of the collaboration at the level of the two Secretariats and hoped to extend this added-value to member Countries. He reported that there were over one thousand events worldwide during the International Year of Biodiversity 2010, and that the closing ceremony would be in Kanazawa, Japan on 18 December 2010, where there would be a joint ceremony with the UNFF to signal a seamless transition from the International Year of Biodiversity to the International Year of Forests. Mr. Christophersen stated that the highlight of International Year of Biodiversity was the CBD COP10 in Nagoya, Japan, which adopted three landmark decisions:

- A new international treaty on access and benefit sharing of genetic resources;
- New strategic plan for biodiversity for 2011-2020; and
- A strategy for financing biodiversity.

119. Mr. Christophersen stated that the new strategic plan of CBD contains twenty ambitious targets out of which four are related to forests and closely related to the objectives of ITTO. Hence one of the decisions at COP10 was for CBD to collaborate with ITTO. He noted that the key elements of the collaboration would involve four key areas of the CBD Programme of Work:

- Enhanced biodiversity conservation in production forests and rehabilitation of secondary forests;
- Improved conservation and management of protected areas in transboundary areas;
- Enhanced production of environmental services from tropical forests; and
- Improved welfare of indigenous and local communities.

120. Mr. Christophersen highlighted three reasons why CBD considers the collaboration with ITTO to be very important:

- The crucial role of forests for sustainable development and environmental services being at basis of this role;
- Recognition of the importance of stakeholder engagement;
- Environmental services provided by forests go beyond timber supply and include drinking water, genetic resources for medicinal use, recreation, crop pollination and natural pest and disease control with biodiversity forming the basis of these environmental services.

He indicated that CBD had carried out a scientific synthesis in 2009 on the relationship between biodiversity, forest resilience and climate change and found strong evidence that the resilience, health and productivity of forests depends on biodiversity. Biodiversity also determines how far forests would be able to respond to a change in environmental conditions. For these reasons CBD considers that a focus on biodiversity and production forests would be beneficial to ITTO Producer Members.

121. Mr. Christophersen said that in 2011, during the International Year of Forests and beginning of the International Decade of Biodiversity (2011-2020), collaborative initiative would be a key instrument for the full integration of biodiversity objectives into forest sector policies and measures. He noted the successful collaboration between ITTO and CITES over the past years and hoped that CBD-ITTO collaboration would build on that model and that Producing Member countries would be actively engaged in such a collaboration by proposing projects both at the national and regional levels such as transboundary conservation areas and that Consumer Countries would provide the necessary financial support to the collaboration.

122. Mr. Alhassan Attah (Ghana), on behalf of the Producer Group, stated that he Memorandum of Understanding between ITTO and CBD showed the extent to which ITTO was willing to collaborate with other organizations during the International Year of Biodiversity and underscored the value of the collaboration between ITTO and CBD. He further noted the strong relationship between biodiversity and forests and hoped that through the collaboration strong working relationships could be developed within the various countries and regions to enhance the role of forests. He called for continued constructive engagement between ITTO and CBD for the mutual benefit of the two Organizations.

123. Mr. Enzo Barattini (European Union) stated that the European Union was looking forward to the collaboration between ITTO and CBD and welcomed the activities carried out in the framework of the International Year of Biodiversity in collaboration with the CBD Secretariat. He noted that ITTO's objective is to promote sustainable forest management and proposed that this should be given more emphasis in the work areas and called for a more balanced mandate in the collaborative initiatives. Mr. Barattini also noted that the world was in the process of preparation of the Rio+20 and one of the themes of the conference would be a green economy in the context of sustainable development and poverty eradication. Mr. Barattini underscored the fact that the ITTA, 2006 recognizes the importance of the multiple economic, environmental and social benefits provided by forests including timber and non-timber forest products (NTFPs) and reiterated that the contribution of sustainable forest management should be well reflected in any ITTC decision on collaboration with CBD. He also called for a clear reference to the process of Rio+20 to be reflected in the ITTC decision. He indicated that placing ITTO activities as a contribution to Rio+20 would raise the profile of tropical forest sector in general and at the same time underscore its contribution to a green economy.
124. Dr. Atsushi Suginaka (Japan) welcomed and supported the collaborative initiative between ITTO and CBD. He stated that Japan as the Presidency of CBD COP10 in Nagoya recognized the usefulness of the ITTO-CBD collaborative initiative in enforcing the newly established CBD strategic plan which was one of the main accomplishments of the CBD COP10 in Nagoya. He also recognized that the collaborative initiative was quite useful in achieving the ITTO objectives and also enhancing the role of ITTO in international environment. He recalled that Japan announced at CBD COP10 to finance a project on the transboundary biodiversity conservation of the Mekong Protected Forest Area as part of the collaborative initiative. He called on other donors to join the initiative.
125. Mr. Koji Hattori (Japan) stated that during the International Year of Forests, Japan would explore the opportunity to deepen its recognition of the importance of sustainable forest management and conservation of forests. He stated that the Government of Japan started its activities for "Green Wave 2010" since 22 May 2010. Japan had also established a national committee for the International Year of Forests and had already launched a website for it. He indicated that Japan would hold various events on advocacy and public relations in 2011 and Government of Japan would like to solicit the collaboration of ITTO in carrying out these events.
126. Mr. Eduardo Mansur (ITTO Secretariat) informed the Council on activities carried out by ITTO during the International Year of Biodiversity (IYB) 2010. The report is contained in document ITTC(XLVI)/12. Some of the main activities undertaken by ITTO during the International Year of Biodiversity 2010 included:
- Signing of a Memorandum of Understanding between ITTO and CBD for the development and implementation of the CBD Program of Work on Forest Biodiversity in ITTO Producer Member Countries;
  - One-day conference organized by ITTO in cooperation with IUCN and JICA on "Biodiversity Conservation in Human Influenced Areas";
  - Side-event on "Sustaining Forest Biodiversity" organized by ITTO and CBD as part of the 23<sup>rd</sup> Session of the Asia-Pacific Forestry Commission;
  - International conference on "Biodiversity Conservation in Transboundary Tropical Forests" organized by ITTO in cooperation with the Ministry of Environment of Ecuador, CBD, IUCN, Fundación Natura and Conservation International-Ecuador";
  - Two special issues of the ITTO quarterly Tropical Forest Update focusing on biodiversity;
  - ITTO and CBD co-facilitated the CPF Working Group to advance the common message on sustainable forest management; and
  - Organizing a sub-plenary on "Forest Biodiversity" as part of the CPF-led Forest Day 4 in cooperation with CBD, UNFF and GEF Secretariats during COP16 in Cancun, Mexico.
127. Mr. Mansur highlighted some of the activities undertaken by ITTO during CBD COP10 held in Nagoya, Japan, on 18-29 October 2010, including:
- Signing an Exchange of Notes with the Ministry of Foreign Affairs of Japan to fund ITTO project PD 577/10 Rev.1 (F,I) "Management of the Emerald Triangle Protected Forest Complex to Promote Cooperation for Transboundary Biodiversity Conservation between Thailand,



Cambodia and Laos" with an ITTO contribution of USD 2,051,039 out of a total budget of USD 2,619,441; and

- ITTO side-events on "Biodiversity Conservation in Tropical Forests" and "A 360 View of Forests: People, Biodiversity, Carbon and More", in partnership with CBD and UNFF Secretariats.

128. With regard to the International Year of Forests 2011, Dr. Steven Johnson (ITTO Secretariat) proposed a number of activities to be undertaken by the Organization, including:

- Using IYF logo on the ITTO outputs (TFU, Annual Report, Annual Review, etc.);
- Linking ITTO website with IYF site;
- Special TFU issue with relevant CPF and other partner input;
- 2010 Annual Report with special section on ITTO success stories;
- Launching of SFM Tropics 2010 report;
- Publication of revised SFM Guidelines;
- Asian Forest Tenure Conference;
- Production of posters, pamphlets, calendar and other materials; and
- Regional meetings to celebrate entry into force of ITTA, 2006 and the 25th Anniversary of ITTO's establishment.

129. Mr. Alhassan Attah (Ghana), on behalf of the Producer Group, urged donors to support the activities proposed by the Secretariat to celebrate the International Year of Forests and the 25<sup>th</sup> Anniversary of the establishment of ITTO. He noted that the proposed activities would bring a lot of visibility to the Organization. He cited the publication of ITTO success stories and proposed that there should be a focus on work at the regional level to ensure effective dissemination and exchange of views and experiences by the various regions. He also mentioned the on-going discussions on tropical forests and its contribution to the mitigation of climate change and the linkages to livelihoods. He stressed that 2011 should be the year that ITTO should be able to create that awareness to allow the international forestry dialogue to begin to seriously look at the role of tropical forests, not only in terms of conservation but also the livelihood provided by tropical forests to millions of people.

#### **MATTERS RELATED TO ARTICLE 16 OF ITTA, 1994 – DECISION 5(XLII) (Agenda Item 18)**

130. The Chairperson introduced this agenda time. He informed the Council that the tenure of office of the Executive Director, Mr. Emmanuel Ze Meka, would expire on 5 November 2011, before the next Session of the Council. He recalled that the two previous Executive Directors served for two terms and invited the Council to consider the approval of the second term of Mr. Emmanuel Ze Meka.

131. The Council noted with appreciation, Mr. Ze Meka's dedication and untiring contribution to the management of the Organization and unanimously approved the second term of his appointment with effect from 6 November 2011 to 5 November 2015.

#### **CIVIL SOCIETY/PRIVATE SECTOR PARTNERSHIP FOR SUSTAINABLE FOREST MANAGEMENT – DECISION 5(XXXIII) (Agenda Item 19)**

132. The Chairperson informed the Council that this agenda item had been referred to the Committee on Economic Information and Market Intelligence for discussions.

#### **ITTO FELLOWSHIP PROGRAMME – DECISION 4(XXVII) (Agenda Item 20)**

(a) Progress Report on the ITTO Fellowship Programme

133. Mr. E. Collins Ahadome (ITTO Secretariat) presented the report as contained in document ITTC(XLVI)/13. He noted that the Fellowship Programme which began in 1989, had enabled 1,083 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. Thirty-two percent of the fellowships had been awarded to people from Asia-Pacific, 30% to people from Africa and 23% from Caribbean/Latin America. Eleven percent (11%) of the fellowships had been awarded to people from developing consumer countries, such as China and Nepal, and 4% to people from developed consumer countries who 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 6.3 million with funding provided through the generous voluntary contributions from Japan (75%), U.S.A. (13%), The Netherlands (7%), Australia (4%) and others (1%) including Sweden, U.K., and Bali Partnership Fund Sub-Account B.

134. Mr. Ahadome also reported on an impact assessment of the Fellowship Programme conducted by the Secretariat in spring 2010, which showed that the programme had made significant contribution to human capacity development in ITTO Producing Member Countries.

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

135. The report was presented by Mr. Joachim Bilé Allogho (Gabon), Chairperson of the Panel. The report is contained in document ITTC(XLVI)/14. The selection panel was composed of representatives of Cameroon, Colombia, Malaysia, Canada, China and Japan. In 2010, the selection panel considered a total of 232 applications made up 193 applications from Producing Member Countries and 39 applications from Consuming Member Countries. The panel recommended that 49 applications should be approved by the Council, subject to the availability of funds at a total cost of USD 272,325. Women accounted for 31% of the approved applications. Ninety-four percent of the approved applications were from Producing member Counties and 6% from developing Consuming Countries.
136. Mr. Takuo Sato (Japan) welcomed the impact assessment conducted by the Secretariat. He was glad that the assessment showed that the Fellowship Programme had had a tangible impact in the promotion of sustainable forest management in ITTO Producing Member Countries. He expressed appreciation for the efforts made by the selection panel and the Secretariat to achieve these positive results. He pledged Japan's continuous support to the programme and called on the Secretariat to disseminate the results of the impact assessment world-wide in order to publicize ITTO's contribution to capacity building for SFM and to encourage more qualified people from Member Countries with diverse background to apply to the programme.
137. Mr. Peter M. Papka (Nigeria) acknowledged the support and impact of the ITTO Fellowship Programme and stated that within the context of the objectives of the assessment, the institutional perspective of the training should have been sought. He proposed that in future impact assessments, the institutions of past awardees should be requested to provide an opinion as to the extent their training had influenced their performance and sustainable management practices. He indicated that the assessment undertaken was on the basis of individuals and that there could have been some externalities that could have influenced some of the conclusions. He, however, commended ITTO for the programme.
138. Dr. David Brooks (U.S.A.) underscored the fact that the Fellowship Programme had been one of the most important areas of work and contribution of ITTO. He indicated that building human capacity to promote SFM and trade in timber from sustainable managed forests was one of the tangible achievements of ITTO and pledged the United States continued support to the Fellowship Programme.

**DRAFT ANNUAL REPORT FOR 2009 (Agenda Item 21)**

139. The Annual Report for 2009 was presented by Mr. E. Collins Ahadome (ITTO Secretariat). The report is contained in document ITTC(XLVI)/4. The report highlighted the work of the Organization in 2009, 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 2009.
140. Some of the highlights of the work of the Organization in 2009 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;
  - Strengthening policies and opportunities for forest investment;
  - Study on the technical and environmental standards of tropical timber products in international markets;

- 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;
- Encouraging involvement of non-governmental stakeholders in the activities of ITTO;
- Monitoring developments and progress in timber procurement policies;
- Reviewing of long-term outlook for tropical timber;
- Monitoring the competitiveness of tropical wood products compared with other materials; and
- Monitoring progress in the application of criteria and indicators for sustainable forest management.

## **SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 22)**

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

141. 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)**

142. The report was presented by Dr. David Brooks (U.S.A.). 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-fifth 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 November 2010, the total funds received in the Sub-Account B of the BPF since its establishment, amounted to USD 19.15 million. The projected available fund balance as of 31 December 2010 was USD 136,382.94.

143. The Secretariat further informed the Panel that the projected funds to be available in the "Unearmarked Funds" as of 31 December 2010 was USD 633,524.61, after taking into account the total allocations of USD 12.52 million, made at the previous Sessions held from November 2003 to November 2009.

144. The Panel took note of the on-going work on the various pre-projects, projects and activities and identified a number of projects and activities that could become eligible for financing from the resources of the Sub-Account B of the BPF and/or Unearmarked Funds. However, after reviewing the available resources and future projected receipts, the Panel decided on allocating available funds and any possible additional incoming funds during 2011, as follows:

(i)	Annual Market Discussion 2011	USD 50,000.00
(ii)	Support participation of CSAG-TAG at Session of the ITTC in 2011	USD 40,000.00
(iii)	ITTO Information Network (TFU) for 2011	USD 650,000.00
(iv)	Market Information Service for Tropical Timber and Timber Products (MIS) for 2011	USD 350,000.00
(v)	Support to convene the V Latin American Forestry Congress	USD 50,000.00 (partial)

145. The report of the Panel was approved by the Council.

## **REPORT OF THE JOINT AND ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 23)**

### **Joint Session of the Committees**

146. The Joint Session of the Committees was chaired by Mr. Tabi Agyarko (Ghana), Chairperson of the Committee on Reforestation and Forest Management. The Joint Session considered the reports of the Expert Panel for Technical Appraisal of Project Proposals at its Thirty-ninth and Fortieth meetings held on 1-5 February and 2-6 August 2010 respectively in Yokohama, Japan. The reports were presented by Dr. Luiz Carlos Estraviz Rodriguez (Brazil), Chairperson of the Expert panel. In summary the reports indicated that:

- (i) a total number of 19 and 20 proposals were appraised by the Panel at its Thirty-ninth and Fortieth meetings respectively;
- (ii) a total number of 5 proposals (26% of proposals evaluated) were accorded category 1 rating at the Thirty-ninth meeting and 6 proposals (30% of proposals evaluated) were accorded category 1 rating at the Fortieth meeting.

147. 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:

PD41/99 Rev.4 (M) Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) (Philippines); and

PD133/02 Rev.3 (M) Timber and Timber Products Trade Flow Study in the Philippines

The report was presented by Mr. Neil Byron (Consultant).

PD264/04 Rev.3 (M,I) Timber of Tropical Africa Part 1: Group 7(1) within the PROTA Programme (Ghana)

The report was presented by Dr. Ivan Tomaselli (Consultant)

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

PD108/01 Rev.3 (I) Development of Sustainable Rattan Production and Utilization through Participation of Rattan Small Holders and Industry in Indonesia;

PD277/04 Rev.3 (I) Promoting Selected Non-Timber Forest Products based on Community Participation Approach to Support Sustainable Forest management in East Kalimantan (Indonesia); and

PD286/04 Rev.1 (I) Strengthening the Capacity to Promote Efficient Wood Processing Technologies in Indonesia.

The reports were presented by Dr. Antonio Manila (Consultant).

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

(a) Thematic Group Evaluation: Criteria and Indicators for Sustainable Forest Management

PD195/03 Rev.2 (F) To Establish a National Monitoring Information System for the Effective Conservation and Sustainable Management of Thailand's Forest Resources (Thailand);

PD225/03 Rev.1 (F) Adoption and Implementation of an Appropriate System of Criteria and Indicators for the Philippines; and

PD389/05 Rev.2 (F) Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level (Indonesia)

The reports were presented by Dr. Don Wijewardana (Consultant).

(b) Thematic Group Evaluation: Biodiversity Conservation

PD14/00 Rev.5 (F) Integrated Plan for the Consolidation of the Bagre Highlands Biological Corridor, Province of Darien (Panama);

PD17/00 Rev.3 (F) Conservation and Development in the Natural Protected Areas System of Tambopata (Peru) – Madidi (Bolivia);

- PD44/00 Rev.3 (F) The Implementation of a Community-based Transboundary Management Plan for the Betung Kerihun National Park, West Kalimantan, Indonesia – Phase II; and
- PD224/03 Rev.1 (F) Transboundary Biodiversity Conservation: The Pulong Tau National Park, Sarawak State, Malaysia – Phase I

The reports were presented by Dr. Jeffrey Sayer (Consultant)

(c) Thematic Group Evaluation: Forest Plantations/Growth and Yield

- PD22/98 Rev.1 (F) Development of Teak cloning and Establishment of Industrial Plantations (Côte d'Ivoire);
- PD41/00 Rev.3 (F,M) Model Development to Establish Commercial Plantation of Dipterocarps (Indonesia);
- PD53/00 Rev.3 (F) Implementation of a Permanent Network of Standards Dynamics Monitoring Plots for the Gazetted Forests of Côte d'Ivoire; and
- PD386/05 Rev.1 (F) Technological Development for the Production of Planting Materials to Support Sustainable Plantation of Bali Indigenous Species through Community Participation (Indonesia)

The reports were presented by Dr. Hosny El Lakany (Consultant).

150. The Joint Committee also considered an ex-post evaluation report on the project PD289/04 Rev.1 (F) – Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Transboundary Biodiversity Conservation between Thailand, Cambodia and Laos – Phase II (Thailand and Cambodia). The report was presented by Dr. James Gasana (Consultant).
151. The Joint Committee considered the Terms of Reference (TOR) for a Meta-Evaluation of ITTO ex-post evaluation which was requested by the CRF Committee at its previous Session. The TOR was referred to a working group composed of Brazil, Cameroon, Ghana, Guatemala, Indonesia, Malaysia, Peru and U.S.A. The revised TOR was considered and approved by the CRF Committee.
152. The Joint Committee further considered an interim report on “Study of Criteria and Indicators Processes” which was presented by Ms. Stephanie Caswell (Consultant). She underlined the fact that C&I had been recognized as an effective tool for monitoring, assessment and reporting on forest trends and progress towards sustainable forest management at the national level. However, at the field level, the extent to which C&I were having a positive impact on forest management practices was less evident. She noted the timeliness of the study in the context of ongoing discussions on REDD+ and carbon accounting, CBD 2020 strategic plan and a new WB/FAO initiative to develop indicators for forest governance.
153. The objectives of the study were to:
- Identify how C&I were being applied at FMU and other operational levels;
  - Assess impacts/effects of these applications on SFM;
  - Propose ways to strengthen ITTO C&I with focus at the FMU level and to enhance collaboration among C&I processes.
154. The study had been focusing on 5 active C&I processes including:
- ITTO (national and FMU C&I);
  - ATO/ITTO (principles, Criteria and Indicators);
  - Tarapoto process for the Amazon;
  - Forest Europe (MCPFE – Ministerial Conference on the Protection of Forest in Europe); and
  - Montreal Process (national C&I)

155. Ms. Caswell mentioned that the consultants had begun consultations with the coordinators and the Secretariats of the five processes and were also reviewing recent national reports that had been prepared using Criteria and Indicators. She noted that the primary tool for the study would be to circulate questionnaires to governments, companies, industry associations, local communities, etc. The consultants had almost finalized the survey questionnaire for government agencies and these would be circulated by the Secretariat to Member Countries and other stakeholders in due course.

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

156. Ms. Carla Boonstra (The Netherlands), Chairperson of the Committee on Economic Information and Market Intelligence, presented the report of the Committee, as contained in document CEM-CFI(XLIV)/6. The Committee met in Joint Session with the Committee on Forest Industry.
157. The Committee noted the summary report on the ITTO Annual Market Discussion 2010, held in the Joint Session of the technical Committees on 15 December 2010. The theme of the Market Discussion was "Innovations and Technologies in Wood-based Industries". It was chaired by Ms. Carla Boonstra, Chairperson of CEM and moderated by Mr. Barney Chan, TAG Coordinator. The Committee also considered the reports of four (4) completed projects and two (2) completed pre-projects and declared these duly complete. The Committee further considered the progress in implementation of eleven (11) projects and two (2) pre-projects.
158. 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) consider further work on forest law enforcement and illegal trade in timber and timber products; (v) enhancement of statistical work and training workshops on statistics; (vi) promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources; and (vii) establishment of a working group to develop guidelines on legality and sustainability for timber products for public procurement.
159. The Committee elected Mr. Josue Ivan Morales (Guatemala) and Mr. Rob Busik (The Netherlands) as Chairperson and Vice-Chairperson respectively for 2011.
160. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

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

161. Mr. Tabi Agyarko (Ghana), Chairperson of the Committee on Reforestation and Forest Management presented the report of the Committee, as contained in document CRF(XLIV)/13.
162. The Committee considered the reports on fifteen (15) completed projects and declared these as duly complete and reviewed the status of implementation of twenty-five 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.
163. 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) facilitate the application of ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests; (iii) contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests; (iv) monitoring the progress in the application of criteria and indicators for sustainable forest management; (v) 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; (vi) international conference on forest tenure, governance and small and medium enterprises with focus on the Asia-Pacific region; and (vii) assess resources required to implement sustainable forest management.
164. The Committee elected Mr. Patrick Hardcastle (U.K.) and Dato Dr. Abdul Rahman Abdul Rahim (Malaysia) as Chairperson and Vice-Chairperson respectively for 2011.
165. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

### **Committee on Forest Industry**

166. Dr. Kug-Bo Shim (Republic of Korea), Chairperson of the Committee on Forest Industry presented the report of the Committee as contained in document CEM-CFI(XLIV)/6.
167. The Committee considered the completion reports on four (4) projects and one (1) pre-project and duly declared these as complete and selected the following two completed projects for ex-post evaluation:
- |                    |   |
|--------------------|---|
| PD37/94 Rev.3 (I)  | Strengthening of the Forest Products Laboratory of IBAMA (Brazil)   |
| PD100/01 Rev.3 (I) | Capacity Building for the Development of a Sustainable Rattan Sector in China based on Plantation Sources |
- The Committee further reviewed the progress in implementation of twenty-seven (27) projects and three (3) pre-projects and noted that six (6) previously approved projects were still pending finance and recommended to the Council that funding made immediately available for these projects.
168. On policy work, the Committee on Forest Industry held discussion on strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries and decided that at its next Session, the Committee would hold discussions on innovative technology for efficient use of tropical timber products.
169. The Committee on Forest Industry elected Dr. Samuel Ebia Ndongo (Cameroon) and Dr. James Gasana (Switzerland) as Chairperson and Vice-Chairperson respectively for 2011.
170. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

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

171. Dr. David Brooks (U.S.A.), Chairperson of the Committee on Finance and Administration presented the report of the Committee, as contained in document CFA(XXV)/9.
172. The CFA reviewed the draft Administrative Budget for 2011 and recommended to the Council to approve the Administrative Budget for 2011 in the amount of USD 7,058,902. The assessed contributions from Members for 2011 would be USD 7,246,000 to take account of the discount to be given to Members for timely payment of their contributions in 2010. The Committee also recommended to the Council to authorize the Executive Director to transfer an amount not exceeding USD 1,100,000 from the Working Capital Account to the current account in the Administrative Account to meet the anticipated shortfall of funds to cover the expenditures in 2010. The CFA also reviewed Members' contribution to the Administrative Budget and noted that in 2010, an amount of USD 1,906,188.91 had been received from Producing Members out of the total net assessment of USD 3,108,654.00 and USD 3,024,821.00 had been received from Consuming Members out of the net assessed amount of USD 3,056,371.00. The Committee urged all Members in arrears to settle these arrears promptly. The Committee further reviewed the status of the Administrative Account and noted that the resources of the Working Capital Account had been slightly increased from the balance of USD 3,123,736 at the beginning of 2010 to USD 3,329,703 as at 29 November 2010. The CFA also reviewed the resources of the Special Account and the Bali Partnership Fund and noted that the projected funds in the Sub-Account B of the BPF was USD 136,383 as of 31 December 2010.
173. The Committee on Finance and Administration reviewed the Auditor's report for the Financial Year 2009 and recommended to the Council to approve the report of the Independent Public Accountants on the Accounts of the Organization for the Year 2009. The Committee further recommended to the Council to appoint Ernst and Young Shin Nihon, Tokyo, as independent auditor to audit the Organization's Administrative Account, the Special Account, the Bali Partnership Account and the Executing Agencies Account, for three consecutive years beginning with the financial year 2010.
174. On other matters the Committee discussed the extension of the tenure of office of the Assistant Director for Management Services and recommended to the Council to approve a one year extension beyond his current retirement date, until 31 January 2012.

175. The CFA elected Dr. Agus Sarsito (Indonesia) and Dr. Atsushi Suginaka (Japan) as Chairperson and Vice-Chairperson respectively for 2011.
176. 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 24)**

177. Ms. Jennifer Conje (U.S.A.), on behalf of the Consumer Group, nominated Mr. Joachim Bilé Allogho (Gabon) as Chairperson of the Council for 2011.
178. Mr. Alhassan Attah (Ghana), on behalf of the Producer Group, nominated Ms. Carla Boonstra (The Netherlands) as Vice-Chairperson for the Council for 2011.
179. The Council unanimously approved both nominations

**Statement by the Chairperson-Elect**

180. In his acceptance statement to the Council, Mr. Joachim Bilé Allogho (Gabon), the Chairperson-elect expressed his gratitude to the Council for the honour bestowed on him and his country. He also commended the outgoing Chairperson, Mr. Daniel Birchmeier (Switzerland) for his efficient leadership of the Council. He noted that the results achieved at the Forty-sixth Session were the fruits of the spirit of consensus which had always characterized discussions within the Organization and hoped that a similar spirit would be there during the Forty-seventh Session. He called for the support of the Chairpersons of the various Committees and the two spokespersons in order that ITTO would open a new chapter in its history in Guatemala during the Forty-seventh Session of the ITTC. Mr. Allogho also praised the initiative of the Government of Guatemala for offering to host the next Session of the Council and thereby giving Members the opportunity to rediscover the natural setting of Latin America, a continent with enormous history and tradition of hospitality.
181. The Chairperson-elect noted that after twenty-five years of existence, ITTO was still expected to grow and that certain crucial issues discussed at the Forty-sixth Session would still have to be revisited at the next Session of the Council and cited:
- the continued efforts to bring the ITTA, 2006 into force as soon as possible;
  - improvements in monitoring and evaluation for the Organization's work during the intersessional periods; and
  - increasing the implementation efficiency of field activities that had enhanced the credibility of the Organization in tropical regions.
182. Mr. Allogho stated that ITTO, through its mandate enshrined in the ITTA, 2006 on the Thematic Programmes should persevere to enable the Organization to become one of the major stakeholders in the sphere of climate change control within the scope or reducing emissions from deforestation and forest degradation.
183. The Chairperson-elect commended the Executive Director and the Secretariat for the continuous efforts in promoting the Organization. He assured the Council of his readiness to strive to raise the profile of ITTO even further.

**DATES AND VENUES OF THE FORTY-SEVENTH, FORTY-EIGHTH AND FORTY-NINTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 25)**

184. H.E. Mr. Byron Rene Menendez Escobedo (Guatemala) confirmed that the Forty-seventh Session of the ITTC would be hosted by the Government of Guatemala on 14-19 November 2011 in La Antigua City, Guatemala.
185. Dr. Atsushi Suginaka (Japan) announced that the Forty-eighth Session of the ITTC would be convened in Yokohama, Japan on 5-10 November 2012. He also underlined his support for the principle of rotation of Sessions of the Council between Headquarters and Producing Member Countries. Dr. Suginaka reaffirmed the Government of Japan's willingness to host the Sessions of the Council in every two years.



186. Mr. Joachim Bilé Allogho (Gabon) announced that following the invitation by the Government of Gabon the Forty-ninth Session of the Council would be convened in Libreville, Gabon in November 2013. The exact dates of the Session would be conveyed to Members in due course.

#### **OTHER BUSINESS (Agenda Item 26)**

##### **Statement by the Trade Advisory Group (TAG)**

187. The statement was presented by Mr. Barney Chan, Coordinator of the Trade Advisory Group.
188. TAG stated that the recent problems of the global economy had been well documented and, therefore, urged the Council to appreciate the problems facing the tropical timber trade. The market demands for tropical timber were still weak mainly due to uncertainties, and exacerbated by the sovereign debts in Europe, issues over foreign exchange and financial fear. Producers and traders around the world were facing all sorts of issues which impact negatively on trade of tropical timber, including the following:
- In many cases, it had become more expensive to do business because of the number of new regulations. For example, the Lacey Act and the EU Illegal Timber Regulations all add to the difficulties and costs of doing business;
  - New forestry laws which were uncertain and not made clear to the trade e.g. the formaldehyde emission standards, grading rule, yield calculations and all sorts of hurdles impeding smooth commerce;
  - Some countries were still having problems issuing certificate for trade under CITES in an efficient and timely fashion. Some phytosanitary certificates had held up shipments, thus adding to cost of trade; and
  - Well intentioned public and private procurement policies demanding only FSC certified products were having adverse impact on the general demand for tropical timber.
189. TAG expressed concern that the lesser demand for tropical timber might encourage forest conversion into agriculture or other uses as developing countries were seeking to maximize their revenues. TAG was confident that expertise and experience, as well as the political will could be found in ITTO to guide Member Countries as they revise their laws to focus on sustainable forest management. TAG, therefore, proposed that an Expert panel be convened to look at the Best Practices demonstrated by countries as they amend national forestry and related laws to include legality and CITES compliance, as well as facilitate the introduction and execution of SFM in their forest and timber trade. The Expert Panel should be able to distil the lessons learnt and package them into a concise "ITTO Guide to Best Practices for SFM." The Guide would help some countries to carry out SFM as painlessly as possible.
190. TAG had also noticed that, in the last few years, the global discussions on forestry had been driven by issues of climate change and called on ITTO to take back the global lead from the climate change and carbon fraternity. The drive to address climate change in Western countries was also driving the demand for time over and above other substitute materials. However, the market was demanding proof and verification of chains – whether SFM or Life Cycle Analysis and reiterated that funding to support LCA studies/research was paramount. Mr. Chan underlined the fact that TAG had called for LCA studies ever since ITTO organized the "International Expert Meeting on Addressing Climate Change through Sustainable Management of Tropical Forests" in April 2008 and also raised the issue in November 2008 and in November 2009. He indicated that ITTO was well positioned to take the lead on such LCA studies and must come up with data to support the marketing of tropical timber products as "climate friendly".
191. In concluding, Mr. Chan mentioned that TAG had made statements at every Session of the Council and questioned how many of TAG's recommendations had been taken up in ITTO's work. He indicated that the Trade Advisory Group would like to play a more active and formal role in assisting the Council fulfill its objectives and functions and would want to offer its expertise to the IAG, Expert panels and wherever its trade knowledge and experience would contribute towards SFM in the tropics.
192. Dr. James Gasana (Switzerland) referred to the earlier intervention by Malaysia on procurement policies and requested for more information to be provided during discussions in the Committee on Economic Information and Market Intelligence.

193. Ms. Maplesden (Consultant) in response to the earlier intervention by Switzerland stated that data on certified timber was not available through the JQ and indicated that it had been difficult for Member Countries to provide even the minimum data on production and trade in tropical timber. She, however, stated that in the future it might be necessary to collect data on the proportion of certified timber although at the moment it was difficult to do that through the JQ. She also stated that it was difficult to track the supply chain in tropical SPWP and that was becoming more of an issue. This was in response to the clarification sought by the United States.

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

194. The statement was presented by Mr. Francis Kemaworlee, CSAG focal point for Africa. He expressed CSAG's appreciation to the Executive Director for his support in bringing together nearly all the members of the CSAG governance team to the Council Session. He underlined CSAG's important role as a contributor to ITTO's policy development, collaborators in and contributors to activities in countries and as potential implementers of ITTO's activities including projects.
195. He indicated that CSAG was struck by the deliberations of the Forty-sixth Session on the changing context for the tropical forest trade and forest management during the Annual Market Discussion 2010, the discussions on the implications of recent agreements in Cancun on climate change and the REDD+ mechanism, the findings of the Yaoundé Conference on business models regarding expanding opportunities for domestic and intra-regional trade and the discussions on new competition from "green and fair" market substitutes for tropical timber.
196. CSAG drew the Council's attention to the following three issues:
- (a) Given the changing world market situation, the rapid growth in many developing countries' economies and the changing demographics, including rapid urbanization, CSAG believed that domestic and intra-regional markets would only grow in importance, with benefits for expanded participation of smallholder and community enterprises and industries at multiple scales, and more flexibility for private sector and governments to respond to market shifts and downturns and new competitors.
  - (b) The negotiations at UNFCCC COP16 had reinforced a growing trend in a rebalancing of the voices shaping policies and decisions in the forest sector. Indigenous peoples and community-based organizations have had a strong and increasing voice in the REDD+ and other climate change debates, entering as strong stakeholders in national policy platforms around REDD+ and climate change adaptation.
  - (c) ITTO's challenge to advise its Members on how best to advance legal trade and sustainable forest management without creating a barrier to segments of the tropical timber industry, including processing industries in producer countries and community producers and processors. And also to provide an informed voice on the REDD+ deliberations on the lessons learned from its studies and projects on SFM and legal trade.
197. CSAG recommended that ITTO should expand its work and influence on reforming policy and governance reforms in order to address these new global challenges and capture emerging opportunities to promote sustainable forest management, social and economic development. These governance and institutional challenges, including insecure tenure, must be addressed in order for countries to move forward. CSAG called on ITTO to fully utilize its credibility and convening power to help countries to understand and address these challenges.
198. CSAG expressed enthusiasm for the strong commitment from Indonesia and ITTO to hold a conference for Asia on forest tenure, governance and enterprise on 11-15 July 2011 in Lombok, Indonesia and pledged CSAG's support in the preparations for the conference. CSAG noted that there were many civil society actors and community enterprises and their organizations with proposals of interest to ITTO for support and that there was the potential to expand the range of proposals reaching ITTO and national focal points. There was also a strong role for ITTO regional officers in Africa and Latin America, and the Secretariat in Asia to provide information sessions and guidance to national focal points, as well as civil society and community organizations on the ITTA, 2006 and funding opportunities under the Thematic Programmes.
199. CSAG recommended that ITTO should consider expanding its annual market situation analysis to include important non-wood resources from the forest: non-timber forest products (NTFP) like

charcoal production, fuelwood, bushmeat, medicinal and aromatic plants, and thereby present an expanding trade and market opportunities with multiple environmental and social benefits.

200. CSAG further recommended that ITTO should consider commissioning a study on the implications of the decisions agreed in October 2010 at the CBD COP10 in Nagoya, Japan on the Nagoya (ABS) Protocol on access to genetic resources and the fair and equitable sharing of benefits arising from their utilization, to assess implications of CBD to ITTO for enhancement of sustainable forest management as related to timber and NTFP resources, the trade of commodities, and the implicit role of indigenous and local people and their traditional knowledge. CSAG also recommended that ITTO should consider positively the promotion of application of sustainable harvesting standards for wild forest biodiversity that adhere to CBD COP10.
201. CSAG expressed support for the strengthening of collaboration between ITTO and CITES, including work on timber and NTFPs species, and proposed that ITTO should emphasize its mandate, including drawing on experienced civil society organizations, to help ITTO parties to monitor their implementation of CITES.
202. CSAG encouraged the timely ratification of the ITTA, 2006 by Member Countries, in order for the Organization to secure its mandate and work programme, and also enable full implementation of the Thematic Programmes, and called on donors to make funding available for the gender scoping initiative in the 2010-2011 Biennial Work Programme.
203. CSAG strongly recommended that in order to enhance its effectiveness the Council should include a formal presentation by CSAG in the ITTC Session, similar to the Annual Market Discussion organized by TAG.

#### **Statement by Economic Community of Central African States (ECCAS)**

204. The statement was presented by Mr. Remy Mukongo Shabantu, Forest Economist, Economic Community of Central African States. He expressed gratitude to the Council for admitting ECCAS as an observer at the Session. He informed the Council that ECCAS was established in 1983 by the Heads of States and governments and is the pillar of the African Union for the Central African sub-region, with a mandate to promote and build regional integration through the harmonious cooperation, balanced and sustainable development of its Member States in all areas of their economic, social and environmental activities. He noted that forest being one of its priority areas of action, ECCAS had worked for some years to develop synergies with various partners involved in the development of the forestry sector. And for that reason ECCAS had found it very useful to include ITTO among its preferred partners who, through sub-regional initiatives, would support the efforts leading to the sustainable development and integration of the Central African region on the basis of the sustainable and optimal development of forest resources of its Member States.
205. Mr. Mukongo Shabantu informed the Council that in October 2007, ECCAS adopted a General Environmental and Natural Resource Management Policy for the Central African sub-region, including a focus on the conservation and sustainable management of forest resources with COMIFAC as its specialized agency for forestry issues.
206. ECCAS expressed its appreciation to ITTO for having mobilized funding amounting to USD 1,225,000 with the Common Fund for Commodities (CFC) for the implementation of a project to establish support systems for stakeholders of the timber processing sector in the five (5) countries of the Congo Basin who are members of ECCAS, COMIFAC and ITTO. Mr. Mukongo thanked ITTO and CFC for the trust reposed in ECCAS as the executing agency for the project and assured the two institutions of their counterpart contribution to the project.

#### **DECISIONS AND REPORT OF THE SESSION (Agenda Item 27)**

207. The Chairperson referred to documents ITTC(XLVI)/16 – ITTC(XLVI)/23 comprising the eight (8) decisions for consideration and adoption by the Council.
208. The Council approved all the eight (8) 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.

## **CLOSING OF THE SESSION (Agenda Item 28)**

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

209. Ms. Jennifer Conje (U.S.A.), on behalf of the Consumer Group, commended the Chairperson for his able leadership of the Council which enabled the Council to adopt many important decisions during the Session. She cited notably the issue of financing of Sessions outside the Headquarters which had been a perennial problem for many years. She commended the cooperative manner, hard work and compromises played by all Members during the Session and underlined that that was a characteristic of the best spirit of the Organization. She indicated that the past few years had been very challenging as the Organization struggled to transition and sought to strengthen and re-define itself in the light of difficult economic times and rapid developments on many issues affecting tropical forests and tropical timber trade. She underscored the fact that the financial situation of the Organization continued to be of concern and hoped that Consumers, Producers and the Secretariat would continue to work together towards a more healthy financial base so that ITTO would continue to be relevant and effective.
210. Ms. Conje expressed gratitude to the Executive Director and the staff of the Secretariat for the hard work and commitment and expressed confidence that during the second term of tenure of office, the Executive Director would lead and manage the Organization with the same integrity, enthusiasm and dedication that he had displayed during his first term of office. She expressed her personal appreciation to the Producer Spokesperson for his willingness to seek solutions in the face of challenging issues. Ms. Conje also expressed gratitude to the Government of Japan and the City of Yokohama for the hospitality and looked forward to the Forty-seventh Session in Guatemala in 2011.
211. The Consumer Spokesperson congratulated the Chairperson-elect, Mr. Joachim Bilé Allogho and offered the Consumer Group's full support during his tenure as Chairperson in 2011. She hoped that under Mr. Allogho's chairmanship the Organization would move boldly into the future under the new Agreement.

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

212. Mr. Alhassan Attah (Ghana), on behalf of the Producers Group, expressed satisfaction for the achievements made during the Forty-sixth Session of the Council. He indicated that the extent of work of the Council at the Session had been reflected in the number and diversity of decisions adopted at the Session. He indicated that the achievements at the Session were also a reflection of the good works of the Secretariat in advancing the objectives of the Organization. Mr. Attah noted that before the Session, one of the key challenges facing the Council was the ratification of the ITTA, 2006 and indicated that although it still remained a challenge, he was hopeful that the ITTA, 2006 would enter into force in 2011. He encouraged Producer Member Countries that had not yet completed their ratification processes to speed up their internal procedures in order to be able to achieve the threshold for automatic entry into force of the ITTA, 2006. He underscored the importance of the new Agreement and noted that the Organization had been working in a transitional environment for the past five (5) years and, therefore, it was time to shift from the transitional environment to create more certainty and allow for the improvement and flow of resources into the Organization. He commended the mutual respect between the Producer and Consumer Groups that characterized the Forty-sixth Session and cited the adoption of the decision on the hosting of Council Sessions outside the Headquarters as an outcome of compromises and understanding between the two groups. He commended the able leadership of the Chairperson of the Council which enabled the Council to adopt the milestone decision. He also commended the leadership of the Executive Director and congratulated him on the extension of his mandate as Executive Director which was a reflection of the confidence that the Council had in his leadership of the Secretariat. He also cited the cooperation between ITTO and other organizations as a reflection of the good leadership of the Executive Director.
213. The Producer Spokesperson noted that one of the key decisions of the Session was Decision 3(XLVI) on the International Year of Forests and the 25<sup>th</sup> Anniversary of ITTO. He called on the Council to take advantage of this decision to raise the profile and create awareness on the opportunities for tropical timber to overcome the fear and difficulties in the markets.
214. Mr. Attah informed the Council that in the spirit of rotation, the Producer Group had elected Ms. Carolina Costellini (Brazil) as the new Producer Spokesperson. Mr. Attah also expressed his

personal appreciation to the Consumer Spokesperson for her calmness and cooperative spirit in the light of difficulties. The Producer Spokesperson also commended the wise counseling and guidance of Dr. David Brooks (U.S.A.) who was attending the Sessions of the Council for the last time. On behalf of the Producer Group, Mr. Attah wished Dr. Brooks well and every success in his next endeavour.

215. The Producer Spokesperson also congratulated the Chairperson-elect, Mr. Joachim Bilé Allogho (Gabon) and pledged the Producer Group's support to the new Chairperson during his tenure of office in 2011. He also congratulated the Vice-Chairperson-elect, Ms. Carla Boonstra (The Netherlands). He thanked the African Caucus for nominating him as Producer Spokesperson in place of Mr. Martial Me Kouame (Côte d'Ivoire) who could not attend the Session for political reasons in his country.
216. Mr. Attah, on behalf of the Producer Group, expressed gratitude to the Government of Japan and the City of Yokohama for hosting the Session.
217. Mr. Apollinaire Esomba (Cameroon) commended all Council Members for the successful conclusion of the Forty-sixth Session. He also congratulated the Chairperson for his leadership of the Council. He particularly referred to the adoption of the Decision on the hosting of Council Sessions outside the Headquarters and congratulated the Council for the historic achievement and indicated that the Decision had brought a new hope for the future of the Organization.
218. Mr. Enzo Barattini (European Union) expressed gratitude to the Chairperson for his able leadership that enabled the Council to adopt many important decisions. He expressed satisfaction with the outcome of the Forty-sixth Session and stated that it was encouraging to all Member Countries. Mr. Barattini also congratulated the Chairperson-elect, Mr. Joachim Bilé Allogho, and pledged the European Union's full support and expressed confidence that the new Chairperson would lead the Council into further successes. Mr. Barattini underlined that the Forty-sixth Session had examined controversial areas that had plagued the Organization for so long and fortunately, the Council was able to adopt milestone decisions that was satisfactory and acceptable to all Members. Mr. Barattini also commended the wisdom, lucidity and integrity of Dr. David Brooks (U.S.A.) who had served the Council for so many years and was attending the ITTC Session for the last time. He also expressed gratitude to the Government of Japan and the City of Yokohama for the hospitality. Mr. Barattini thanked the Government of Guatemala for the invitation to host the Forty-seventh Session of the Council in November 2011. He expressed his gratitude to the Executive Director and the Secretariat for their hard work and dedication to duty.
219. Mr. Felipe Augusto Ramos de Alencar de Costa (Brazil) supported the statement by the Producer Spokesperson regarding the trust reposed in the Executive Director and also commended the able leadership of the Chairperson of the Council. He echoed the good works of Dr. David Brooks (U.S.A.) in ITTO and other international organizations, including the International Coffee Organization, where the two had worked together previously. On behalf of the Brazilian delegation, Mr. Alencar da Costa expressed his sincere appreciation to Dr. Brooks for the central role he had played in ITTO over the years and that he would be dearly missed by all friends and colleagues in ITTO.

### **Closing Statement by Chairperson**

220. In his closing address to the Council, the Chairperson, Mr. Daniel Birchmeier expressed gratitude to all Members for the spirit of cooperation which had enabled the Council to achieve some important results. He cited the decision on the financing of Council Sessions outside the Headquarters as the most important decision of the Session. He noted that the issue had vexed the Council for almost as long as he had been involved in ITTO and applauded Members for finally finding a long-term solution to the problem. The Chairperson also referred to the adoption of decisions formalizing ITTO's relationship with CBD and CITES and establishing more flexible mechanisms for ITTO fundraising. He noted that ITTO had proven adept at leveraging its resources through such collaborative initiatives and these decisions would bear fruit in the coming years with the increasing contributions of ITTO towards attaining important objectives like the conservation of biodiversity and the sustainable management of threatened tropical tree species. He also referred to the decision on the International Year of Forests and the 25<sup>th</sup> Anniversary of ITTO and expressed satisfaction that the Organization would be able to contribute to these important events in 2011. He, however, regretted that the Council could not adopt a decision announcing the entry into force of the ITTA, 2006 and encouraged all governments who had not yet completed the necessary procedures to become Parties to the new

Agreement to increase their efforts and hoped that one major ITTO contribution to the International Year of Forests would be the announcement of the entry into force of the ITTA, 2006.

221. The Chairperson expressed his appreciation of the significant amount of funding pledged for Thematic Programmes, projects and other Council activities during the Session. He noted the challenges of continuing with two project cycles per year while meeting face to face only once, and hoped that these challenges were being addressed. He underscored the robust financing announced by donors at the Session for different activities as an indication of the health of the Organization and hoped that recipient countries would make further progress in meeting the shared objectives of sustainable forest management.
222. The Chairperson expressed gratitude and appreciation to the Government of Japan and the City of Yokohama for graciously hosting the Session and for the great kindness and hospitality of the people of the City of Yokohama. He also thanked the Executive Director and staff for their professionalism and unwavering support to the Council. Mr. Birchmeier also expressed his gratitude to all Members of the Council, especially the two Spokespersons, the Vice-Chairperson and the Chairs and Vice-Chairs of the Committees for their assistance in the conduct of the Session. He, however, singled out Dr. David Brooks, the Chairperson of the Committee on Finance and Administration, for delivering the budget for 2011 and also for airing some of the most contentious issues facing the Session. He stated that the Council would miss Dr. Brooks as a delegate but he was hopeful that Dr. Brooks could still serve the Organization in other capacities.
223. Mr. Birchmeier stated that it had been an honour for him to serve the Council over the past two years in the capacity of Vice-Chair and Chair and thanked the Council for the opportunity. He pledged to continue to remain engaged with ITTO, an Organization he had become very much associated with over the past decade and looked forward to the next Session in Guatemala. He wished all delegates safe journey back to their various destinations.
224. The Chairperson officially closed the Forty-sixth Session of the ITTC.

## **ANNEX I**

### **LIST OF PARTICIPANTS**

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13 – 18 December 2010  
Yokohama, Japan

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\* \* \* \* \*

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#### CITES, SWITZERLAND

Ms. Milena Sosa Schmidt	Programme Officer – Flora
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#### COMMON FUND FOR COMMODITIES (CFC)

Ms. Yukiko Tomihisa	Associate Project Manger
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## **ECONOMIC COMMUNITY OF CENTRAL AFRICAN STATES (CEEAC)**

Mr. Mukongo Shabantu Remy  
Expert Economie Forestière et Gestion  
Durable des Forêts

## **EUROPEAN FOREST INSTITUTE – FLEGT ASIA, MALAYSIA**

Ms. Aimi Lee Abdullah  
Mr. Vincentius Maria van den Berk  
Dr. Chen Xiaoqian  
Mr. Shengfu Wu  
Mr. Jirawat Tangkijingamwong  
Dr. Khamla Phanvilay  
Ms. Duan Yanfei  
Mr. Matthias S.H. Lameris  
Policy Analyst  
Programme Coordinator  
Forest Policy Advisory in China  
Member, Regional Advisory Group\  
Member, Regional Advisory Group  
Member, Regional Advisory Group  
Trainee  
Intern

## **Governmental Organization**

### **JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)**

Mr. Shinya Ejima  
Mr. Hiroki Miyazono  
Mr. Hiroto Mitsugi  
Ms. Emiko Mutsuyoshi  
Mr. Hiroaki Endo  
Ms. Risa Kasai  
Director General, Department of Global  
Environment  
Executive Technical Advisor, Department of  
Global Environment  
Deputy Director General, Forestry and  
Nature Conservation Group, Department of  
Global Environment  
Director, Forestry and Nature Conservation  
Division 1, Department of Global  
Environment  
Director, Forestry and Nature Conservation  
Division 2, Department of Global  
Environment  
Associate Expert, Forestry and Nature  
Conservation Division 2, Department of  
Global Environment

## **Non-Governmental Organizations**

### **A SEED JAPAN**

Mr. Hirotaka Matsui  
Mr. Hirokazu Maruyoshi  
Ms. Tomomi Sudo  
Project Leader  
Member  
Member

### **CAMEROON ECOLOGY (CAM-ECO)**

Ms. Ngo Ntamag épouse Ndjebet Cécile  
CSAG Governance Group Africa Focal Point

### **eSFM TROPICS, MALAYSIA**

Mr. Barney Chan  
Director

### **FOREST STEWARDSHIP COUNCIL, CAMEROON**

Mr. Elie Hakizumwami  
Africa Regional Director

**FOUNDATION FOR PEOPLE AND COMMUNITY DEVELOPMENT, PAPUA NEW GUINEA**

Mr. Yati A. Bun Executive Director

**FRIENDS OF THE EARTH, JAPAN**

Mr. Junichi Mishiba Program Campaigner

**GLOBAL ALLIANCE OF COMMUNITY FORESTRY (GACF), NEPAL**

Mr. Ghan Shyam Pandey Coordinator

**GREEN ADVOCATES, LIBERIA**

Mr. Francis Kemaworlee Colee Focal Point - Africa

**HUTAN GROUP, JAPAN**

Mr. Yoshio Nishioka Director  
Mr. Yuichiro Ishizaki Chief Researcher in Indonesia

**INDONESIA COMMUNICATION FORUM ON COMMUNITY FORESTRY (FKKM), INDONESIA**

Dr. Christine Wulandari Lecturer

**INDONESIAN EXPORTERS ASSOCIATION, INDONESIA**

Mr. Robianto Koestomo Chairman of Agriculture, Forestry and Mining Sector

**INDONESIAN WOOD PANEL ASSOCIATION (APKINDO), INDONESIA**

Mr. Hans Widjajanto Member  
Mr. Buniadi Makmur Member

**INDUFOR, FINLAND**

Mr. Tapani Oksanen Senior Partner

**INTERNATIONAL SOCIETY FOR MANGROVE ECOSYSTEMS (ISME), JAPAN**

Dr. Shigeyuki Baba Executive Secretary  
Ms. Nozomi Oshiro Assistant Secretary

**INTERNATIONAL UNION OF FOREST RESEARCH ORGANIZATIONS (IUFRO)**

Mr. Michael Kleine IUFRO-SPDC Coordinator, Vienna  
Dr. Ho Sang Kang IUFRO-GFIS Regional Coordinator for Asia and Russia

**INTERNATIONAL WOOD PRODUCTS ASSOCIATION (IWPA), U.S.A.**

Mr. Brent McClendon Executive Director

**JAPAN LUMBER IMPORTERS' ASSOCIATION (JLIA), JAPAN**

Mr. Yasuhiro Ohashi Executive Director

**MALEBI, CÔTE D'IVOIRE**

Ms. Ayouo Epouse Ahoussi Logbochi Delphine President

**PARTENARAIT POUR LES FORETS DU BASSIN DU CONGO (PFBC), CAMEROON**

Mr. Cleto Ndikumagenge

Facilitator

**PERUBAMBU, PERU**

Dra. Josefina Takahashi

Directora Ejecutiva

**RIGHTS AND RESOURCES GROUP (RRI), U.S.A.**

Ms. Augusta Molnar

Director, Global Programs

**TRAFFIC INTERNATIONAL, MALAYSIA**

Mr. Hin Keong Chen

Global Forest Trade Programme Leader

**TROPICAL FOREST FOUNDATIONS (TFF), U.S.A.**

Mr. Bob Johnston

Executive Director

**Private Sector**

**ASUMADU PTY LTD, AUSTRALIA**

Dr. Kwame Asumadu

Director

**BURCHILL JAPAN KK, JAPAN**

Mr. James Cunningham

Director of Development Cooperation

**HELVETA, U.K.**

Mr. Derek Charter

Director Customer Solutions

## AUTHORIZED INVITEES

Dr. Michael J. Adams  
Mr. Pablo Antelo  
Prof. R. Neil Byron  
Ms. Stephanie Caswell  
Mr. Hosny El-Lakany  
Mr. Luiz Carlos Estraviz Rodriguez  
Mr. Oliver Gardi  
Mr. Gareth Hughes  
Dr. Antonio Carlos Hummel  
Dr. Takeichi Ishikawa  
Mr. Arthur W. Klassen  
Mr. Antonio Manila  
Ms. Frances Maplesden  
Mr. Jaime Muñoz-Reyes Navarro  
Dr. Ravindra Bihari Lal  
Mr. Alastair Sarre  
Dr. Jeffrey Sayer  
Dr. Manoel Sobral Filho  
Mr. Darren Thomas  
Mr. Don Wijewardana

Mr. Callum Aidan Stephen Hill                      Market Discussion Speaker  
Ms. Antje Wahl Market Discussion Speaker  
Mr. Gary Waugh Market Discussion Speaker  
Dr. Ivan Tomaselli Market Discussion Speaker

## Earth Negotiations Bulletin - Reporting Staff

Mr. Keith Ripley  
Ms. Kate Louw  
Mr. Ari Shapiro  
Mr. Graeme Auld  
Mr. Dan Birchall



## LANGUAGE TEAM

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Ms. Bernadette Boyde  
Ms. Janet de Hasson  
Ms. Catherine Pouget  
Mr. Manuel Pastor  
Ms. Susana Hovell  
Mr. Jean-Luc Genion  
Mr. Jean-Pierre Allain  
Mr. Luigi Luccarelli  
Mr. Tyrone Carbone  
Mr. Joe Macadam

### **Translators**

Ms. Claudia Adán  
Mr. Francis Marche

## OFFICERS OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL AND ASSOCIATED COMMITTEES

### **Council**

Chairperson	Mr. Daniel Birchmeier
Vice-Chairperson	Mr. Joachim Bile Allogho

### Economic Information and Market Intelligence

Chairperson	Ms. Carla Boonstra
-------------	--------------------

### Reforestation and Forest Management

Chairperson	Mr. Tabi Agyarko
Vice-Chairperson	Mr. Patrick Hardcastle

### Forestry Industry

Chairperson	Dr. Kug-Bo Shim
Vice-Chairperson	Dr. Samuel Ebia Ndongo

### Finance and Administration

Chairperson	Dr. David Brooks
Vice-Chairperson	Dr. Agus Sarsito

### Spokespersons

Producers	Mr. Alhassan Attah
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Consumers	Ms. Jennifer Conje
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## ITTO SECRETARIAT

Mr. Emmanuel Ze Meka  
Executive Director

Mr. Amha Bin Buang  
Assistant Director, Economic Information and Market Intelligence

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Editor & Communications Manager

Mr. Mahboob Hasan  
Assistant Director, Management Services,

Mr. Eduardo Mansur  
Assistant Director, Reforestation and Forest Management

Mr. Charas Mayura  
Finance/Administrative Officer

Mr. John J. Leigh  
Conservation Officer, Reforestation and Forest Management

Dr. Gerhard Breulmann  
Planning, Monitoring and Evaluation Officer

Dr. Tetra Yanuariadi  
Projects Manager, Forest Industry

Dr. Hwan Ok Ma  
Projects Manager, Reforestation and Forest Management

Mr. Li Qiang  
Systems Analyst

Mr. Polycarpe Masupa-Kambale  
Projects Manager, Reforestation and Forest Management

Mr. Edmond Collins Ahadome  
Information Officer

Mr. Ramon Carrillo Arellano  
Projects Manager, Forest Industry

Mr. Jani Holopainen  
MIS Coordinator

Ms. Celestine Ntsame-Okwo  
Regional Officer, Africa

Prof. Floriano Pastore  
Regional Officer, Latin America

Dr. Chisato Aoki  
Senior Research Assistant

Ms. Hideko Hattori  
Secretary

Ms. Kanako Sakaguchi  
Secretary

Mr. Christopher Kossowski  
Administrative Assistant

Ms. Pei Sin Tong  
Programme Assistant

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Ms. Maiko Suzuki  
Senior Finance/Administrative Assistant

Mr. Jean-Christophe Claudon  
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Ms. Masako Sakai  
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Secretary

Ms. Lingyun Yang  
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Mr. Kenneth Sato  
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Ms. Adriana Sugihara  
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Mr. Simon Kawaguchi  
Finance Assistant

Ms. Yuka Irie  
Finance Clerk

Ms. Sumire Yokoyama  
Secretary

Ms. Rie Okoso  
Secretary

Mr. Tomoya Inoue  
Driver

\* \* \*

**ANNEX II**

**AGENDA**

**DOCUMENT: ITTC(XLVI)/1**



Distr.  
GENERAL

ITTC(XLVI)/1  
20 August 2010

Original: ENGLISH

FORTY-SIXTH SESSION  
13 – 18 December 2010  
Yokohama, Japan

## 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 2010
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) and 2(XXXVII)
  - (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 2010
12. Entry into force of the ITTA, 2006 – Decisions 3(XLI), 7(XLIV) and 3(XLV)
13. Financing of Council Sessions held Outside the Headquarters
14. ITTO Biennial Work Programme 2010-2011
15. ITTO Thematic Programmes
  - (a) Pledges to the ITTO Thematic Programmes
  - (b) Report on the current status of implementation of the ITTO Thematic Programmes
16. 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)
17. International Year of Biodiversity and International Year of Forests
18. Matters Related to Article 16 of ITTA, 1994 – Decision 5(XLII)
19. Civil Society/Private Sector Partnership for Sustainable Forest Management – Decision 5(XXXIII)

20. ITTO Fellowship Programme – Decision 4(XXVII)
  - (a) Progress Report on the ITTO Fellowship Programme;
  - (b) Report of the Chairperson of the Fellowship Selection Panel
21. Annual Report for 2009
22. 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)
23. Reports of the Associated Sessions of the Committees
24. Election of Chairperson and Vice-Chairperson of the Council for 2011
25. Dates and Venues of the Forty-seventh and Forty-eighth Sessions of the Council and the Associated Sessions of the Committees
26. Other Business
27. Decisions and Report of the Session
28. Closing of the Session



## **ANNOTATIONS TO THE AGENDA**

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

The Forty-sixth Session of the Council will be opened by the Chairperson of the Council, Mr. Daniel Birchmeier (Switzerland).

### **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(XLVI)/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 timetable 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(XLVI)/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 2010**

[Document ITTC(XLVI)/1 Annex]

The proposed distribution of votes for the year 2010, 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 Administrative Budget for 2011.

### **Item 7 - Admission of Observers**

[Document ITTC(XLVI)/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(XLVI)/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-fourth Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 12 December 2010.

The report of the Twenty-fourth Meeting of the IAG will be presented by the Chairperson, Mr. Daniel Birchmeier (Switzerland).

**Item 10 - Enhancing Cooperation between ITTO and CITES - Decisions 3(XVI), 7(XXXIV) and 2(XXXVII)**

[Document ITTC(XLVI)/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 2010**

[Document ITTC(XLVI)/5]

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

(i) Elements for the 2010 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 2010 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 2010 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(XLVI)/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, approval or accession to the ITTA, 2006 for its review and consideration of further steps towards the entry into force of the ITTA, 2006.

**Item 13 - Financing of Council Sessions held Outside the Headquarters**

[Document ITTC(XLVI)/7]

Pursuant to the Chair's Proposal adopted at the Forty-fifth Session of the ITTC held in Yokohama from 9–14 November 2009, the Council may wish to discuss and find a long-term solution concerning the financing of Council Sessions outside the Headquarters, taking into account the proposal of Brazil and Mexico presented at the Forty-fifth Session.

**Item 14 - ITTO Biennial Work Programme 2010–2011**

[Documents ITTC(XLVI)/8]

The Council will receive the progress report on the implementation of the Biennial Work Programme for 2010–2011.

**Item 15 - ITTO Thematic Programmes**  
[Document ITTC(XLVI)/9]

- (a) 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.

- (b) 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.

**Item 16 - 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(XLVI)/10] and ITTC(XLVI)/11]

(a) Pursuant to its Decisions 2(XXXIX), 1(XLI), and 2(XLIII) the Council will be updated on developments in the UNFCCC regarding forests [Document ITTC(XLVI)/10]

(b) The Council will receive a report of a feasibility study on “Building a Voluntary Carbon Marketing Scheme to Promote Sustainable Forest Management” carried out under REDDES in 2010 [Document ITTC(XLVI)/11]

**Item 17 - International Year of Biodiversity and International Year of Forests**  
[Document ITTC(XLVI)/12]

The Secretariat will inform the Council on ITTO activities developed in support of the International Year of Biodiversity 2010, and propose activities in support of the International Year of Forests 2011

**Item 18 - Matters Related to Article 16 of ITTA, 1994– Decision 5(XLII)**

Pursuant to Article 16 of the ITTA, 1994, the Council may wish to consider the appointment of the Executive Director, as the tenure of the incumbent will expire on 5 November 2011.

**Item 19 - Civil Society/Private Sector Partnership for Sustainable Forest Management – Decision 5(XXXIII)**

Pursuant to its Decision 5(XXXIII), the Council will receive presentations on progress in the development of Civil Society/Private Sector Partnerships to help implement sustainable forest management and certification in Indonesia and Papua New Guinea.

**Item 20 - ITTO Fellowship Programme – Decision 4(XXVII)**  
[Documents ITTC(XLVI)/13 and ITTC(XLVI)/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(XLVI)/13]; and (b) the report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(XLVI)/14]. The Council will announce the final selection of awards based on the Chairperson’s report.

**Item 21 - Annual Report for 2009**

The Secretariat will present to the Council the Annual Report for 2009.

**Item 22 - Special Account and Bali Partnership Fund**  
[Document ITTC(XLVI)/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(XLVI)/15].

**Item 23 - 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 24 - Election of Chairperson and Vice-Chairperson of the Council for 2011**

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2011. 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 25 - Dates and Venues of the Forty-seventh and Forty-eighth Sessions of the Council and the Associated Sessions of the Committees**

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-seventh and Forty-eighth Sessions.

The Council may wish to refer to the Chairperson's Proposal adopted at the Forty-fifth Session hereby reproduced for ease of reference:

**Chair's Proposal**

- The principle of rotation to hold Council meetings at headquarters or in a producer member country is confirmed.
- The holding of the Forty-sixth and Forty-seventh ITTC Sessions are not explicitly linked or dependent on the entry into force of the ITTA, 2006.
- A long-term solution concerning the financing of Council sessions outside the headquarters will be taken up at the Forty-sixth Session of the ITTC, taking into account the proposal of Brazil and Mexico presented at this Session.
- The Forty-sixth ITTC Session will be held in 2010 in Yokohama.
- We reconfirm that the Forty-seventh ITTC Session in 2011 will be held in Guatemala.
- Members in arrears shall strive to pay their arrears by the end of 2010.

- The Working Capital Account will be used to cover the costs of the Session outside the headquarters in 2011 up to an amount of US\$400,000, as it is expected that payments of arrears will replenish the Working capital Account in 2010.
- The Council shall consider holding the Forty-eighth ITTC Session in 2012 in a producer country.

**Item 26 - Other Business**

The Council may consider any matters brought under this item.

**Item 27 - 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 Council;

(b) In order for draft decisions by Members to be considered by 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 Council. 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 finalize 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 28 - Closing of the Session**

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

**Annex**

**PROPOSED DISTRIBUTION OF VOTES FOR 2010**

	<u>No. of Votes</u>	
	2009	2010 (Proposed)
<b><u>PRODUCING MEMBERS</u></b>		
<b>Africa</b>		
Cameroon	27	27
Central African Republic	26	27
Congo	26	27
Côte d'Ivoire	26	27
Democratic Republic of the Congo	26	28
Gabon	27	28
Ghana	26	27
Liberia	26	27
Nigeria	26	27
Togo	26	27
<b>Asia &amp; Pacific</b>		
Cambodia	16	16
Fiji	14	14
India	28	28
Indonesia	90	88
Malaysia	109	112
Myanmar	44	45
Papua New Guinea	34	27
Philippines	15	15
Thailand	19	16
Vanuatu	13	13
<b>Latin America/Caribbean</b>		
Bolivia	25	25
Brazil	145	142
Colombia	24	24
Ecuador	15	15
Guatemala	11	11
Guyana	15	15
Honduras	11	11
Mexico	24	24
Panama	12	12
Peru	29	30
Suriname	14	14
Trinidad and Tobago	10	10
Venezuela	21	21
	Total: 1,000	1,000

	<u>No. of Votes</u>	
	2009	2010 (Proposed)
<u>CONSUMING MEMBERS</u>		
Australia	16	16
Canada	16	16
China	229	246
Egypt	16	17
European Union		
Austria	11	11
Belgium/Luxembourg	16	19
Denmark	13	13
Finland	10	10
France	38	38
Germany	20	21
Greece	12	12
Ireland	15	15
Italy	32	33
Netherlands	32	36
Poland	11	12
Portugal	18	17
Spain	30	28
Sweden	11	11
United Kingdom	32	31
Japan	190	184
Nepal	10	10
New Zealand	11	11
Norway	12	11
Republic of Korea	82	78
Switzerland	11	11
United States of America	106	93
	Total:	1,000
		1,000

\* \* \*





## **ANNEX III**

### **TEXT OF THE DECISIONS**

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

**DOCUMENT: ITTC(XLVI)/16**  
**DOCUMENT: ITTC(XLVI)/17**  
**DOCUMENT: ITTC(XLVI)/18**  
**DOCUMENT: ITTC(XLVI)/19**  
**DOCUMENT: ITTC(XLVI)/20**  
**DOCUMENT: ITTC(XLVI)/21**  
**DOCUMENT: ITTC(XLVI)/22**  
**DOCUMENT: ITTC(XLVI)/23**



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ITTC(XLVI)/16  
18 December 2010

Original: ENGLISH

FORTY-SIXTH SESSION  
13 – 18 December 2010  
Yokohama, Japan

## DECISION 1(XLVI)

### PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Forty-sixth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM-CFI(XLIV)/6, and CRF(XLIV)/13; and the report of the Sixteenth Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(XLVI)/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 2010 and Autumn 2010;

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 2010:

- |                            |  |
|----------------------------|--|
| PD 521/08 Rev.3 (I)        | Participatory Forest Management for Sustainable Utilization of Non Timber Products (NTFP) Surrounding the Protected Area of Rinjani and Mutis Timau MT, Nusa Tenggara Indonesia<br>ITTO Budget: \$490,374.00                     |
| PD 549/09 Rev.2<br>(I,M,F) | Provenance Evaluation, Wood Technological Characterization and Market Survey for Balsawood ( <i>Ochroma pyramidale Cav.</i> ) in the Lacandon Forest, Chiapas, Mexico (Mexico)<br>ITTO Budget: \$635,918.00                      |
| 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)<br>ITTO Budget: \$438,674.00 |
| PD 564/09 Rev.1 (F)        | Production of an Educational Book Series on Mangroves for Sustainable Management and Utilization of Mangrove Ecosystems (Japan)<br>ITTO Budget: \$149,904.00   |
| PD 568/09 Rev.1 (F)        | Developing Community-Based Sustainable Mangrove Management System for the Amanzuri and Ama Emissa River Estuaries in Ghana (Ghana)<br>ITTO Budget: \$558,756.00  |

(b) Autumn project cycle for 2010:

- PPD 147/10 Rev.1 (F) Zoning and Sustainable Development of the Minkebe Protected Area Towards the Protection of Transboundary Conservation Corridors between Gabon, Cameroon and the Congo (Gabon)  
ITTO Budget: \$99,279 .00
- 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 (Thailand and Cambodia)  
ITTO Budget: \$2,051,039.00
- PD 583/10 Rev.1(F) Restoring Sub-Humid Ecosystems in Southern Peru through Reforestation with *Caesalpinea spinosa* (Peru)  
ITTO Budget: \$149,796.00
- PD 586/10 Rev.1(F) Operational Strategies for the Conservation of Tengkwang Genetic Diversity for Sustainable Livelihood of Indigenous People in Kalimantan (Indonesia)  
ITTO Budget: \$414,104.00
- PD 590/10 Rev.1(F) Integrated Fire Management in Rural Communities of Guatemala: Establishment of Pilot Sites for the Implementation of Sustainable Integrated Fire Management Practices (Guatemala)  
ITTO Budget: \$517,563.00
- PD 578/10 Rev.1(M) Implementation of A National Information System for the Sustainable Management of Forest Resources (Côte d'Ivoire)  
ITTO Budget: \$676,450.00

(ii) 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 276/04 Rev. 2 (F) Revised World Atlas of Mangroves for Conservation and Restoration of Mangrove Ecosystems (Global-Japan) Additional Funding:	\$50,000.00
PD 13/99 Rev.2 (M,F,I) Phase II ITTO Information Network (TFU) Revised Budgets:	
Year 2010	\$650,000.00
Year 2011	\$650,000.00

(iii) 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 124/01 Rev.3 (M) Promotion of Sustainable Management of African Forests (ATO/ITTO) ITTO Budget - Phase III – Stage 1	\$400,000.00
ITTO Budget – Phase III – Stages 2 plus	\$1,044,144.00

	PD 452/07 Rev.3 (F) Sustainable management of Production Forests at the Commercial Scale in the Brazillian Amazon – Phase II (Brazil) ITTO Budget:	\$865,659.00
	PD 454/07 Rev.3 (F) Community Forest Management: A Sustainable Alternative for the Maues State Forest, Amazonas (Brazil) ITTO Budget:	\$513,527.00
	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) ITTO Budget:	\$553,565.00
	PD 476/07 Rev.3 (F) Clonal Test of Superior Progency of <i>Shorea Leprosula</i> for Enrichment Planting Program (Indonesia) ITTO Budget:	\$414,072.00
	PD 518/08 Rev.2 (I) Energetic Valorization of Wood Residues by Compaction Process (Brazil) ITTO Budget:	\$491,941.00
	PD 467/07 Rev.4 (F) Generating an Ongoing Information System on the Status of Mahogany ( <i>Swietenia macrophylla</i> ) and Cedar ( <i>Cedrela odorata</i> ) Populations in Support of CITES Scientific Authority in Peru (Peru) ITTO Budget:	\$896,724.00
	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) ITTO Budget:	\$569,665.00
(iv)	Approve the project extension proposal with additional funding for the following Project which was approved earlier:	
	PD 451/07 Rev.1 (F) Transboundary Biodiversity Conservation Area: The Pulong Tau National Park, Sarawak State, Malaysia – Phase II Additional fund – ITTO Budget:	\$218,160.00
(v)	Approve the budget amendment to the Activity which was approved earlier:	
	PP-A/43-208 SFM Tropics 2010 Additional fund for publications in French and Spanish languages, and Public Relations activities	\$150,000.00
(vi)	Authorize the financing for immediate implementation of the Projects, Pre-Projects and Activities as listed in the Annex 1 to this Decision; and	
(vii)	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 (XLVI)**

**Financing during 2010 for the immediate implementation  
of the Projects, Pre-Projects and Activities  
as listed below**

(i)	Approved during the 2010 project cycles:	
	PPD 147/10 Rev.1 (F) Zoning and Sustainable Development of the Minkebe Protected Area Towards the Protection of Transboundary Conservation Corridors between Gabon, Cameroon and the Congo (Gabon)	\$99,279.00
	PD 521/08 Rev.3 (I) Participatory Forest Management for Sustainable Utilization of Non Timber Products (NTFP) Surrounding the Protected Area of Rinjani and Mutis Timau Mt, Nusa Tenggara Indonesia (Indonesia)	\$490,374.00
	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) (Thailand and Cambodia)	\$2,051,039.00
	PD 583/10 Rev.1 (F) Restoring Sub-Humid Ecosystems in Southern Peru through Reforestation with <i>Caesalpinea spinosa</i> (Peru)	\$149,796.00
	PD 586/10 Rev.1 (F) Operational Strategies for the Conservation of Tengkwang Genetic Diversity for Sustainable Livelihood of Indigenous People in Kalimantan (Indonesia)	\$414,104.00
	PD 590/10 Rev.1 (F) Integrated Fire Management in Rural Communities of Guatemala: Establishment of Pilot Sites for the Implementation of Sustainable Integrated Fire Management Practices (Guatemala)	\$517,563.00
(ii)	Approved in the earlier project cycles:	
	PD 460/07 Rev.2 (F) Phase I Achieving Sustainable Management of Mangrove Forests in China through Local Capacity Building and Community Development (China)	\$277,333.00
	PD 450/07 Rev.2 (F,I) Capacity Building for CDM Forestry in the Framework of SFM Emphasizing Community Forests and Poverty Alleviation in Ghana (Ghana)	\$402,516.00
	PD 457/07 Rev.5 (I) Further Processing of Timber in Five Countries of the Congo Basin (Gabon)	\$1,253,345.00

PD 39/93 Rev.4 (I) Phase II The Development, Application and Evaluation of Biomass Energy through Briquetting, Gasification and Combustion of (Wood and Agricultural) Residues (Cameroon) <i>(Original pledge/financing by CFC in April 1995)</i>	\$791,550.00
PD 124/01 Rev.3 (M) Promotion of Sustainable Management of African Forests (ATO/ITTO) ITTO Budget – Phase III – Stage 1 ITTO Budget – Phase III – Stages 2 plus Partial funding (outstanding: \$944,144.00):	\$400,000.00 \$100,000.00
PD 534/08 Rev.1 (F) Small-Scale Private Mixed Plantations Development plus Nutrition Promotion: The Case of Six Rural Community Women's Groups in the Eastern and Ashanti Regions of Ghana: Phase II (Ghana)	\$424,837.00
PD 454/07 Rev.3 (F) Community Forest Management: A Sustainable Alternative for the Maues State Forest, Amazonas State (Brazil)	\$513,527.00
PD 451/07 Rev.1 (F) Transboundary Biodiversity Conservation Area: The Pulong Tau National Park, Sarawak State, Malaysia – Phase II Additional funding:	\$218,160.00
PD 276/04 Rev.2 (F) Revised World Atlas of Mangroves for Conservation and Restoration of Mangrove Ecosystems (Global-Japan) Additional funding:	\$50,000.00
PD 73/89 (M,F,I) Assistance for Project Identification and Formulation Additional funding:	235,297.00
 (iii) Activities approved in the Biennial Work Programme for the years 2010-2011:	
PP-A/ 39-162A Enhance cooperation between ITTO and CITES: Continue to assist Members to implement CITES listings of timber species Partial funding (outstanding \$777,130.88): (ITTO Biennial Programme Activity: 51a)	\$622,869.12
PP-A/43-208 Publication of and public relations for the report on the Status of Forest Management (SFM Tropics 2010) Additional funding: (ITTO Biennial Programme Activity: 6)	\$150,000.00
PP-A/45-241 Further enhance public relations, education and outreach activities to best convey the achievement of the objectives of the Organization Partial Funding (outstanding \$131,037.94): (ITTO Biennial Programme Activity: 3)	\$68,962.06



	PP-A/45-245	\$100,000.00
	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 Partial Funding (outstanding \$75,000.00): (ITTO Biennial Programme Activity: 10)	
	PP-A/45-246	\$100,000.00
	Impacts of conservation and protection in transboundary areas in relation to achieving SFM International conference on biodiversity conservation in transboundary tropical forests (ITTO Biennial Programme Activity: 35)	
	PP-A/46-252	\$150,000.00
	Participate in and co-sponsor events and activities for the implementation of the International Year of Forests (IYF) 2011 (ITTO Biennial Programme Activity: 5b)	
	PP-A/46-253	\$75,000.00
	Enhancement of statistical work and databases on statistics Partial funding (outstanding \$25,000.00): (ITTO Biennial Programme Activity: 43)	
	PP-A/46-254	\$200,000.00
	Conduct a workshop for Dissemination and promotion of use of "Best Practices for Improving Law Enforcement in the Forest Sector", developed jointly by ITTO and FAO, and provide for feedback from the workshop (ITTO Biennial Programme Activity: 45)	
	PP-A/46-255	\$24,813.00
	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 Partial funding (outstanding \$95,187.00): (ITTO Biennial Programme Activity: 49)	
(iv)	Authorize the release of \$300,000.00 for the continued implementation of the Freezailah Fellowship Fund;	
(v)	Additional funds for the continued implementation of the following Thematic Programmes approved earlier:	
	PP-A/ 44-236	\$635,327.00
	Forest Law Enforcement, Governance and Trade (TFLET) Decision 10(XLIV) - Additional Funding:	
	PP-A/44-237	\$4,533,782.00
	Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES) Decision 10(XLIV) - Additional Funding:	
	PP-A/44-238	\$100,000.00
	Community Forest Management and Enterprises (CFME) Decision 10(XLIV) - Additional Funding:	

	PP-A/44-239	\$200,000.00
	Trade and market Transparency (TMT) Decision 10(XLIV) - Additional Funding:	
(vi)	Activity, Pre-Project and Projects financed from the Sub-Account B of the Bali Partnership Fund and/or the Unearmarked Funds of the Special Account.	
	PP-A/45-249	\$40,000.00
	Support participation of CSAG-TAG at Sessions of the ITTO Budget for year 2011 Additional funding: (ITTO Biennial Programme Activity: 2)	
	PPD 14/00 (M)	\$50,000.00
	Strengthening the Market Discussion Budget for Year 2011 (ITTO Biennial Programme Activity: 32)	
	PD 13/99 Rev.2 (M,F,I)	Up to the amount of
	ITTO Information Network and Project Support(TFU) ITTO Budget for year 2011 (ITTO Biennial Programme Activity: 1)	\$650,000.00
	PD 16/93 Rev.4 (M) Phase IV	Up to the amount of
	Market Information Service for Tropical Timber and Products ITTO Budget for year 2011 (ITTO Biennial Programme Activity: 31)	\$350,000.00
	PD 542/09 Rev.1 (F)	\$50,000.00
	Support to Convene the V Latin American Forestry Congress (Peru) ITTO contribution for the Congress:	

Note: Total pledges during 2010 amount to US\$16,789,473.18.

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

**Financing for the immediate implementation as soon as earmarked funds are available  
of the Projects, Pre-Projects and Activities (new) approved during 2010  
as listed below**

PD 549/09 Rev.2 (I,M,F)	Provenance Evaluation, Wood Technological Characterization and Market Survey for Balsawood ( <i>Ochroma pyramidale</i> Cav.) in the Lacandon Forest, Chiapas, Mexico (Mexico) ITTO Budget: \$635,918.00
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) ITTO Budget: \$438,674.00
PD 564/09 Rev.1 (F)	Production of an educational book series on mangroves for sustainable management and utilization of mangrove ecosystems (Japan) ITTO Budget: \$149,904.00
PD 568/09 Rev.1 (F)	Developing community-based sustainable mangrove management system for the Amanzuri and Ama Emissa River Estuaries in Ghana (Ghana) ITTO Budget: \$558,756.00
PD 578/10 Rev.1 (M)	Implementation of A National Information System for the Sustainable Management of Forest Resources (Côte d'Ivoire) ITTO Budget: \$676,450.00

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## DECISION 2 (XLVI)

### RE-APPOINTMENT OF THE EXECUTIVE DIRECTOR (MATTERS RELATED TO ARTICLE 16 OF ITTA, 1994)

The International Tropical Timber Council,

Recalling its Decision 5(XLII) of 12 May 2007 by which it appointed Mr. Emmanuel Ze Meka as the Executive Director of the International Tropical Timber Organization from 6 November 2007 for a period of four(4) years;

Further recalling Decision 3(XXV) by which it adopted the Selection Procedures for an Executive Director;

Noting, with appreciation, his dedication and untiring contribution to the management of the Organization;

Decides to renew the mandate of Mr. Emmanuel Ze Meka with effect from 6 November 2011 to 5 November 2015, as the second term of his appointment.

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### DECISION 3 (XLVI)

#### THE INTERNATIONAL YEAR OF FORESTS, 2011 AND THE 25<sup>th</sup> ANNIVERSARY OF ITTO

The International Tropical Timber Council,

Welcoming resolution 61/193 of the United Nations General Assembly proclaiming 2011 as the International Year of Forests (IYF);

Noting that the International Tropical Timber Organization was established in 1986 and, therefore, 2011 is ITTO's 25<sup>th</sup> Anniversary;

Noting the initiatives proposed by ITTO in Council document ITTC(XLVI)/12 for the IYF and the plans being developed for joint initiatives by the Collaborative Partnership on Forests (CPF) for the IYF;

Recognizing the many significant contributions ITTO has made to sustainable forest management (SFM) throughout the tropics over the past 25 years and the need to ensure that the public and policy makers are made aware of these;

Decides to:

1. Request the Executive Director to undertake activities, including those described in the Annex, for the IYF and the celebration of ITTO's 25<sup>th</sup> Anniversary, and to collaborate wherever possible with other CPF organizations;
2. Authorize the Executive Director to seek voluntary funding to allow the implementation of paragraph 1 above; and
3. Requests the Executive Director to report to the next Session of the Council on the implementation of this Decision and its outcomes.

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**Annex**

**Indicative list of activities to be undertaken during 2011 for the IYF and ITTO's 25<sup>th</sup> Anniversary**

<b>Activities from the 2010-2011 Biennial Work Programme</b>		
<b>Activity</b>	<b>Total BWP Budget</b>	<b>Estimated Additional/Activity Cost</b>
Special TFU issue with relevant CPF and other partner input	\$650,000	\$75,000
Launch of SFM Tropics 2010 report in three languages and associated public relations events in selected countries	\$150,000	\$150,000
Publication of revised SFM Guidelines	\$130,000	\$50,000
Asian forest tenure conference	\$300,000	\$100,000
Preparation and publication of educational materials showing the importance of tropical forests (through ITTO's CEEP programme)	\$300,000	\$50,000
Side-events and participation at UNFF9, UNFCCC COP 17, Forest Day 5 and other important forest fora	\$175,000	\$50,000
Production of posters, pamphlets, calendar and other outreach materials		\$5,000
<b>Sub-total</b>	--	<b>\$480,000</b>
<b>New Activities</b>		
Three regional meetings to celebrate entry into force of ITTA, 2006 and 25 <sup>th</sup> Anniversary of ITTO's founding (including possible high-level regional forum in conjunction with the Forty-seventh session of the Council in Guatemala)	--	\$60,000
Publication of ITTO success stories focusing on successful field projects to promote SFM	--	\$20,000
Co-sponsoring UNFF-led conference on community forests and income generation	--	\$20,000
Co-sponsoring other selected UNFF-led initiatives such as forest film festival, forest art exhibition, etc.	--	\$5,000
Participation in and contributions to national initiatives (e.g. launching of a forest conservation project under public-private partnership in Chico Mendes Reserve, Acre State, Brazil; and possible support to Acre State celebrations of the International Year of Forests)	--	\$25,000
Preparation of a public service announcement for airing in relevant media (in collaboration with UNFF and other CPF partners)	--	\$20,000
<b>Sub-total</b>	--	<b>\$150,000</b>
<b>Total</b>	--	<b>\$630,000</b>

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## DECISION 4 (XLVI)

### **PROCEDURES TO RESPOND TO ADDITIONAL FUNDING OPPORTUNITIES**

The International Tropical Timber Council,

Noting that the possible sources of financing for the Special Account and the Bali Partnership Fund may include contributions and resources from other private and public sources in accordance with Articles 20(2) and 21(2), respectively, of the International Tropical Timber Agreement, 1994;

Recognizing that the Common Fund for Commodities and a number of other donor entities such as Member governments, including their appropriate agencies, international organizations, non-governmental organizations, and private sector entities, have co-financed approved ITTO projects;

Noting further that a number of Member government agencies, international organizations, and other donors are supporting activities through their funding mechanisms, which could also be a potential funding source for ITTO projects;

Recognizing the need to give ITTO the opportunity to access such funding mechanisms with a view to expanding the funding sources of the Organization;

Decides to authorize the Executive Director to:

1. Conduct consultations with Member government agencies, international organizations, and other donors regarding any approved ITTO project or pre-project with a view to modifying the project or pre-project to comply with their requirements, as necessary;
2. Prepare, for any action under paragraph (1), a revised project document in consultation with the submitting government and all relevant parties to the project or pre-project, provided that the objectives and terms of the project document as originally approved by the Council are not materially altered; and complete the necessary implementation and financial arrangements;
3. Participate in additional funding mechanisms that donors make available, such as calls for proposals, which would be appropriate for ITTO project work, and complete the necessary implementation and financial arrangements;
4. Notify Members on actions proposed to be taken under paragraphs (1) and (2), and request Members to approve the action subject to a time-bound, electronic no-objection procedure with an approval period of not less than fourteen(14) days; and
5. Report to Members on actions taken under paragraphs (1) and (2), or under paragraph (3) at the first subsequent session of the relevant Committee or the Council.

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## DECISION 5 (XLVI)

### MULTI-DONOR MECHANISM TO FACILITATE ENHANCED COOPERATION BETWEEN ITTO AND CITES

The International Tropical Timber Council,

Recalling Decisions 6(XII), 3(XVI), 5(XVIII), 7(XX), 7(XXXIV) and 2(XXXVII) on measures to improve cooperation between ITTO and CITES, and relevant aspects of the ITTO Action Plans and Biennial Work Programmes;

Welcoming the strong synergies that have developed between ITTO and CITES, including in facilitating implementation of the listing of tropical timber species in CITES through the joint capacity building programme implemented through the Biennial Work Programmes since 2007 in Bolivia, Brazil, Peru, Malaysia, Indonesia, Cameroon, Republic of Congo and Democratic Republic of Congo;

Noting that demand for support under the joint ITTO-CITES capacity building programme remains strong and that requests for support cover an increasing range of species and countries;

Further noting the financial support provided by the European Union, USA, Switzerland, Japan, Norway, Germany, New Zealand and the private sector in supporting work under the joint ITTO-CITES capacity building programme to date;

#### Decides to:

1. Authorize the Executive Director to establish in consultation with interested parties a multi-donor mechanism to facilitate on-going funding of the joint ITTO-CITES capacity building programme, including establishing memoranda of understanding or similar arrangements with individual donors as appropriate and as consistent with ITTO's rules and procedures;
2. Request the Executive Director to continue overseeing the joint ITTO-CITES capacity building programme as per the existing operating structure and to report to the ITTC on implementation of the programme;
3. Request the Executive Director to undertake, in cooperation with the CITES Secretariat, further activities under the joint ITTO-CITES capacity building programme to assist range countries and major trading partners in building their capacity to implement the requirements of CITES that are related to tropical timber and/or tree species, including inter alia:
  - Strengthening capacity of customs authorities and enforcement agencies at national and regional levels to effectively implement the requirements of CITES;
  - Enhancing information and knowledge exchange among producer and consumer countries on CITES procedures with regard to trade and implementation of the requirements of CITES; and



- Enhancing cooperation and networking among producer and consumer countries, including civil society, local communities and the private sector, to improve mechanisms for CITES implementation and enforcement at both national and regional levels.
4. Encourage donors to provide regular funding to allow the joint ITTO-CITES capacity building programme to continue operating into 2011 and beyond.

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## DECISION 6 (XLVI)

### ITTO/CBD COLLABORATIVE INITIATIVE TO CONSERVE TROPICAL FOREST BIODIVERSITY

The International Tropical Timber Council,

Taking note of the achievements of the International Year of Biodiversity 2010 in raising public awareness for the conservation and sustainable use of biodiversity for present and future generations;

Noting with concern the increasing loss of biodiversity in tropical forests;

Recalling the ITTO Action Plan 2008-2011, which calls for ITTO to identify opportunities for the development of schemes to promote environmental services that complement tropical timber production, to monitor the impacts of conservation, protection and transboundary areas and their relationships to achieving SFM, and to establish, in close collaboration with other relevant organizations and bodies, areas dedicated to biodiversity conservation;

Also recognizing the importance of the application in ITTO member countries of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests (ITTO Policy Series 17);

Underscoring the need to further strengthen ITTO's support to members in their efforts to conserve, manage and monitor the biodiversity in their tropical forests;

Further noting the Convention on Biological Diversity (CBD) Decision X/2 on the new Strategic Plan of the CBD for the period 2011-2020, in the framework of the International Decade of Biodiversity;

Welcoming CBD Decision X/36 on Forest Biodiversity, that recommends the development of collaborative actions between the CBD and ITTO Secretariats to strengthen the implementation of the CBD Programme of Work on Forest Biodiversity;

Recognizing the common issues addressed by the CBD Programme of Work on Forest Biodiversity and the objectives of the International Tropical Timber Agreements, 1994 and 2006, to promote the conservation and sustainable use of forest biodiversity and sustainable forest management (SFM) in support of poverty alleviation and overall sustainable development;

Reaffirming the Memorandum of Understanding (MoU) between the Secretariats of CBD and ITTO that aims to strengthen implementation of the CBD Programme of Work on Forest Biodiversity in ITTO producer member countries;

Decides to:

1. Further develop the collaborative initiative between CBD and ITTO with a focus on the following work areas:

- a. Enhanced biodiversity conservation in production forests and rehabilitation of secondary forests, including the promotion and application of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests;
  - b. Improved conservation and management of protected areas in relation to SFM, including transboundary conservation areas;
  - c. Enhanced provision of environmental services from tropical forests through SFM, thereby promoting synergies with biodiversity conservation and other associated ecosystem services; and
  - d. Improved welfare of indigenous and local communities, based on the sustainable management and conservation of tropical forests and the sustainable use of their biodiversity.
2. Request the Executive Director to promote the collaborative initiative for the benefit of ITTO members, including the development of a programme document to provide guidance for possible joint activities and request members to approve the programme document subject to a time-bound, electronic no-objection procedure with an approval period of not less than thirty(30) days;
  3. Invite ITTO members, Parties to the CBD, and relevant organizations to support joint activities under the framework of this Decision; and
  4. Regularly review progress in promoting tropical forest biodiversity conservation in ITTO member countries under this collaborative initiative.

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**DECISION 7 (XLVI)**  
**PROCEDURE FOR THE**  
**FINANCIAL ARRANGEMENTS RELATED TO HOSTING COUNCIL SESSIONS**  
**OUTSIDE THE HEADQUARTERS OF THE ORGANIZATION**

The International Tropical Timber Council,

Considering Article 9 of the International Tropical Timber Agreement, 1994 and Decisions 5(XXIX), 9(XXXI), 7(XXXIII) and 4(XLII) on the frequency, hosting and financing of Council sessions;

Further considering Article 9 of the International Tropical Timber Agreement, 2006 on the frequency, hosting and financing of Council sessions;

Appreciating the generous offers of Members to host Council sessions, and recognizing the significance of holding sessions in Producer countries on a rotational basis;

Recalling that the Government of Japan has generously confirmed its commitment to support the costs of one Council session per year to be held at the Headquarters of the Organization from January 2007 onward;

Underscoring the need to ensure that appropriate arrangements for hosting Council sessions outside Headquarters are in place before the Council decides the dates and venues for such sessions;

Decides that:

1. Annual Council sessions shall rotate between Headquarters and a Producer member country;
2. Any Producer member desiring to host a Council session outside Headquarters during an upcoming biennial period shall submit an invitation in writing no later than the first day of the Council session that is two years prior to the session that the member proposes to host and shall include the member's confirmation of its contributions as set out in paragraph 3;
3. Funding provided by the country proposing to host the session shall cover at least:
  - o Security
  - o Local logistic and administrative support
  - o Field trip and reception at discretion of the host
  - o Refreshments
4. Funding provided through ITTO shall cover the following costs:
  - o Interpretation and translation
  - o Travel costs of Secretariat
  - o Conference facilities if not provided by the host country
  - o Services and personnel
  - o Printing and copying

5. Costs, as mentioned in paragraph 4, for convening Council sessions outside Headquarters shall be shared equally among Producer and Consumer members and assessed in the proportion the number of each member's votes bears to the total votes of the member's group;
6. The costs for convening a Council session outside Headquarters, covered by the administrative budget, in any two-year period shall be budgeted equally between the two years and shall not exceed US\$ 400,000 in total;
7. The above limit shall be reviewed periodically; and
8. Council shall make every endeavour to reduce the costs of its sessions.

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FORTY-SIXTH SESSION  
13 – 18 December 2010  
Yokohama, Japan

## DECISION 8 (XLVI)

### ARRANGEMENTS FOR THE FORTY-SEVENTH, FORTY-EIGHTH AND FORTY-NINTH SESSIONS OF COUNCIL

The International Tropical Timber Council,

Considering Article 9 of the International Tropical Timber Agreement, 1994 and Decisions 5(XXIX), 9(XXXI), 7(XXXIII) and 4(XLII) on the frequency, duration and hosting of Council sessions;

Also recalling its deliberations on the offer of Guatemala to host the Forty-seventh session of the Council during its Forty-fifth session as summarized in the report of the Forty-fifth session (document ITTC(XLV)/20);

Noting with appreciation the offer of the Government of Gabon to host an upcoming session of the Council;

Further noting the long-term solution concerning the financing of Council sessions outside headquarters adopted at this session (Decision 7(XLVI));

#### Decides to:

1. Convene the Forty-seventh session of the Council in Guatemala in November 2011;
2. Authorize the Executive Director to utilize funds from the Working Capital Account not exceeding US\$ 400,000 to meet the costs to be borne by ITTO related to the Forty-seventh session;
3. Convene the Forty-eighth session of the Council in Yokohama in 2012; and
4. Convene the Forty-ninth session of the Council in Libreville, Gabon in 2013 under the provisions contained in Decision 7(XLVI).

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## **ANNEX IV**

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

**Documents: CEM-CFI(XLIV)/6**

**CRF(XLIV)/13**

**CFA(XXV)/9**





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CEM-CFI(XLVI)/6  
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FORTY-FOURTH SESSION  
13 – 18 November 2010  
Yokohama, Japan

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

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

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**Appendix A: Report on the ITTO Annual Market Discussion – 2010**

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## REPORT

### 1. Opening of the Session

The Forty-fourth Session of the Committees was opened on 14 December 2010 at the Joint Session of the Committee on Economic Information and Market Intelligence (CEM) and the Committee on Forestry Industry (CFI), co-chaired by Ms. Carla Boonstra (the Netherlands), Chairperson of CEM and Dr. Kug-Bo Shim (Republic of Korea), Chairperson of CFI. Mr. Tabi Agyarko (Ghana), the Chairperson of the Committee on Reforestation and Forest Management (CRF) chaired the Joint Session of All Committees on 14 December 2010 which considered items 4, 8A and 8C of the Agenda. The Chairperson of CEM also chaired the Joint Session of Committees on 15 December 2010 which considered item 6 of the Agenda. The list of participants is presented in document ITTC(XLVI)/Info. 2.

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

The Agenda for the Joint Session of the Committees as contained in documents CEM-CFI(XLIV)/1, CFA(XXV)/1 and CRF(XLIV)/1 was duly adopted.

### 3. Admission of Observers

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

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

The Committees noted the presentation made by Dr. Luiz Carlos Estraviz Rodriguez (Brazil), Chairman of the Expert Panel for Technical Appraisal of Project Proposals at its Thirty-ninth and Fortieth meetings held on 1-5 February and on 2-6 August 2010 in Yokohama, Japan as contained in documents ITTC/EP-39 and ITTC/EP-40, respectively. In summary, the report of the Expert Panel indicated:

- (i) a total number of 19 and 20 proposals appraised at its Thirty-ninth and Fortieth meetings respectively;
- (ii) a total number of 5 proposals (26% of proposals evaluated) comprising 5 projects were accorded category 1 rating at the Thirty-ninth meeting and a total number of 6 proposals (30% of proposals evaluated) comprising 5 projects and 1 pre-project were accorded category 1 rating at the Fortieth meeting;
- (iii) two (2) out of the 5 proposals accorded category 1 rating during the Thirty-ninth meeting and 6 out of the 6 proposals accorded category 1 rating at the Fortieth meeting were new proposals;
- (iv) eight (8) proposals appraised during the Thirty-ninth meeting and 9 proposals during the Fortieth meeting were sent back to proponents for revision and six (6) proposals appraised during the Thirty-ninth meeting and 5 proposals during the Fortieth meeting were recommended not to be approved by the Committees.

Dr. Estraviz Rodriguez presented the general comments made by the Expert Panel at its Thirty-ninth and Fortieth meetings directed mainly to the ITTO focal point in each member country, as follows:

- Ensure that proposals are assessed at the national level with regard to the country's priorities and to the relevance to ITTO objectives and in conformity with guidelines provided by the third Edition of the ITTO Manual for Project Formulation (GI Series 13).
- Play an active role to ensure that high quality proposals are submitted and a clearinghouse mechanism and proper monitoring and evaluation mechanism are in place.
- Carefully screen the project proposals using the table of contents suggested in the manual as a checklist for this purpose.
- Receive a copy of the Panel reports on the Technical Appraisal of project proposals, and reply to the Secretariat on how the specific recommendations are being dealt with.
- Some proponents further seemingly applied a top-down approach, which would indicate that stakeholders have not been involved in the process and undermines the sustainability of the project.
- Stakeholder analyses in many proposals have not taken into account the gender dimension as addressed by the Manual.

- Although improvement of livelihoods has been mentioned by some project proposals, these issues were only mentioned as catchwords without further elaboration of methods and expected livelihood outcomes (Sustainable Livelihoods Approach).
- For projects that stipulate international or regional cooperation, some proposals have not included letters from participating Countries. In these cases, letters from cooperating countries are mandatory.
- Some proposals have been submitted without defining mechanisms to ensure that project benefits will continue to exist after project completion.

Furthermore, Dr. Estraviz Rodriguez mentioned that among the most important aspects, two main components have driven the evaluations made by the Panel: i) stakeholders involvement during the elaboration and the implementation phases, ii) the logic used to structure the proposal, which strongly depends on, iii) the precise definition of the problem targeted by the project, and iv) the main causes and sub-causes of the problem

Dr. Estraviz Rodriguez also informed the Committees that a comprehensive scoring system had been developed to support the technical appraisal of each project proposal. Thoroughly tested and improved, with the participation of several members of the Panel, the scoring system had allowed the Panel to produce objective and consistent first evaluations, and had improved the Panel practice used to evaluate each proposal.

Dr. Estraviz Rodriguez further mentioned that the Project Formulation Manual promotes clear guidance regarding specific proposal components, the elaboration of a strong logical justification, and the identification of essential points that proponents must bear in mind in the course of Project formulation. But, the number of new projects fully complying with the guidelines provided by the manual was still proportionally lower, leading to further revisions (doubling the work of Panel and proponents), and furthermore, many proposals among those put into category 2, have applied only the format and failed to follow the detailed guidance provided by the Manual. Therefore, special attention is required from ITTO to support training sessions in countries where Language and project development capacity might still be problematic.

#### 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 Thirty-ninth and Fortieth Meetings as follows:

<b>Committee on Economic Information and Market Intelligence</b>		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 578/10 Rev.1 (M)	Implementation of a National Information System for the Sustainable Management of Forest Resources	Côte d'Ivoire

<b>Committee on Forest Industry</b>		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
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	Indonesia
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	Mexico

6. ITTO Annual Market Discussion – 2010

The Committees noted the summary of the ITTO Annual Market Discussion – 2010, held in the Joint Session of All Committees on 15 December 2010, as contained in Appendix A. The theme of the Market Discussion was “Innovations and Technologies in Wood-based Industries”. Ms. Carla Boonstra (Chairperson of CEM) chaired the meeting and Mr. Barney Chan (TAG Coordinator) served as the moderator of the Market Discussion.

The following feature presentations were made during the Market Discussion:

Prof. Gary Waugh University of Melbourne (Australia)	Global Challenges for the Forest Products Industries, Threats or Opportunities for the Tropical Timber Sector
Dr. Callum Hill Edinburgh Napier University (U.K.)	Wood Modification
Dr. Antje Wahl FP Innovations (Canada)	Markets for Modified Wood Products, Threats or Opportunities for the Tropical Timber Sector
Prof. Ivan Tomaselli STCP Engenharia de Projetos Ltda. (Brazil)	Adoption of Technical Innovation – Experiences of the Latin American Timber Sector

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 2011. He informed the Committees that the theme for the discussion would be ‘The Crisis, the impact and the recovery’.

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(XLIV)/2 as follows:

**Committee on Economic Information and Market Intelligence**

PD 124/01 Rev.2 (M) Phase II	Promotion of Sustainable Management of African Forests (ITTO/ATO)
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The Secretariat informed the Committees of the outputs achieved during implementation of Phase II of the project as detailed in the completion report contained in document CEM-CFI(XLIV)/2. The involvement (including funding) of WWF’s regional office in activities leading to a regional FSC certification standard based on the ATO-ITTO C&I was highlighted. The future role and involvement of ATO in Phase III of the project was addressed, given the difficulties faced by the Organization in securing funding to continue operations. The Secretariat stressed the importance of the project to countries in the region and informed the intention of ITTO to continue implementing Phase III using its capacity available in the region (ie the regional officer based in Libreville and the regional coordinator). The Secretariat drew the attention of the Committees to the urgent requirement for funding of Phase III, Stage 1 of the project (US\$400,000.00) to ensure that project staff could be retained to continue project work in 2011. The final audit of Phase II of the project had just been completed.

The Committees took note of the Secretariat’s report and duly declared Phase II of the project complete.

PD 168/02 Rev.1 (M) Phase II	Establishment of a National System of Collection, Entry, Processing and Dissemination of Forestry and Timber Statistical Data in Togo
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The Secretariat reported that since the previous session, a proposal to complete the implementation of the project incorporating a revised workplan and budget was submitted by the implementing agency and duly approved by the Executive Director. Following the disbursement of the final instalment of ITTO fund, the implementation of the revised workplan was successfully completed, resulting in the achievement of project outputs and the realization of the project’s development and specific objectives. The implementing agency had also submitted to the Secretariat the project completion report and the final financial audit report of the project, both of which were found to be in order.

The Committees duly declared the project complete.

PD 353/05 Rev.2 (M,F,I) Adoption and Implementation of the Forestry Information System (FIS) for the Philippines

The Secretariat reported on the implementation of the project, accomplished after an extension of six months of its duration without additional ITTO funding due to some additional complementary activities. All of the planned outputs had been achieved which contributed to the realization of the project's development and specific objectives. The key project deliverable, a country-wide forestry information system (FIS) had been developed and implemented in the context of forest policy and management.

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

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 Secretariat reported on the implementation of the project which resulted in the achievement of all of the planned project outputs and the realization of its development and specific objectives. The key project deliverables, the dedicated GIS, barcode timber-tracking system and central monitoring and detections database had been developed and completed.

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

PPD 45/02 Rev.3 (M) Formulating a Product Aimed to Strengthen Capacity for the Sustainable Management of Natural and Planted Forests in Panama

The Secretariat informed the Committees that at the previous session, the outputs of the pre-project were reported to have been achieved, pending the conduct of the final audit.

The Secretariat reported that the implementing agency had submitted the final audit report in January 2010, and returned unspent funds to the Secretariat in May 2010.

The Committees duly declared the pre-project complete.

PPD 62/02 Rev.1 (M) Establishing a Forest Statistics Management System in the Democratic Republic of Congo  
Phase II

The Secretariat informed that the project was suspended by the Committees at the previous session due to the long delay in the submission of the financial audit report accounting for the pre-project funds. However, the implementing agency had submitted a satisfactory financial audit report shortly after being informed of the suspension. The Committees duly recommended that the suspension of the pre-project be lifted and that the pre-project be declared complete.

### **Committee on Forest Industry**

PD 44/98 Rev.2 (I) Handbook on Tree and Wood Identification of 100 Lesser-Used and Lesser-known Timber Species from Tropical Africa with Notes on Ethnography, Silviculture and Uses (Ghana)

The Secretariat informed the Committees that the project had been moved from item 9 to item 7 of the Agenda.

The delegation of Ghana thanked ITTO and the donors and provided an overview of the results of the project. The Committees noted that the final output was a handbook entitled "100 African Timber Trees from Ghana: Tree description and wood identification with notes on distribution, silviculture, ecology, ethnobotany and wood uses". It provided a quick reference guide for the identification of 100 timber species based on taxonomical features and bark characteristic; and wood identification based on macroscopic and physical features through dichotomous or computer aided identification programme. The timber trade in Ghana had benefitted from the results of the project.

The Secretariat informed that the completion report, the technical report 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 65/01 Rev.2 (I) Training in Reduced Impact Logging in Cambodia

The delegation of Cambodia thanked ITTO and the Government of Japan (donor country) and provided an overview of the implementation of the project. The Committees noted that all the project's outputs had been achieved. The Committees also noted that 106 foresters, supervisors, and managers had been trained. A demonstration plot (500 ha) for RIL practices was established in Kampong Thom forest area in the central part of Cambodia.

The Secretariat informed that the completion report, the technical report 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 100/01 Rev.3 (I) Capacity Building for the Development of a Sustainable Rattan Sector in China based on Plantation Sources

The Committees noted the project outputs achieved, namely:

- Establishment of three demonstration rattan plots;
- A technical manual containing all information on rattan resources management and utilization from status of resources, nursery operation and plantation management to harvesting and processing of canes and shoots;
- National training courses conducted, involving 109 trainees; and
- A regional workshop/seminar on rattan cultivation, management, utilization and marketing for Asia convened.

The Committees also noted that the counterpart contribution was increased from US\$479,213.00 to US\$644,188.00.

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 318/04 Rev.2 (I) Quality Control and Standardization of Ghanaian Wood Products

The delegation of Ghana thanked ITTO and the donors and provided an overview of the implementation of the project. The Committees noted that all the project's outputs had been achieved. The Committees also noted that the standards for wood products developed addressed exigent national problems and would benefit all citizens. Unlike other standards which targeted a niche market such as industry and exports, these standards met most domestic needs, widely acclaimed in the interim and were expected to be sustained. The standards were under the control of the Ghana Standards Board with which had its own protocol for maintenance and for informing society of new standards continuously through marketing and promotional programmes.

The Secretariat informed 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 68/03 Rev.2 (I) Study on Utilization of Plantation Teak (Myanmar)

The Secretariat provided an overview of the implementation of the pre-project. The Committees noted that the pre-project assessed the opportunities for the utilization of plantation teak (*Tectona grandis*) of different ages and sizes.

The Committees noted that as a result of the pre-project, a full project proposal had been formulated and would be submitted to the Expert Panel for Technical Appraisal of Project and Pre-project Proposals at its Forty-first meeting.

The Secretariat informed 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 Committees duly declared the pre-project complete.

PPD 133/07 Rev.1 (I)                      Training Needs Analysis for the Builders' Woodworks Industry in the Philippines

The Secretariat reported to the Committees on the outputs realized from the implementation of the pre-project as follows:

- An inventory of existing positions in the builders' woodworks industry;
- Standards for specific positions in the builders' woodworks industry;
- Training needs identified; and
- A project proposal on capacity building for the builders' woodwork industry formulated.

The Secretariat informed the Committees that unspent funds had been returned to the Secretariat and 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 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(XLIV)/3.

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

PD 41/99 Rev.4 (M)                      Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS)(Philippines)

PD 133/02 Rev.3 (M)                      Timber and Timber Products Trade Flow Study in the Philippines

A presentation before the Committees was made by the consultant, Mr. Neil Byron (Australia), in respect of his ex-post evaluation report on the two closely related projects implemented in the Philippines.

In his presentation, Mr. Neil Byron indicated that both projects had been implemented professionally and efficiently, within budget and on schedule. He also emphasised the projects' effectiveness, efficiency and impacts including longer-term sustainability and lessons for similar projects in future. The reasons for this success included: good project design; excellent training; outstanding "people-management" skills; and a continuous focus on quality and policy relevance.

For PD 41/99 Rev 4 (M): "Development and implementation of the Pilot Project of the Forestry Statistics Information System – Phase I", Mr. Neil Byron highlighted the results and outcomes of the project: the Forest Management Bureau (FMB) of the Department of Environment and Natural Resources (DENR) had benefitted from a comprehensive and accurate FIS/GIS showing the precise location, legal status, biophysical condition, production potential of forests and other resources available. It could now make much more informed decisions on resource development, new plantings, conservation zones and land-use conflicts and effectively monitor field programmes and policy effectiveness. FMB & DENR continued to find valuable and effective new applications for the FIS/GIS. He also listed some lessons learned from the implementation of the project including the thorough preparations which ensured effectiveness, despite unavoidable difficulties; well-trained and highly-motivated officers who demonstrated "proof of concept"; and the need for continuing maintenance of the systems, both hardware and "software" including human resources.



For PD 133/02 Rev 3 (M): "Timber and Timber Products Trade Flow Study of the Philippines", Mr. Neil Byron indicated that the project contributed to improved understanding amongst all stakeholders, such as growers, processors, traders and the government, on the operation of the value chain from forest plantations, through traders and processors, to the selling of manufactured timber products including furniture and plywood. The web-based wood markets information system ([www.woodmaris.com](http://www.woodmaris.com)) was active following project completion and for the subsequent 2 years. The database provided valuable policy relevant information and insights including new government policy options, e.g. the reationalisation of sawmilling capacity, and payments to Government and sharing of plantation revenues or profits, in lieu of land rents.

Mr. Neil Byron summarized the following conclusions on the implementation of the projects:

- Achieving and demonstrating SFM would be extremely difficult without accurate, reliable, up-to-date and readily-accessible information;
- ITTO financing assistance had generated significant benefits in public policy, including assisting the Philippines' forest industries to restructure and position themselves towards sustainable forest management.
- These projects are a model for other producer countries to improve the information base for SFM and enhancing the effectiveness of public policy on forestry.

Mr. Neil Byron also proposed a number of recommendations including the following:

- The Government of the Philippines should continue maintaining and fully utilizing these systems.
- There are excellent opportunities for follow-up to build on the accumulated expertise. ITTO and the Government of the Philippines should jointly explore opportunities for enhancing the accumulated expertise for the development of the forestry sector in the Philippines;
- ITTO should investigate the need for and the interest in, similar GIS and market information systems, for other ITTO member countries based on the successful experience in the Philippines.

The Committees commended the consultant for his report and presentation.

PD 264/04 Rev.3 (M,I)                      Timbers of Tropical Africa Part 1: Group 7(1) within the PROTA Programme (Ghana)

A presentation before the Committees was made by the consultant, Dr. Ivan Tomaselli (Brazil) in respect of his ex-post evaluation report on the project.

In his evaluation, Dr. Tomaselli indicated that the project had basically been implemented successfully, with its development objective of improving access to interdisciplinary data on the timbers of Tropical Africa as a basis for promoting sustainable forest management and strengthening networking leading to better cooperation and information exchange between stakeholders in the region realized. The specific objectives of the project relating to the gathering, evaluating and synthesizing of information on the timbers of Tropical Africa as well as improving networking and facilitating access of targeted beneficiaries to the information in electronic and printed forms had also been generally achieved. Virtually all project outputs had been achieved including, in particular, the data on PROTA 7(1) Timbers 1 produced in the form of a web database, handbooks and CDs in English and French. The dissemination of these materials had been facilitated by agreements reached between PROTA, CTA and Blackhuys Publishers. In Dr. Tomaselli's opinion, the project had a positive impact on facilitating the access of targeted beneficiaries to information on timber species of Tropical Africa and, therefore, on the implementation of sustainable forest management in the region. In addition, there was a number of other outputs that had enhanced the impact and usefulness of the project including the upgraded and interactive website of the project and the wood anatomy workshop conducted to enhance the capacity of experts in Tropical Africa in the field of wood anatomy and standardized wood-anatomical description.

Dr. Tomaselli also listed some of the limitations of the project. These included the non-achievement of Output 2.4 on derived products involving a survey of beneficiaries and dialogue with grassroot organizations; the difficulty of assessing the utilization of the information generated by the project to the targeted beneficiaries; the minimal role of the private sector and local communities as targeted beneficiaries in the planning and implementation of the project; and constraints related to capacity-building, recruitment of PROTA network office in Africa and transfer of responsibility to institutions in Africa in order to enhance the sustainability of the project.

Some of the valuable lessons learned from the implementation of the project included the impact of its sound design; the experience and solid management structure of PROTA as the implementing agency and the efficient communication and cooperation among parties involved which had contributed immensely to the smooth, efficient and effective implementation of the project, accomplished on time with no extension of project duration and additional funding; and the extremely high value of this regional and inter-continental project straddling several countries in Tropical Africa and two continents.

Dr. Tomaselli proposed a number of recommendations including the following:

- (i) Provide for greater involvement of the private sector in the implementation of the second phase of the project,
- (ii) Improve the dissemination of project information to local communities and other secondary beneficiaries,
- (iii) Provide better guidance to beneficiaries on the optimal use of the information in the database,
- (iv) Undertake more efforts to enhance the sustainability of the project,
- (v) Strengthen organizations and regional network in Tropical Africa and arrange for a phased transfer of ownership and responsibilities to these entities in order to internalize the programme in Africa and ensure its sustainability.

The Committees commended the consultant for his report and presentation.

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

PD 108/01 Rev.3 (I)                      Development of Sustainable Rattan Production and Utilization through Participation of Rattan Small Holders and Industry in Indonesia

A presentation before the Committees was made by the consultant, Dr. Antonio Manila (the Philippines), in respect of his ex-post evaluation report on the project. The main objective of the project was to promote the sustainable management and use of rattan resources in the country, covering more than 300 species in forest production area estimated at around 9.37 million hectares. The project strategy was anchored on the active involvement of rural community in sustainable forest management (SFM), including the use of rattan resources to enhance their socio-economic position and alleviate poverty among forest communities. The project was carried out over an initial period of 36 months which was subsequently extended for an additional 18 months.

The consultant highlighted the key project outputs and confirmed that the project strategy was sound, given the information available and circumstances at the time the project was developed. A number of project outputs focused on natural rattan as well as plantation management, including value-added rattan products and documented in the form of guidelines, manuals and reports. The project produced a wealth of information and data on rattan resources, including comprehensive technical papers/reports and manuals. Unfortunately, none of these had been published in any of the international/regional journals, periodicals and newsletters (e.g. INBAR) for wider distribution and utility.

The project was implemented collaboratively and the budget was well managed through the project steering committee. Close collaboration among key stakeholders had enabled them to build linkages and share information and updates in the interest of proper project management and sustainability aspects. A stronger political support was needed to maintain the positive impacts of the project, particularly in the formulation of a long-term national development strategy and action plan for commercial rattan plantation as a "road map" for all stakeholders.

PD 277/04 Rev.3 (I)

Promoting Selected Non-Timber Forest Products Based on  
Community Participation Approach to Support Sustainable Forest  
Management in East Kalimantan (Indonesia)

A presentation before the Committees was made by the consultant, Dr. Antonio Manila (the Philippines), in respect of his ex-post evaluation report on the project. The main objective of the project was to promote the sustainable use and management of NTFPs in the forest sector in East Kalimantan through the development of small-scale production and marketing system involving local stakeholders. The project strategy was anchored on the active involvement of the rural community in sustainable forest management (SFM), particularly in the use of NTFPs in the form of medicinal plants to enhance their socio-economic conditions and in increasing the revenue of local government that would in turn lessen the pressure on forests. The project was carried out over a period of 36 months which was subsequently extended by another 4 months.

The consultant highlighted the key project findings. The field trainings conducted by BIOMA, a local/site-based NGO, for local communities and the implementation of livelihood activities had positive impacts on sustainability. The ex-post evaluation confirmed that the project strategy was sound, given the information available and circumstances at the time the project was developed. Despite limitations in its problem analysis the project was successfully implemented with all of its planned outputs achieved.

The project was completed more than 2 years ago, but the rural community continued to maintain and manage their backyard farmlands and expressed their strong desire to continue doing so. Some beneficiaries were able to send their children to college utilizing income derived from producing and selling medicinal plants. Notably the Semoi 1 village membership had grown from 13 in 2005 to 79 benefitting from the revolving fund scheme. The Semoi 1 village head/leader had been invited as a resource person in a field day activity at a University Campus, delivering a lecture on medicinal plants. The Semoi 1 village was being considered as a model for R & D in medicinal plants. An adjacent village, had expressed the wish to join and participate in this novel undertaking of promoting selected medicinal plants to support sustainable forest management. Farmers were able to sell high quality ginger simplisia and extracts of *pasak bumi* at attractive prices to a manufacturer of *jamu* products located outside of Kalimantan after meeting the specifications set by the manufacturer. Finally, the project and its impacts had been instrumental in improving the living conditions of targeted farmer groups, as the transfer of technology was carried out efficiently through workshops and trainings organized locally and facilitated by a competent, local/site-based NGO.

PD 286/04 Rev.1 (I)

Strengthening the Capacity to Promote Efficient Wood Processing  
Technologies in Indonesia

A presentation before the Committees was made by the consultant, Dr. Antonio Manila (the Philippines), in respect of his ex-post evaluation report on the project. The main objective of the project was to enhance national capacities and skills in wood processing through training programmes to ensure the efficient and diversified use of tropical timber in the country. The project strategy was anchored on the active involvement of Indonesian Sawmill and Wood Working Association (ISWA) members in conducting the training programmes geared towards increasing the contribution of the wood processing industry to the national economy and ultimately towards the achievement of sustainable forest management (SFM). It was carried over a period of 36 months which was subsequently extended by an additional 12 months.

The consultant highlighted the key project findings. The direct contribution to ITTO work on SFM was the conduct of 139 in-house trainings for 860 participants comprising owners, executives and supervisors on wood processing techniques, quality/industrial management and marketing aspects, far exceeding the 500 participants initially planned, and its multiplier effect on the continuing application of efficient wood processing techniques producing high quality wood products at much lower production costs and wood waste by the wood processing industry. The project involved in-house training programmes conducted in 50 mills of ISWA members, as it was found to be a more effective form of training compared to conventional class room training, since technology transfer was to be transparent as well as effective and smoothly undertaken through problem solving-oriented means through direct learning by doing.

The sustainability of project impacts was evidenced by the changing attitude of a large number of mill owners and executives who no longer acted as traders seeking short term profits, but as investors striving for long-term business survival. The mills/companies hosting the in-house training were found to be keen in applying the technical and managerial guidance generated by the Project. Through proper application of the guidance, the mills/companies generated direct financial gains through reduced production cost and increased price of processed products. Increased wood recovery of 3% as reported by the trainees generated a huge amount of savings through reduced production cost. This direct financial gain served as a strong incentive for the companies to continue using the guidance and recommendations of the Project. The financial gain generated by the project will sustain the interest of processors in using the outputs and results of the project. It was noted that the Ministry of Forestry had indicated its strong interest in developing and conducting in-house training programmes on processing efficiency and product quality management, using state funds and in collaboration with wood industry associations.

Following the presentation, the delegation of Indonesia expressed its gratitude to the donors and ITTO for the successful implementation of the project. The delegation of Indonesia also thanked the consultant for his excellent ex-post evaluation. The findings, lessons learnt, and recommendations would be taken up by Indonesia to further improve the implementation of other on-going ITTO projects.

The delegation of Nigeria commented that the presentation by the consultant could be enhanced by elaborating the sustainability of the project and impacts of the projects on communities' income and the level of efficiency of the forest industry sector. The Consultant responded that the information could be obtained from the ex-post evaluation reports of the projects.

The Committees commended the consultant for his reports and presentation

#### **(B) Selection of Projects for Ex-post Evaluation**

The Committees duly selected the following projects for ex-post evaluation:

##### **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
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

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

The Committees duly selected the following projects for ex-post evaluation:

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

#### **(C) Meta-Evaluation of ITTO Ex-post Evaluations**

As requested by the CRF at its Forty-third Session, the Secretariat drafted a set of Terms of Reference (TOR) for a Meta-Evaluation of ITTO ex-post evaluations and submitted it to the Joint Session of the Committees. As the delegations of Switzerland, USA, Peru and others intervened and suggested enhancement of the Draft TOR, the Chairperson decided to establish a small informal working group to further compile all comments and suggestions made and incorporate these into a final draft TOR for the consideration and approval of the Joint Session of the Committees. The small informal working group, composed of delegates of Brazil, Cameroon, Ghana, Guatemala, Indonesia, Malaysia, Peru, and USA, and chaired by the delegate of the UK, met to discuss the draft TOR which were subsequently enhanced. The draft TOR was resubmitted to the CRF, and some delegates provided additional comments and suggestions. The final outcome and definitive text of the TOR is attached in Appendix 1 of document CRF(XLIV)/13. The CRF further decided that the budget for the evaluation should not exceed US\$300,000.00 and that funds should be drawn from the Pooled Sub-Accounts for Ex-Post Evaluation.

9. Review of Projects, Pre-projects and Activities in Progress

The Committees considered the Report of Projects and Pre-projects in Progress as contained in document CEM-CFI(XLIV)/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**

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|-----|--------------------------------------|--|
| 1.  | PD 16/93 Rev.4 (M)<br>Phase IV, 2010 | Market Information Service for Tropical Timber and Timber Products, Phase IV, 2010 (Global)  |
| 2.  | 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)   |
| 3.  | PD 196/03 Rev.1 (M)                  | Upgrading and Strengthening of the National Forest Statistical Information System in Venezuela   |
| 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 340/05 Rev.2 (M,F,I)              | National Forest Statistical Information System in Guatemala  |
| 6.  | PD 391/06 Rev.2 (M)                  | Promoting and Creating Market Demand for Certified Tropical Wood and Verified Legal Tropical Wood (Japan)  |
| 7.  | PD 406/06 Rev.1 (M)                  | Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)  |
| 8.  | PD 443/07 Rev.1 (M)                  | Strengthening of the Forest Statistics and Information Center – CIEF (Honduras)  |
| 9.  | PD 449/07 Rev.2 (M)                  | Enhancing Forest Law Enforcement in Papua New Guinea   |
| 10. | PD 479/07 Rev.2 (M)                  | Timbers of Tropical Africa Part 2: Group 7(2) within the PROTA Programme (Ghana)   |
| 11. | PD 480/07 Rev.2 (M)                  | Demand and Supply of Tropical Wood Products in China Towards 2020  |
| 12. | PPD 14/00 (M)                        | Strengthening the Market Discussion (Global)   |
| 13. | PPD 138/07 Rev.1 (M)                 | Verifying the Legality of Timber Forest Products in Peru   |

**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)     | Project for the Development, Application and Evaluation of Biomass Energy Technologies through Briquetting, Gasification and Direct Combustion of (Wood and Agricultural) Wastes (Malaysia/Cameroon) |
| 3. | PD 46/96 Rev.2 (I)     | Establishment of a Wood Workers and Craftsmanship Village (Ghana)  |
| 4. | PD 13/99 Rev.2 (M,F,I) | ITTO Information Network and Project Support (Phase II) (Global)   |

5. PD 40/00 Rev.4 (I) Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)
6. PD 77/01 Rev.2 (I,F) Contribution to the Development of Skills and Technical Training Structures at the Mbalmayo National School of Forestry (Cameroon)
7. PD 131/02 Rev.4 (I) Training of Forest Practitioners for the Improvement of Forest Industry in Cambodia
8. PD 233/03 Rev.2 (I) Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)
9. PD 275/04 Rev.3 (I) Improvement of the Sustainable Management and Utilization of Non-Timber Forest Products (NTFPs) in Cambodia
10. PD 306/04 Rev.1 (I) Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia
11. 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
12. PD 334/05 Rev.2 (I) Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (Philippines)
13. PD 347/05 Rev.2 (I) Promoting Access to the Forest Sector Activities by Gabonese Nationals through the Development of the SME Forest Partnership
14. 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)
15. PD 384/05 Rev.3 (I) Testing Laboratory for the Development of Quality Standards for Mexican Primary and Processed Tropical Forest Products
16. PD 385/05 Rev.4 (I,F) Industrialisation, Marketing and Sustainable Management of Ten Mexican Native Species
17. PD 397/06 Rev.3 (I) Sustainable Development of the Wood-Based Industries in South Kalimantan (Indonesia)
18. PD 398/06 Rev.2 (I) Promoting the Utilization of Plantation Timber Resources by Extending Environmentally Sound Preservation Technology (China)
19. PD 401/06 Rev.2 (I) Value Adding and Kiln Drying of Commercial Timbers by Small Scale Community Saw Millers in Guyana
20. PD 425/06 Rev.1 (I) Production and Utilization Technology for Sustainable Development of Eaglewood (Gaharu) in Indonesia
21. PD 431/06 Rev.1 (I) Processing and Utilization of Trees on Farmlands and Logging Residues through Collaboration with Local Communities (Ghana)
22. PD 433/06 Rev.3 (I) Sustainable Model for the Brazilian Wood Flooring Production Chain
23. 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)

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|-----|----------------------|---|
| 24. | PD 506/08 Rev.1 (I)  | Reviving Forestry Education in Liberia  |
| 25. | PD 512/08 Rev.2 (I)  | Industrial Utilisation and Marketing of Ten Potential Timber Species from Secondary and Residual Primary Forests (Peru) |
| 26. | PD 513/08 Rev.1 (I)  | Enhancing the Capacity of the Wood Processing Sector to Improve Efficiency and Add Value in Guyana                      |
| 27. | PD 523/08 Rev.1 (I)  | Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia  |
| 28. | PPD 5/00 Rev.1 (I)   | Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India                                |
| 29. | PPD 97/04 Rev.1 (I)  | Improve Strategies and Assess Training Needs to Achieve SFM in Suriname   |
| 30. | PPD 125/06 Rev.2 (I) | National Training Program to Promote the Adoption of Reduced Impact Logging (RIL) in Papua New Guinea                   |

**(B) Projects and Pre-projects pending Agreement**

**Committee on Economic Information and Market Intelligence**

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| 1. | PPD 139/07 Rev.1 (M) | Strengthening of the National Forest Information System (Thailand) |
|----|----------------------|--|

**Committee on Forest Industry**

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|----|---------------------|---|
| 1. | PD 457/07 Rev.5 (I) | Operational Supportive System for Promoting the Further Processing of Timber in Five Countries of the Congo Basin (Gabon) |
|----|---------------------|---|

**(C) Projects and Pre-projects pending financing**

**Committee on Economic Information and Market Intelligence**

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|----|----------------------------------|---|
| 1. | PD 124/01 Rev.2 (M)<br>Phase III | Promotion of Sustainable Management of African Forests (Africa) |
|----|----------------------------------|---|

The delegation of China informed the Committees of the importance of PD 124/01 Rev.2 (M) "Promotion of Sustainable Management of African Forests – Phase III" considering the successful implementation of its two earlier phases. It expressed the hope that, building on the outcomes achieved in the earlier two phases, the project could extend the good momentum gained and contribute to the achievement of sustainable forest management in Africa. In that regard, the delegation announced that China would make a voluntary contribution of US\$100,000.00 for the financing of this project. This contribution would be subject to formal approval by the National People's Congress in March 2011 before the funds could be made available. At the same time, China was also exploring the possibility of leveraging follow-up financing from other sources for this project.

**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.2 (I) | Promoting Timber Preservation for Reducing Forest Resource Depletion in Indonesia |

3. 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
4. PD 522/08 Rev.2 (I) Properties, Processing and Marketing of Teak Wood Products of Community Teak Plantations in Java and Eastern Indonesia
5. PD 540/09 Rev.1 (I) Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products
6. PD 549/09 Rev.2 (I,F,M) Provenance Evaluation, Wood Technological Characterization and Market Survey for Balsawood (*Ochroma pyramidale* Cav.) in the Lacandon Forest, Chiapas, Mexico

The Committees held discussions on the following projects and pre-projects:

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

##### **PD 406/06 Rev.1 (M) Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)**

The Secretariat informed the Committees that the Government of Ecuador had submitted a request for an extension of the duration of the project without additional ITTO funding and modification of the budget items of the project, as contained in the document CEM-CFI (XLIV)/5.

The delegation of Ecuador took the floor to explain the rationale of his proposal based on three main reasons:

- The change in conditions at the time of the commencement of project implementation compared with the time the project was formulated;
- Actions taken by the Ministry of Environment of Ecuador in providing for infrastructure and communication equipment; and
- The current policy of the National Government on the use of the free software.

The above issues had led to the need to modify the budget of the project arising from the reduction of approximately US\$80,000.00 in the cost of implementing project activities 1.2.3 and 1.2.7

Consequently, the Government of Ecuador wished to use the savings from capital items to expand the scope of the project to include a component on the monitoring of the forest regime to be added to the National Forest and Timber Marketing Statistics System.

Accordingly, the Government of Ecuador requested a reallocation of the project budget involving the savings from capital items to be transferred to personnel for the hiring of consultants to develop the monitoring component of the System. It also requested an extension of the project duration without additional funding from ITTO to 31 December 2011. Details of the request are contained in document CEM-CFI (XLIV)/5.

After considering the request of Ecuador, the Committees duly approved the modifications of the project budget contained in the document CEM-CFI (XLIV)/5 as well as the extension of its duration to 31 December 2011.

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

##### **PD 46/96 Rev.2 (I) Establishment of a Wood Workers and Craftsmanship Village (Ghana)**

The Secretariat reported that at the previous session, the Committees noted that the project's completion and final financial audit reports were being prepared for submission to the Secretariat by the end of 2009. The Committees also noted that the project was scheduled to be declared complete at the current session of the Committees. However, the completion report and final financial audit report had just been received by the Secretariat at the current session of the Committees.



The Secretariat informed the Committees that the reports would be reviewed in due course. The Committees noted that the project would be scheduled to be declared complete at the next session.

**PD 77/01 Rev.2 (I,F)                      Contribution to the Development of Skills and Technical Training Structures at the Mbalmayo National School of Forestry (Cameroon)**

The Secretariat reported that all technical outputs of the project have been completed and achieved and that the final financial audit report was submitted to the Secretariat in October 2010. However, the completion report of the project was still pending.

The delegation of Cameroon informed the Committees that the completion report would be submitted in December 2010.

**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 Secretariat informed that at the previous session, the delegation of Guyana reported on the technical completion of the project following the achievement of the planned outputs. The delegation of Guyana sought the authorisation of the Committees for the use of part of the remaining funds to purchase capital items, which was granted following the consent of the donors.

The Secretariat reported that the final financial audit report of the project was still pending, and, therefore, the authorisation for the use of the remaining funds had not been exercised.

The delegation of Guyana informed that the financial audit had been completed and the final audit report would be furnished shortly. The delegation of Guyana also requested the support of ITTO that the authorisation be effected.

**PD 347/05 Rev.2 (I)                      Promoting Access to the Forest Sector Activities by Gabonese Nationals through the Development of the SME Forest Partnership**

The Secretariat reported that at the previous session, the delegation of Gabon requested an extension of the duration of the project till 31 December 2010 in order to enable on-going project activities to be completed, namely: visit to South Africa; the identification of a financing mechanism for SMEs; and the development of a project proposal to support the implementation of the identified financial mechanism.

The Secretariat informed that the mission to South Africa, planned for October 2010, did not take place and had to be rescheduled in February 2011.

The delegation of Gabon requested the Committees for a further extension of six months without additional ITTO funding. The Committees duly approved the request for extension.

**PD 433/06 Rev.3 (I)                      Sustainable Model for the Brazilian Wood Flooring Production Chain**

The Secretariat informed the Committees that the implementing agency had not fulfilled all the conditions for the disbursement of the first instalment of ITTO funds. These included the submission of copies of MOUs with collaborating agencies as a result of the changes within these institutions.

The delegation of Brazil informed the Committees that most of the MOUs had been signed particularly those with EMBRAPA Forest, LPF/IBAMA, and the Department of Forest Sciences of the University of Sao Paulo. The MOUs which were still pending were with EMBRAPA Oriental Amazon, and with the State University of Pará. These MOUs were expected to be signed soon.

The delegation of Brazil also pointed out, that the implementation of some project activities have already begun, such as the study of the forest inventory, and the development of the operational plan.

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

The Secretariat reported that the implementation of pre-project's activities had been completed and the completion report and technical report had been received. However, the final financial audit report had only been received by the Secretariat. The Secretariat informed the Committees that the report would be reviewed in due course. The delegation of India expressed his willingness to cooperate and provide additional information needed. The Committees noted that the pre-project would be scheduled to be declared complete at the next session.

**PPD 97/04 Rev.1 (I) Improve Strategies and Assess Training Needs to Achieve SFM in Suriname**

The Secretariat informed that pre-project outputs were reported to have been completed at the previous session of the Committees. The final financial audit report was submitted to the Secretariat in October 2010 and that some observations to the audit report were raised by the Secretariat. The Secretariat informed that during the course of the current session, the delegation of Suriname had furnished some outstanding documentation on the audit report. The project would be scheduled to be declared complete at the next session of the Committees.

The representative of Suriname took the floor to thank the donor for its support.

**PPD 125/06 Rev.2 (I) National Training Program to Promote the Adoption of Reduced Impact Logging (RIL) in Papua New Guinea**

The Secretariat reported that pre-project outputs had been achieved, namely:

- Diagnosis of RIL impact of large, medium, and small scale operational practices; and
- A full project proposal for the implementation of RIL in PNG.

The Secretariat reported that the final financial audit report was still pending.

The delegation of PNG took the floor to thank the donor for the support and inform the Committees that the Government of PNG was aware of the requirement for the final financial audit which was being prepared. The pre-project would be scheduled to be declared complete at the next session of the Committees.

10. Policy Work

Seven issues and activities under the CEM and one policy activity under the CFI were discussed by the Committees.

**Committee on Economic Information and Market Intelligence**

(i) Market Access

The Secretariat reported on recent developments relating to market access since the previous session. The global economic crisis had significantly affected the market access for tropical timber and timber products. ITTO producers and consumers were facing deterioration of market access for primary and processed timber products. The recovery in 2010 of the world economy from the economic and financial crisis of 2008 might bring opportunities for improved market access, and G20 and APEC leaders recently sent positive signals on resisting protectionism in all forms and for the early conclusion of the multilateral trade negotiation under the Doha Development Agenda. However, a number of challenges were still affecting market access for tropical timber. The uncertainty and imbalance of the recovery of the world economy and trade had weakened the potential market demand for tropical timber products in the major markets. In the meantime, several unilateral and protectionist measures, including those on timber products, had been introduced in the aftermath of the crisis, with only a few having been removed, according to the World Trade Organization (WTO).

The market access of tropical timber had also be affected by the proliferation of public procurement policies and certification instruments as well as relevant regional and initiatives, such as the negotiations

and signing of Voluntary Partnership Agreements (VPAs) between the EU and a number of ITTO producers under the EU FLEGT Action Plan, the revision and adoption of the EU Due Diligence Regulation (currently referred to as the Timber Regulation), and the implementation of Phase IV of the amendments to the US Lacey Act.

The delegation of Brazil expressed concern over the impact of the amendments to the US Lacey Act and the EU Due Diligence Regulation on market access of timber products. He suggested that ITTO secretariat should conduct an evaluation of these impacts that could be included in the next ITTO Biennial Work Programme (BWP). The delegation of USA responded that it seemed too early to conduct such an assessment, considering that these initiatives were only approved and implemented recently.

The delegation of Gabon emphasized that the impact of the global economic crisis on the timber market needed to be analyzed and studied under an ITTO activity or project, with particular emphasis on small and vulnerable producers. The Secretariat responded that this work had been included as an activity in the current BWP and a small project entitled 'Improving Resilience of the Tropical Timber Sector to the Impacts of Global and Regional Economic and Financial Crises' has recently been approved and funded under the Thematic Programme on Trade and Market Transparency (TMT). This study would, *inter alia*, certainly cover the uncertainties accounted to the recovery process as well as the impact of the crises on small and medium sized producers.

#### (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, five certification systems were being implemented in ITTO producing member countries as follows:

- Forest Stewardship Council (FSC): 15.8 million hectares, 1016 Chain of Custody Certification (CoCs);
- Programme for the Endorsement of Forest Certification (PEFC): 6 million hectares, 189 CoCs including:
  - 1.2 million hectares, 23 CoCs under Programa Brasileiro de Certificação Florestal (CERFLOR), Brazil; and
  - 4.8 million hectares, 151 CoCs under Malaysian Timber Certification Scheme (MTCS);
- Malaysian Timber Certification Scheme (MTCS) outside of PEFC, 0.9 million hectares, 8 CoCs;
- Indonesian Ecolabelling Institute (LEI): 1.8 million hectares, 6 CoCs.

The total area of certified forests in ITTO producing member countries was 24.5 million hectares. This accounted for 6.4% of the world's total area of certified forests of some 370 million hectares. The number of CoCs in ITTO producing member countries were 1,219. Compared to figures in 2007 contained in the ITTO Technical Series 29 Report on "Developing Forest Certification", the area of certified forests in ITTO producing member countries had expanded 55% while the number of CoC certificates had increased over three-fold.

Two-thirds of the world's certified forests were certified under PEFC and almost one-third was under FSC. However, FSC held the biggest share of certified forests in the tropics of 67%. In 2009, PEFC saw the first endorsements of certification systems in Asia (the Malaysian Timber Certification Scheme) and Africa (The Gabonese Forest Certification Scheme). PEFC-certification was expected to expand in tropical forests through the adaptation of lessons learned in Malaysia and Gabon to other tropical countries. For example, Cameroon was in the process of developing its national system to comply with PEFC.

Following the update, the Committees received presentations on the progress in the implementation of Civil Society/Private Sector Partnerships in Indonesia and Papua New Guinea pursuant to ITTC Decision 5(XXXIII)/(PP-A/43-193) which were originally planned to be made before the Council under item 19 of its Agenda as follows:

#### **Tropical Forest Foundation (TFF)/PT Suka Jaya Makmur (PTSJM)[Indonesia]**

Mr. Art Klassen from the Tropical Forest Foundation (TFF) presented the results of its efforts to assist PT Suka Jaya (SJM) in moving towards sustainable forest management and forest certification under the Forest Stewardship Council (FSC) Scheme. Specifically, the goal was for SJM to achieve full FSC

certification for its concession area of 171,340 hectares located in the Ketapang District of West Kalimantan, Indonesia.

Activities under the SJM-TFF partnership included: training, audits, monitoring, technical assistance, field visits, drafting a pre-assessment against FSC standards, socio-economic impact assessment, facilitation of High Conservation Value (HCV) assessment, conservation management plan, development of Standard Operating Procedures (SOPs) for conservation monitoring, and development of a website in Bahasa Indonesia [www.pt-sjm.com](http://www.pt-sjm.com).

Towards this end, a full assessment had been conducted by a FSC accredited certifying body and a draft assessment report had been reviewed with its final version pending. Additional training and technical assistance inputs were expected to be conducted in January 2011 and the anticipated date for the granting of certification would be around mid-2011.

According to Mr. Klassen, a successful partnership required clear understanding of goals, mutual trust, and close cooperation. In addition, partnerships generated valuable synergies. FSC certification had also become dramatically more complex and costly within the past few years. As a result, more funding was needed to achieve full certification and the cost of full certification for the concession was estimated at US\$300,000.00.

The delegation of Ghana enquired on the critical facts and points determining the successful implementation of projects of this nature. Mr. Klassen indicated that the commitment of the private concession holder and costs were perhaps the most critical. The delegation of Togo was surprised that despite the increasing number of certifying bodies, the certification costs were increasing. Mr. Klassen noted that it was true that the number of certifying bodies had increased. However, the reason for increased certification costs was due to the proliferating requirements, including social issues. This would require more experts to be involved in the certification process, thereby raising costs. The delegation of Indonesia presented the current situation of forest certification in Indonesia. The delegation of Cameroon questioned the clarity of certification systems' standardisation and the consistency of certifying bodies. Mr. Klassen indicated that the FSC had clearly defined standards on all fields of forest certification. The delegation of Gabon questioned if there would be more returns for the rising costs of forest certification. Mr. Klassen replied that the question was about price premiums for certified products. According to TFF's experience and observations with 5 partnership concessions they had been involved, there had been premium prices secured for some certified timber products in some markets. There was no guarantee of any price premiums, however, while pressure from the markets had been driving concession holders to obtain certification to minimise the risk of losing market shares. In addition, forest certification offered practices and guidelines for sustainable production that would generate incomes in the long-term. The representative of FSC Africa added that the case study in Indonesia had revealed many findings that were similar to the experiences in Africa.

The Committees thanked Mr. Klassen for his presentation.

#### **The Foundation for People and Community Development (FPCD)/Innovision (PNG) Ltd. [Papua New Guinea]**

Mr. Yati A. Bun from the Foundation for People and Community Development Inc (FPCD) gave a presentation on the progress in the implementation of the partnership involving the Makapa Timber Area, Papua New Guinea. The partnership was established between FPCD Inc (Civil Society) and Innovision (PNG) Ltd which was a forestry business company and timber permit holder of Makapa timber area, Western Province, Papua New Guinea. The objective of the partnership was to prepare the Makapa Timber Area to move towards implementing SFM through the application of FSC practices.

Activities under the partnership included planning, training, field visits, consultations and reporting. Under the activity, parties learned that partnerships were needed for successful implementation, while scoping and training were also necessary. In addition, the support of the Papua New Guinea Forestry Association was crucial. During the course of the implementation of the partnership, FSC standards were found to be difficult to implement. Mr. Bun further informed that FPCD offered its own standardisation for certification as well. Mr. Bun stated that the Civil Society/Private Sector partnerships was the new era for sustainable forest management and certification. Objectives set for the partnership were achieved during the implementation of the activity and Innovision (PNG) was being guided to apply SFM practices towards obtaining full FSC certification.

The delegation of Congo noted that Congo had many things in common with Papua New Guinea and concession holders had established partnerships with civil society such as the Forest Union in the country. The delegation of Congo enquired about the profit and cost sharing mechanism practiced in the partnership. Mr. Bun explained that FPCD did not seek any economic profits from the partnership as FPCD's only goal was to assist the company to achieve forest certification. The company held a permit for the concession and therefore paid royalties to the government and local community. The delegation of Papua New Guinea informed that stakeholders and the government had come together with a common view on how to benefit fully from Civil Society/Private Sector partnerships in the country.

The Committees thanked Mr. Bun for his presentation.

- (iii) Selected Data and Analysis from ITTO Annual Review and Assessment of the World Timber Situation

The Committees agreed to defer discussion on the issue to the next session.

- (iv) Consider Further Work on Forest Law Enforcement and Illegal Trade in Timber and Timber Products [PP-A/39-173]

Under this activity, Dr. Stefanie von Scheliha (Delegation of Germany) gave a presentation on the International Conference on 'Genetic and Isotopic Fingerprinting Methods' held in Germany in November 2010. In her presentation, she introduced the background and scientific elements of Innovative timber tracking using genetic and isotopic fingerprints. She pointed out that as the number of initiatives requiring legality of timber production, including CITES, EU Timber Regulation and the US Lacey Act had increased, the knowledge of origin of timber (place of harvest) was the first indispensable step to verify the legality of harvest. The existing tracking systems were usually based on marks which are externally applied on the timber (e.g. ink, metal bands, tags, barcodes) at the place of harvest. However, these were removed in the course of timber processing and would not provide for a check of timber origin independent from the documentation system. Genetic fingerprinting with composition of tree populations would show a spatial pattern caused by extinction and re-colonisation in the past. For Isotopic Fingerprinting, a product coming from a certain place would show a significantly distinguishable isotope composition when compared with the same product from another place.

Dr. Scheliha highlighted that at the local level, Sulfur and Nitrogen as geological parameter reflected the local soil, while at the country level, Hydrogen and Oxygen ratios which depended on the water / rainfall cycle being differentiated in a wide region. At the regional level, carbon as a climate and Strontium as a geological parameter differentiate a closer region. A number of general analytical approaches for sampling were carried out, and many pilot projects had been finalized and implemented in Germany, Russia, South-East Asia, Latin America, and Central Africa.

She further summarized the following next steps:

- Implement an ITTO pre-project under the Thematic Programme on TFLET, entitled "Development and implementation of a species identification and timber tracking system in Africa with DNA fingerprints and stable isotopes", aimed at developing and implementing a species identification and timber tracking system using fingerprinting techniques in some African regions;
- International coordination facility at Bioversity International (Malaysia), aimed at coordinating work on research, standard setting and to establish an international open access database;
- Consumer / producer countries as well as national / international organisations are invited to participate actively.

The delegation of Liberia, Indonesia and Malaysia expressed concern over the cost implication of adopting and implementing the technological Fingerprinting Methods. Dr. Scheliha explained that from a long term perspective of market development, the cost could be reduced by using this method. In addition, pre-investment in analysis and study on this regard could also reduce cost.

The delegation of Malaysia enquired on who has the ownership of the information, how to gain access to the database of the system and maintenance and sustainability of the database, while the delegation of Cameroon sought clarification on ensuring the quality of information. Dr. Scheliha responded that the international coordination facility at Bioversity International (in Malaysia) was free to access. However,

getting reliable data from local database was sensitive and there was a need to remain as neutral as possible. In order to ensure the reliability of information, there was a need to conduct additional research at the local, national, and even regional levels.

(v) Enhancement of Statistical Work and Training Workshops on Statistics [PP-A/39-174]

The Committees were informed that work on the issue had been incorporated into activities 42 and 43 of the ITTO Biennial Work Programme for the Years 2010-2011 which was still pending financing. However, through the use of remaining funds for the activities under the previous ITTO Biennial Work Programme, ITTO participated in the meeting of the Intersecretariat Working Group on Forest Sector Statistics held in January 2010 and a national statistical training workshop was conducted in Mexico from 20 to 23 April 2010 in collaboration with the host agency, CONAFOR, SEMARNAT and FAO.

(vi) Promote Trade in Tropical Timber and Tropical Timber Products from Sustainably Managed and Legally Harvested Sources [PP-A/43-194]

The Committees received presentations on the implementation of innovative timber tracking systems pursuant to activity 46(a) of the ITTO Biennial Work Programme for the Years 2010-2011 as follows:

Innovative DNA Timber Tracking system implemented by PT Seng Fong Moulding Perkasa, Indonesia.

Mr. Darren Thomas from Double Helix made a presentation on the system implemented by P.T. Seng Fong Moulding Perkasa which entailed a novel approach of combining an existing paper-based Chain-of-Custody (CoC) system with a scientific DNA audit provided by Double Helix Tracking Technologies. DNA 'fingerprinting' techniques were used to compare the genetic profile of wood samples taken at the concession and sawmill, physically matched using CoC documentation and DNA tested to confirm a genetic match. Genetic mis-matches would alert auditors who could subsequently investigate specific breakdowns in the CoC.

The system was a low-cost, fast and simple solution to strengthen existing government document and CoC systems. It could reliably detect document fraud and illegal log substitutions along the timber supply chain. The scientific results had been published in the peer-reviewed journal *Silvae Genetica*. The system could be implemented at a cost of just US\$ 0.75 per harvested tree, thereby lowering the overall cost of CoC by reducing the need for physical audits and improving the monitoring of log movements within the concession, during transportation and processing. No genetic database was required and no technical expertise was necessary in the field, thus ensuring that start up and maintenance costs were kept very low. It was recommended that this technology was suitable for widespread industry adoption.

The delegation of Mexico enquired whether the system would be able to detect confiscated timber. Mr. Thomas replied that the system was designed for producers to undertake spot checks. He provided further explanation on the costs of implementing the systems as raised by the delegation of Malaysia.

The Committees commended Mr. Thomas for his presentation.

Pilot implementation of an inventory and timber tracking system in Peru (Green Gold Forestry Ltd.)

Mr. Gareth Hughes from Green Gold Forestry Ltd. presented the progress in the pilot implementation of an inventory and timber tracking system involving its forest concessions of 38,456 hectares located in the Loreto Region, Peru. This included the forest management system in its concessions as well as chain of custody in the forest and processing plant. Several problems were encountered in the implementation of the systems including delays in the approval of the general forest management plan and the annual operating plan, lack of professionalism and professionals in the market, application of high tech equipment, synchronization of hardware, weather and external factors and quality of internet connections. These challenges were met through institutional support provided by WWF, Rainforest Alliance and Helveta and the company was able to implement the forest management system as well as chain-of-custody involving the concession and the processing plant.

The delegation of Guyana enquired on the internet connectivity in the remote areas of the concessions, the costs of the technology and system as well as the extent of the CoC. Mr. Hughes indicated that problems with the quality of internet connections might be overcome with the use of satellites. He further underlined the practicality of the systems even for large concession areas while costs could be lower in

the long run by focusing on appropriate training in implementing and maintaining the systems. He informed that the CoC was extended right to the port FOB.

The Committees commended Mr. Hughes for his presentation.

- (vii) Establishment of a Working Group to develop guidelines on legality and sustainability for timber products for public procurement

This proposal was introduced for discussion and consideration by the Committees at the request of the Chairperson of the Council.

The spokesperson of the Producer Group presented the proposal against the background of proliferating public procurement policies as well as legality and sustainability requirements for timber products which were causing confusions and problems to producers and exporters of tropical timber.

He emphasised the objectives of the proposal to streamline the requirement for forest certification and verification of timber legality in public procurement of consumer markets, to address the increasing costs facing producing countries in meeting different requirements by consumer countries, to promote healthy competition in a non-discriminating manner and to encourage sustainable forest management efforts in producing countries.

On the modalities of the proposal, the spokesperson pointed out the necessity for ITTO to develop guidelines on legality and sustainability by way of a working document, to convene a working group comprising ITTO producer and consumer members as well as representatives from TAG and CSAG and to evaluate additional assessments being imposed on certification schemes by some importing countries. The proposal also contained the terms of reference for the working document and working group as well as its time frame, financial implication and expected outcome.

The delegation of Japan expressed its appreciation of the Producer Group's proposal. However the delegation conveyed its concern on possible duplication in light of many studies on procurement policies that had been conducted recently including by ITTO. The delegation also questioned the need for establishing such a working group on the harmonization of public procurement policies as differences among countries in this field were to be expected. He felt that overall the expected outcome in the proposal was ambitious.

The delegation of Finland acknowledged the importance and relevance of the issue raised in the producers' proposal. The delegation recognised that harmonization was a problem that even EU member countries had not found a way to implement. The delegation suggested that the proposal be discussed at the Consumer Caucus before deciding on what ITTO could do to overcome the problem.

The delegation of USA agreed that public procurement was an important topic that was closely related to the certification issue. The delegation felt that the ambition of the proposal was too high for such a complicated issue, and some of the modalities and the broad scope of the TORs needed to be further discussed. He also pointed out that harmonization of relevant standards would be extremely complicated and might result in the lowering or raising of standards.

The delegation of New Zealand pointed out that public procurement accounted for a small share of all procurements and possible options and solutions could be explored apart from establishing such a working group. They also asked what the status of such proposed guidelines would be.

The delegation of Malaysia underlined the importance of the spirit of cooperation as contained in the objective of the ITTA and the importance placed by the agreement on policy development and non-discriminatory practices. In the context of ITTO, the concept of guidelines was not new and the proposed guidelines were meant for the producers and exporters of tropical timber to comply. With dwindling funding in the Special Account and the Bali Partnership Fund for project funding and the grossly inadequate financing of the ITTO thematic programmes, there was little left that ITTO could meaningfully do other than focusing more on policy work and development. The proliferating and varying importing and procurement requirements for tropical timber were bewildering to ITTO producers and exporters and they feared that these could kill off the international trade in tropical timber and thereby casting a doubt on the future of ITTO. The delegation urged the consumers to reflect on the seriousness and urgency of the problem and it looked forward for a response from them after their consultations in the Consumer Caucus.

The delegation of Liberia stressed that from a policy angle, ITTO needed to assess the issue of raising prices for the tropical timber products. He believed it would be very difficult to realize sustainable forestry management if remunerative prices were not achieved arising from certifications and public procurement policies.

The delegation of Indonesia supported the producers' proposal, emphasising that meeting the increasing requirements would entail considerable additional costs.

The delegation of the Netherlands thanked the producers for the proposal and acknowledged the problems being faced by them. The delegation referred to the UNECE Seminar on emerging issues which the Netherlands sponsored which highlighted the increasing trade measures being applied to the timber trade. He suggested that the subject could also be addressed by ITTO.

Following further discussion and consultations, the Committees agreed on the need for further work to be undertaken by ITTO on this issue. With a view to facilitating an in-depth consideration by the Committees at the next session, the Committees agreed that a background paper on requirements of legality and procurement policies for timber products be prepared based on the terms of reference as contained in Appendix B.

The Committees were invited to identify policy issues to be discussed at the next session. The Committees considered and decided on the following policy issues and activities to be discussed under Policy Work at the next session:

- Market Access;
- Forest and Timber Certification, with Emphasis on Securing Remunerative Prices for Tropical Timber Products;
- Selected Data and Analysis from ITTO Annual Review and Assessment of the World Timber Situation;
- Life Cycle Assessment (LCA) analysis.

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

- (i) Strengthen the capacity to promote efficient wood processing technologies in tropical timber producing countries [PP-A/45-247]

The Committees were briefed by the Secretariat on the implementation of the activity. This activity was 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'. In 2010, the pilot activities, in the form of in-house trainings, had been carried out in Papua New Guinea (16-21 June 2010, 1 covering 1 wood working, 1 sawmill, 1 plymill); in Guyana (19-25 July 2010, covering 3 sawmills and 2 furniture/wood working industries); and in Myanmar (16-19 August 2010, covering 1 plymill, 1 wood working/molding industry, and 1 furniture industry).

The scope of the in-house training included strengthening capacity in common problem areas in the wood-based industries, namely: logs stocking and loading, kiln dry and boiler, saw doctoring, finger jointing, laminating, packing, waste control, maintenance and arrangement, safety and mentality. An international expert had been engaged as the trainer for the in-house training activity.

The Committees noted that this activity was partially funded and the remaining funding would be required in order to continue the conduct of the in-house trainings in 2011.

The Committees were invited to identify policy issues to be discussed at the next session. The Committees considered and decided on the following policy issue and activity, proposed by the delegation of Malaysia, to be discussed under Policy Work at the next session:

- Innovative Technology for Efficient Use of Tropical Timber Products.

#### 11. Election of Chairpersons and Vice-Chairpersons for 2011

Following the usual consultations undertaken by the producer and consumer groups, Mr. Josue Ivan Morales Dardon (Guatemala) was elected Chairperson of the CEM and Mr. Rob Busink (the Netherlands) was elected Vice-chair for 2011. Dr. Samuel Ebia Ndongo



(Cameroon) was elected Chairperson of the CFI and Dr. James Gasana (Switzerland) was elected Vice-chair for 2011.

12. Dates and Venues of the Forty-fifth and Forty-sixth Sessions of the Committees

The Forty-fifth Session of the Committees would be held in conjunction with the Forty-seventh Session of the International Tropical Timber Council.

The Forty-sixth Session of the Committees would be held in conjunction with the Forty-eighth 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 2010:

**Committee on Economic Information and Market Intelligence**

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**

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 [US\$490,374]

PD 549/09 Rev.2 (I,F,M) Provenance Evaluation, Wood Technological Characterization and Market Survey for Balsawood (*Ochroma pyramidale* Cav.) in the Lacandon Forest, Chiapas, Mexico [US\$635,918]

- (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) Phase III Promotion of Sustainable Management of African Forests (Africa) [Phase III - US\$1,444,144]

**Committee on Forest Industry**

PD 518/08 Rev.2 (I) Energetic Valorization of Wood Residues by Compaction Process (Brazil) [US\$491,941]

PD 520/08 Rev.2 (I) Promoting Timber Preservation for Reducing Forest Resource Depletion in Indonesia [US\$454,518]

PD 522/08 Rev.2 (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.1 (I) Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products [US\$505,341]

- (iii) The Committees recommended that a background paper on requirements of legality and procurement policies for timber products be prepared based on the terms of reference as contained in Appendix B.

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 - 2010 15 December 2010, Yokohama, Japan

#### Summary of presentations

The ITTO Annual Market Discussion 2010 was held on 17 December 2010 during the Forty-sixth Session of the International Tropical Timber Council. Mr. Barney Chan, the Trade Advisory Group (TAG) Coordinator, moderated the discussion. In his opening statement the Moderator reminded delegates that the theme of the Market Discussion for 2010, 'Innovations and Technologies in Wood-based Industries' was a departure from the usual emphasis on market issues.

Four speakers were invited, namely Hon. Assoc. Prof. Gary Waugh, University of Melbourne, Prof. Callum Hill, Forest Products Research Institute, Edinburgh Napier University, Dr. Antje Wahl, Markets and Economics Group, FPInnovations Vancouver, Canada and Dr. Ivan Tomaselli, Founder and Director of STCP Engenharia de Projetos Ltda Brazil.

Prof. Waugh spoke on 'Global Challenges for Forest Products Industries; Threats or Opportunities for the Tropical Timber Sector'. The core theme of the presentation was 'doing more with less'. In this the focus was on solid wood (sawn and veneer) value adding, followed by a section on composites and the need for matching resources, processing and product markets.

In closing, Prof. Waugh emphasised that, in his experience, the biggest return to industry could come from investment in operator training and that it was important to exhaust all possibilities for productivity gains with existing plants and only then consider investment in new technologies.

Prof. Hill in his presentation, 'Wood Modification', emphasised that technologies for wood modification had been known for a long time, but that market interest had grown only recently as consumers had become more concerned about the environmental and sustainability credentials of wood. In addition, the reduced availability of many tropical hardwoods and higher tropical timber prices had made commercial wood modification processes more financially viable.

Delegates were engaged with a detailed description of the technologies for wood modification. He posed the question, "Why Modify Wood?" and pointed out that, through the various processes used, improvements to wood hygroscopicity, dimensional stability, mechano-sorptive properties, durability and weathering resistance could be made and that, in effect, it was possible to turn a low density timber into a product more like a hardwood.

The presentation covered the main wood modification technologies that were either in production, about to enter commercial production, or were at the pre-commercial development stages.

After describing what wood modification involved, Prof. Hill provided an overview of each of the wood modification technologies within the 3 broad groups: chemical modification, impregnation modification and thermal modification.

Delegates were informed that chemical modification would involve a change to the macromolecular chemical composition of the wood cell wall either chemically or thermally or by 'impregnation modification' where the cell wall would be filled with an occluding substance. Thermal modification would involve heating wood in the absence of air at temperatures exceeding 180 degrees centigrade which would result in colour change and substantial loss of strength. Thus, thermally treated wood should not be used in structural applications.

In concluding, the presentation focussed on an assessment of the commercial aspects as well as the reasons behind the improvements in dimensional stability, and decay resistance in modified wood.

Market interest in modified wood products began to grow in the US when consumers became concerned about the effects on the environment of preservative treated wood products and as concerns grew over the extent of illegal logging in tropical forests. This was highlighted by Dr. Wahl in her presentation, 'Markets for Modified Wood Products (MWRs), Threats or Opportunities for the Tropical Timber Sector'.

The key message in the presentation was that wood modification technologies applied to low density and fast growing species would result in a product that could compete with natural durable tropical timbers. It was learnt that while the volume of chemically-modified wood products on the market was very small, thermally-modified wood products and wood-plastic composites were widely available.

Dr. Wahl provided an assessment of the extent of international trade in MWPs, where these were being manufactured and where substitution was occurring in tropical and temperate wood product end-uses before informing delegates of the opportunities for tropical timber producing countries.

In Europe, where the product had been on the market the longest, thermally-modified wood was competing for the most part with tropical wood species, but also with western red cedar in siding, decking and other outdoor applications. Most of the thermal modification capacity in Europe was being directed to treating softwoods.

Some manufacturers had diversified their product lines into other areas such as wall panel mouldings and furniture. Modified wood products were being marketed in non-structural end-uses including hardwood flooring, siding and cladding, decking, sauna panelling and interior wall panelling and outdoor furniture and specialties such as musical instruments.

Dr. Wahl emphasised that tropical timbers were facing growing competition from modified wood products. Manufacturers of thermally modified wood and wood plastic composites used green marketing messages which focused on recycled content and recycling possibility.

The tools and strategies used by competitors to tropical hardwoods included LCA, Environmental Product Declarations (based on LCA to ISO standards), certified wood components and claims on improved durability and extended in-service life.

An overview entitled 'Adoption of Technical Innovation - Experiences of the Latin American Timber Sector' was delivered by Dr. Tomaselli. He noted that the Latin American and broader global timber industry were undergoing a structural change involving a gradual shift from the use of large diameter to smaller diameter trees, including fast growing plantation wood and that new products and technological processes were constantly emerging.

His presented examples of new processes that had increased the competition in the markets for veneers and tropical decorative plywood. These included paper overlays, high pressure laminates, composite veneers and direct printing (for example onto MDF and MDP panels). Dr. Tomaselli reported that over the past decade, output of the decorative veneer sector in Brazil had declined by more than 50%.

In summing up, Dr. Tomaselli noted that industrial innovations were focused on market competitiveness and involved both innovative and well established technologies and that this trend was a continuous process applicable to all materials and products. He reminded the meeting that timber products competed with one another and with other materials in respect of raw material supply sources, applied energy, emissions and impact on the environment. These features were becoming part of the consumer's criteria in making purchasing decisions.

## **Discussion**

The overall focus of the four presentations was that tropical timbers were facing strong competition on many fronts and this was the basis for the question from Dr. Kwame Asumadu of Asumadu Pty. Ltd, Australia who asked, 'what should tropical producers do to stay competitive?'

In response, several speakers pointed to investment in promotion. It was mentioned that until there was a concerted effort to promote Australian domestic hardwoods, the market was dominated by imported timbers. Promotion, it was said, was a vital tool for the US hardwood lumber producers who, at an industry association level, utilized all available means, such as life cycle analysis, to promote their wood products.

In the EU and especially the UK market, the solution to regaining market share, it was stated, was for tropical timber producers to move rapidly to trading certified wood and to address the concerns consumers had on the social issues surrounding the tropical timber sector. In terms of directly facing the competition from modified wood products, Prof. Hill suggested that if tropical countries could generate a resource of low density, fast growing and low cost timbers with uniform characteristics, these would be suitable for modification processes and that the capital costs of thermal modification plant were not high.

All woods, softwoods and hardwoods, were subject to competition from substitutes and alternatives but that in the present market, the impact on tropical hardwood markets appeared to be the most severe. There was major investment in innovation and promotion in other sectors but the tropical timber industry had been slow to react to this.

The delegate of Malaysia bemoaned the lack of generic wood promotion and recommended that ITTO should track the trends in wood product innovations and keep members informed. Further, it was suggested that ITTO should take up suggestions made to expand work on tropical timber life cycle analysis as a tool for promotion. The delegate also posed the question, 'Are wood plastic composites considered as wood or plastic?' and whether such products are subject to procurement requirements similar to wood products.

In response Dr. Wahl noted that thermally treated wood was just wood. During treatment the wood would change colour. While wood plastic composites would have a wood base material, which might or might not be of certified timber, in combination with plastics these products would behave like plastics.

In closing the discussion, the Moderator noted the highly technical nature of this Market Discussion and thanked the speakers for their informative presentations.

## APPENDIX B

### COMMITTEE ON ECONOMIC INFORMATION AND MARKET INTELLIGENCE ACTIVITY 12

#### REQUIREMENTS OF LEGALITY AND PROCUREMENT POLICIES FOR TIMBER PRODUCTS

##### 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.

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

5. Budget: US\$200,000

Budget component	Unit cost	Total
<b>10. Personnel</b>		
16. International consultant(s) (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, Asia-Pacific, Latin America, Africa (to be decided)*] DSA international consultant(s) (40 man-days)	9,000	36,000
33. Domestic travel	250	10,000
33. Domestic travel	9,000	9,000
<b>39. Component total</b>		<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 (13%)		23,009
<b>89. Component total</b>		<b>23,009</b>
<b>100. GRAND TOTAL</b>		<b>200,000</b>

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13 – 18 December 2010  
Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL FROM  
THE FORTY-FOURTH SESSION OF THE COMMITTEE ON  
REFORESTATION AND FOREST MANAGEMENT**

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**Report**

**Annex 1 Terms of Reference for a Meta Evaluation of Previously Evaluated  
ITTO Projects**

**Annex 2 Terms of Reference for Assessing Resources Required to Implement  
Sustainable Forest Management (Activity 13 of ITTO BWP for the years 2010-2011)**



## **REPORT**

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

The Forty-fourth Session of the Committees was opened on 13 December 2010 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 Mr. Tabi Agyarko (Ghana), Chairperson 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 Ms. Carla Boonstra (Netherlands), Chairperson of CEM, to consider item 6. The subsequent meetings of the CRF were chaired by Mr. Tabi Agyarko (Ghana), assisted by Mr. Patrick Hardcastle (United Kingdom), Vice-Chair of CRF. The list of participants is presented in document ITTC(XLVI)/Info.2.

### **Item 2 - Adoption of Agenda and Organization of Work**

The Agenda for the Committees as contained in documents CEM-CFI(XLIV)/1, CFA(XXV)/1/Rev.1 and CRF(XLIV)/1/Rev.1 was duly adopted.

### **Item 3 - Admission of Observers**

The Committees admitted the observers listed in document ITTC(XLVI)/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 Dr. Luiz Carlos Estraviz Rodriguez (Brazil), Chairman of the Expert Panel for Technical Appraisal of Project Proposals at its Thirty-ninth and Fortieth meetings held on 1-5 February and on 2-6 August 2010 in Yokohama, Japan as contained in documents ITTC/EP-39 and ITTC/EP-40, respectively. In summary, the report of the Expert Panel indicated:

- (i) a total number of 19 and 20 proposals appraised at its Thirty-ninth and Fortieth meetings respectively;
- (ii) a total number of 5 proposals (26% of proposals evaluated) comprising 5 projects were accorded category 1 rating at the Thirty-ninth meeting and a total number of 6 proposals (30% of proposals evaluated) comprising 5 projects and 1 pre-project were accorded category 1 rating at the Fortieth meeting;
- (iii) two (2) out of the 5 proposals accorded category 1 rating during the Thirty-ninth meeting and 6 out of the 6 proposals accorded category 1 rating at the Fortieth meeting were new proposals;
- (iv) eight (8) proposals appraised during the Thirty-ninth meeting and 9 proposals during the Fortieth meeting were sent back to proponents for revision and six (6) proposals appraised during the Thirty-ninth meeting and 5 proposals during the Fortieth meeting were recommended not to be approved by the Committees.

Dr. Estraviz Rodriguez presented the general comments made by the Expert Panel at its Thirty-ninth and Fortieth meetings directed mainly to the ITTO focal point in each member country, as follows:

- Ensure that proposals are assessed at the national level with regard to the country's priorities and to the relevance to ITTO objectives and in conformity with guidelines provided by the third Edition of the ITTO Manual for Project Formulation (GI Series 13).
- Play an active role to ensure that high quality proposals are submitted and a clearinghouse mechanism and proper monitoring and evaluation mechanism are in place.
- Carefully screen the project proposals using the table of contents suggested in the manual as a checklist for this purpose.
- Receive a copy of the Panel reports on the Technical Appraisal of project proposals, and reply to the Secretariat on how the specific recommendations are being dealt with.
- Some proponents further seemingly applied a top-down approach, which would indicate that stakeholders have not been involved in the process and undermines the sustainability of the project.
- Stakeholder analyses in many proposals have not taken into account the gender dimension as addressed by the Manual.

- Although improvement of livelihoods has been mentioned by some project proposals, these issues were only mentioned as catchwords without further elaboration of methods and expected livelihood outcomes (Sustainable Livelihoods Approach).
- For projects that stipulate international or regional cooperation, some proposals have not included letters from participating Countries. In these cases, letters from cooperating countries are mandatory.
- Some proposals have been submitted without defining mechanisms to ensure that project benefits will continue to exist after project completion.

Furthermore, Dr. Estraviz Rodriguez mentioned that among the most important aspects, two main components have driven the evaluations made by the Panel: i) stakeholders involvement during the elaboration and the implementation phases, ii) the logic used to structure the proposal, which strongly depends on, iii) the precise definition of the problem targeted by the project, and iv) the main causes and sub-causes of the problem

Dr. Estraviz Rodriguez also informed the Committees that a comprehensive scoring system had been developed to support the technical appraisal of each project proposal. Thoroughly tested and improved, with the participation of several members of the Panel, the scoring system had allowed the Panel to produce objective and consistent first evaluations, and had improved the Panel practice used to evaluate each proposal.

Dr. Estraviz Rodriguez further mentioned that the Project Formulation Manual promotes clear guidance regarding specific proposal components, the elaboration of a strong logical justification, and the identification of essential points that proponents must bear in mind in the course of Project formulation. But, the number of new projects fully complying with the guidelines provided by the manual was still proportionally lower, leading to further revisions (doubling the work of Panel and proponents), and furthermore, many proposals among those put into category 2, have applied only the format and failed to follow the detailed guidance provided by the Manual. Therefore, special attention is required from ITTO to support training sessions in countries where Language and project development capacity might still be problematic.

#### **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(XLIII), following the recommendations of the Expert Panel at its Thirty-ninth and Fortieth Meetings as follows:

<b>For Thirty-ninth Expert Panel</b>		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
*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)	Republic of Congo
PD 564/09 Rev.1 (F)	Production of an Educational Book Series on Mangroves for Sustainable Management and Utilization of Mangrove System (Japan)	Japan
PD 568/09 Rev.1 (F)	Developing Community-Based Sustainable Mangrove Management System for the Amanzuri and Ama Emissa River Estuaries in Ghana	Ghana

\* Proposal approved with some delay after being revised to address the objection from Japan.

<b>For Fortieth Expert Panel</b>		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 577/10 Rev.1 (F)	Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Trans-boundary Biodiversity Conservation Between Thailand, Cambodia and Laos – Phase III (Thailand and Cambodia)	Thailand & Cambodia

PD 583/10 Rev.1 (F)	Restoring Sub-Humid Ecosystems in Southern Peru through Reforestation with <i>Caesalpineae spinosa</i>	Peru
PD 586/10 Rev.1 (F)	Operational Strategies for the Conservation of Tengkwang Genetic Diversity and for Sustainable Livelihood of Indigenous People in Kalimantan	Indonesia
PD 590/10 Rev.1 (F)	Integrated Fire Management in Rural Communities of Guatemala: Establishment of Pilot Sites for the Implementation of Sustainable Integrated Fire Management Practices	Guatemala
PPD 147/10 Rev.1 (F)	Zoning and Sustainable Development of the Minkebe Protected Area towards the Protection of Transboundary Conservation Corridors between Gabon, Cameroon and the Congo	Gabon

Noting that the ITTO budget of PD 577/10 (F) has been substantially increased in the revised proposal, the delegation of USA emphasized the need to improve the communication procedure for any revised proposals having substantial changes, under Item 13 - Other Business.

#### **Item 6 – ITTO Annual Market Discussion -2010**

The Committees noted the summary of the ITTO Annual Market Discussion – 2010, held in the Joint Session of All Committees on 15 December 2010, as contained in Appendix A of document CEM-CFI(XLIV)/6. The theme of the Market Discussion was “Innovations and Technologies in Wood-based Industries”. Ms. Carla Boonstra (Chairperson of CEM) chaired the meeting and Mr. Barney Chan (TAG Coordinator) served as the moderator of the Market Discussion.

The following feature presentations were made during the Market Discussion:

Prof. Gary Waugh University of Melbourne (Australia)	Global Challenges for the Forest Products Industries, Threats or Opportunities for the Tropical Timber Sector
Dr. Callum Hill Edinburgh Napier University (U.K.)	Wood Modification
Dr. Antje Wahl FP Innovations (Canada)	Markets for Modified Wood Products, Threats or Opportunities for the Tropical Timber Sector
Prof. Ivan Tomaselli STCP Engenharia de Projetos Ltda. (Brazil)	Adoption of Technical Innovation – Experiences of the Latin American Timber Sector

#### **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(XLIV)/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 27/99 Rev.2 (F) Pilot Project for the Sustained Management of the So'o Lala Forest - Phase II (Cameroon)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and acceptable Project Final Financial Audit Report. The Committee therefore decided to consider the project as completed.

**2) PD 105/01 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)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and acceptable Project Final Financial Audit Report. The Committee therefore decided to consider the project as completed.

**3) PD 156/02 Rev.3 (F) Conservation and Reforestation of Threatened Mangrove Forest Areas along the Pacific Coast of Panama – Phases I and II (Panama)**

The Committee took note that the Executing Agency has submitted the project Completion Report, several technical reports and the Final Financial Audit Report. In addition, a presentation on the project's achievements had been given by the Executing Agency at the CRF's previous session. The Committee therefore decided to consider the project as completed.

**4) PD 217/03 Rev.2 (F) Establishing a Cooperative Framework Between ODEF and the Communities Living in the Eto-Lilicope Forest Complex for the Sustainable Participatory Management of this Complex (Togo)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and acceptable Project Final Financial Audit Report. In view of the importance of the project results, the delegate from Togo briefly presented the main outcomes of the project. Members praised the important work made under the project and the Committee commended the presentation given on the project achievements. The Committee therefore decided to consider the project as completed.

**5) PD 237/03 Rev. 4 (F) Binational Conservation and Peace in the Condor Range Region, Ecuador-Peru – Phase II (Peruvian Component) (Peru)**

The Committee took note that the Executing Agency has submitted the project Completion Report, several technical reports and the Final Financial Audit Report. Moreover, a presentation on the project's achievements was given by the Executing Agency at the International Conference on Biodiversity in Transboundary Tropical Forests organized by ITTO at Quito in July of this year. The Committee therefore decided to consider the project as completed.

**6) PD 238/03 Rev.4 (F) Binational Conservation and Peace in the Condor Range Region, Ecuador-Peru (Ecuadorian Component), Phase II (Ecuador)**

The Committee took note that the Executing Agency has submitted the project Completion Report, several technical reports and the Final Financial Audit Report. Moreover, a presentation on the project's achievements was given by the Executing Agency at the International Conference on Biodiversity in Transboundary Tropical Forests organized by ITTO at Quito in July of this year. The Committee therefore decided to consider the project as completed.

**7) PD 256/03 Rev.1 (F) Alternative Mixed Plantation Systems and Restoration Strategies for Conservation and Sustainable Production of Native Timber Species in Ghana (Ghana)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and acceptable Project Final Financial Audit Report. The Committee therefore decided to consider the project as completed.

**8) PD 272/04 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 (Congo)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and acceptable Project Final Financial Audit Report. The Committee therefore decided to consider the project as completed.

**9) PD 289/04 Rev.1 (F) Management of the Emerald Triangle Protected Forests Complex to promote cooperation for Transboundary Biodiversity Conservation between Thailand, Cambodia and Laos – Phase II (Thailand and Cambodia)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and Final Financial Audit Report. The delegations of Thailand and Cambodia made a presentation on the main outcomes of the project. The delegation of USA asked for clarification regarding linkage of the project with other relevant initiatives such as the Asian Development Bank's Mekong Biodiversity Corridors Initiative. She also questioned about the cooperation of the Executing Agency of Cambodia with relevant environmental societies in the country. The delegation of Malaysia underlined the potential risk of transboundary biodiversity conservation projects involving two or three countries. He also asked what could be done to improve corridors for migrating big animals in the Emerald Triangle Protected Forests Complex. The Committee was informed by the Secretariat and the delegations of Thailand and Cambodia that the project has tried to link with relevant biodiversity initiatives in the region in cooperation with environmental NGOs and that the third phase project would be implemented more closely with relevant initiatives and stakeholders to ensure the conservation objectives. The Committee noted the importance of enhancing the active engagement of stakeholders for biodiversity conservation to implement collaborative conservation efforts. The Committee decided to consider the project as completed.

**10) PD 297/04 Rev.3 (F) Implementation of the Sustainable Forest Management Programme of the Iwokrama International Centre (Guyana)**

The Committee took note that the Executing Agency has submitted the project Completion Report, several technical reports and the Final Financial Audit Report. In addition, a presentation on the project's achievements was given by the Executing Agency at the World Forestry Congress in October 2009. The Committee therefore decided to consider the project as completed.

**11) PD 319/04 Rev.2 (F) Modular System of Forest Management in the Brazilian Amazon (Brazil)**

The Committee took note that the Executing Agency has submitted the project Completion Report, several technical reports and the Final Financial Audit Report. The Committee also noted and further commended the presentation given on the project achievements. The Committee therefore decided to consider the project as completed.

**12) PD 392/06 Rev.2 (F) Phase I: Regional Project to Promote Reduced Impact Logging in the Congo Basin (Gabon)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and acceptable Project Final Financial Audit Report. The Committee therefore decided to consider the project as completed.

The Committee was informed about a special request from the Government of Gabon to exceptionally authorize the ex-post evaluation of the completed project PD 392/06 Rev.2 (F) in order to comply with the requirement of the Fortieth Expert Panel for technical appraisal of project proposals. It was recommended to carry out an ex-post evaluation of this project prior to the reformulation of the project proposal PD 579/10 (F), submitted as its second phase, in order to take advantage of lessons learnt to be based on the findings of the evaluation of that Phase I project [PD 392/06 Rev.2 (F)]. The Committee had no objection to the special request from the Government of Gabon and authorized the ex-post evaluation of the completed project PD 392/06 Rev.2 (F) by an independent consultant.

**13) PD 394/06 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)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and Final Financial Audit Report. The delegation of Indonesia made a presentation on the main outcomes of the project, highlighting the importance of Lake Toba Catchment Area in generating various environmental services. The Committee decided to consider the project as completed.

**14) PD 423/06 Rev.2 (F) Training on Demonstration, Application and Extension of ITTO Manual on Restoring Forest Landscapes In Tropics of China (China)**

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and Final Financial Audit Report. The Secretariat briefly introduced the main outcomes of the project. The Committee decided to consider the project as completed.

**15) PD 432/06 Rev.2 (F) Promoting Adoption of Sustainable Forest Management in The Brazilian Amazon (Brazil)**

The Committee took note that the Executing Agency has submitted the project Completion Report, several technical reports and the Final Financial Audit Report. The Committee also noted and further commended the presentation given on the project achievements. The Committee therefore decided to consider the project as completed.

**7.2 Completed Pre-projects**

None

**Item 8 - Ex-post Evaluation**

**(A) Reports on Ex-post Evaluation of Projects**

The Committees were informed that the ex-post evaluation of the three projects grouped under the theme of **Criteria and Indicators of Sustainable Forest Management**, selected by the Committee at its Forty-third Session, had been completed:

**Thematic Group Evaluation: Criteria and Indicators of Sustainable Forest Management**

- |                     |  |
|---------------------|--|
| PD 195/03 Rev.2 (F) | To Establish a National Monitoring Information System for the Effective Conservation and Sustainable Management of Thailand's Forest Resources |
| PD 225/03 Rev.1 (F) | Adoption and Implementation of an Appropriate System of Criteria and Indicators for the Philippines  |
| PD 389/05 Rev.2 (F) | Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level (Indonesia)  |

The Committees took note of the presentation of the synthesis of the ex-post evaluation as contained in document CRF(XLV)/4 by the Team Leader of the evaluation team, Dr. Don Wijewardana during the Joint Session of the Committees. He highlighted the recommendations for similar projects in the future and the improvements of project management. These included: C&I are at the heart of all ITTO work since it is the key internationally recognized tool for achieving SFM; experiences in the implementation of the three projects are enormously useful to members; more similar projects are absolutely necessary; and at least primary stakeholders need to be involved in all stages of a project. The Committees discussed a need to develop new indicators for mangrove and noted the importance of timing for conducting ex-post evaluation since staff moved on after completion. The Committees commended the consultants for their report and presentation.

The Committees were further informed that the ex-post evaluation of the four projects grouped under the theme of **Biodiversity Conservation**, selected by the Committee at its Forty-third Session, had been completed:

**Thematic Group Evaluation: Biodiversity Conservation**

- |                    |   |
|--------------------|---|
| PD 14/00 Rev.5 (F) | Integrated Plan for the Consolidation of the Bagre Highlands Biological Corridor, Province of Darien (Panama) |
| PD 17/00 Rev.3 (F) | Conservation and Development in the Natural Protected Areas System of Tambopata (Peru) – Madidi (Bolivia)     |



- PD 44/00 Rev.3 (F) The Implementation of a Community-based Transboundary Management Plan for the Betung Kerihun National Park, West Kalimantan, Indonesia, Phase II
- PD 224/03 Rev.1 (F) Transboundary Biodiversity Conservation: The Pulong Tau National Park, Sarawak State, Malaysia, Phase I

The Committees took note of the presentation of the synthesis of the ex-post evaluation as contained in document CRF(XLIV)/5 by the Team Leader of the evaluation team, Dr. Jeffrey Sayer, during the Joint Session of the Committees.

The Committees requested the Secretariat to ensure that the ex-post evaluation findings be taken into account in the formulation and implementation of new projects in the area of **Biodiversity Conservation**. The Committee commended the report presented by the consultant and also requested the Secretariat to ensure its dissemination.

The Committees were further informed that the ex-post evaluation of the four projects grouped under the theme of **Forest Plantations/Growth and Yield**, selected by the Committee at its Forty-third Session, had been completed:

#### **Thematic Group Evaluation: Forest Plantations/Growth and Yield**

- PD 22/98 Rev.1 (F) Development of Teak Cloning and Establishment of Industrial Plantations (Côte d'Ivoire)
- PD 41/00 Rev.3 (F,M) Model Development to Establish Commercial Plantation of Dipterocarps (Indonesia)
- PD 53/00 Rev.3 (F) Implementation of a Permanent Network of Stands Dynamics Monitoring Plots for the Gazetted Forests of Côte d'Ivoire
- PD 386/05 Rev.1 (F) Technological Development for the Production of Planting Materials to Support Sustainable Plantation of Bali Indigenous Species through Community Participation (Indonesia)

The Committees took note of the presentation of the synthesis of the ex-post evaluation as contained in document CRF(XLIV)/6 by the Team Leader of the evaluation team, Dr. Hosny El Lakany, during the Joint Session of the Committees. In his presentation, he mainly highlighted the following:

- The development and specific objectives of the four projects were substantially achieved; and
- The project sustainability was ensured for the two projects implemented in Indonesia through the use of appropriate mechanisms while being doubtful for those implemented by in Côte d'Ivoire.

The Committees requested the Secretariat to ensure that the ex-post evaluation findings be taken into account in the formulation and implementation of new projects in the area of Forest Plantations/Growth and Yield. The Committee commended the report presented by the consultant and also requested the Secretariat to ensure its wide dissemination.

The Committees were further informed that the evaluation of Individual Project Evaluation PD 289/04 Rev.1 (F) had also been completed:

#### **Individual Project Evaluation**

- PD 289/04 Rev. 1 (F) Management of the Emerald Triangle Protected Forests Complex to promote cooperation for Transboundary Biodiversity Conservation between Thailand, Cambodia and Laos – Phase II (Thailand and Cambodia)

The Committees took note of the presentation of the synthesis of the evaluation as contained in document CRF(XLIV)/7 by Dr. James Gasana during the Joint Session of the Committees.

The Committee requested the Secretariat to ensure that the evaluation findings be taken into account in the formulation and implementation of the third phase project. The Committees commended the report presented by the consultant and also requested the Secretariat to ensure its dissemination.

The Committees were further informed that the ex-post evaluation of the two projects grouped under the theme of **Geographic Information System/Demonstrations Areas**, selected by the Committee at its Forty-third Session, will be carried out in 2011 and reported at the next CRF Session:

#### **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 |

#### **(B) Selection of Projects for Ex-post Evaluation**

The Committees recalled that at its previous session it requested the Secretariat to make the necessary arrangements for the conduct of the ex-post evaluations before the 45<sup>th</sup> Committee Session, and also prepare an updated “Shortlist of Completed Projects Relevant for Ex-post Evaluation in the Field of Reforestation and Forest Management” for the 45<sup>th</sup> Session, which should include all completed projects since 2008 not previously selected for ex-post evaluation.

#### **(C) Meta-Evaluation of ITTO Ex-Post Evaluations**

As requested by the CRF at its Forty-third Session, the Secretariat drafted a set of Terms of Reference (TOR) for a Meta-Evaluation of ITTO ex-post evaluations and submitted it to the Joint Session of the Committees. As the delegations of Switzerland, USA, Peru and others intervened and suggested enhancement of the Draft TOR, the Chairperson decided to establish a small informal working group to further compile all comments and suggestions made and incorporate these into a final draft TOR for the consideration and approval of the Joint Session of the Committees. The small informal working group, composed of delegates of Brazil, Cameroon, Ghana, Guatemala, Indonesia, Malaysia, Peru and USA, and chaired by the delegate of the UK, met to discuss the draft TOR which were subsequently enhanced. The draft TOR was resubmitted it to the CRF, and some delegates provided additional comments and suggestions. The final outcome and definitive text of the TOR is attached in Appendix 1 to this report. The CRF further decided that the budget for the evaluation should not exceed US\$300,000.00 and that funds should be drawn from the Pooled Sub-Accounts for Ex-Post Evaluation.

### **Item 9 - Review of Implementation of Approved Projects and Pre-projects**

#### **9.1 Project Work in Progress**

The Committee took note of a status report [document CRF(XLIV)/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 (57), B) awaiting the signing of an Agreement (2), C) projects awaiting financing (19), or D) falling under the sunset provision since the last Session (3).

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 audit report for this completed report. The Committee took note of the information and asked the Secretariat and the Executing Agency to find the appropriate way to address this issue and report to the Committee at its next session in 2011.

**2) \* 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 a few technical reports as well as other products and means of verification had been submitted and were currently being assessed by ITTO's Regional Officer for Latin America in Brasilia. The Committee further observed that the Executing Agency MARN manifested that the third and last tranche of ITTO funds for the project in the amount of US\$ 80,000 was no longer needed to complete the project as the required costs had already been covered by counterpart funds, and that the project's Final Audit was initiated in October 2010 and is to be submitted to ITTO shortly. As such, the Committee looks forward to seeing this project to be reported as completed, including its final financial audit, at the next Session of the Committee.

**3) 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 some of the project's activities had been delayed and that the Executing Agency may need to request an extension in time without additional budget, as the project was slated to have been completed in December 2010. In this light, the Committee recommended ITTO to continue providing the Executing Agency with guidance so as to regularize the project's administrative situation before the Secretariat and also closely monitor the project with a view to seeing it get back on track. Moreover, it also urged the Executing Agency to immediately apply for an extension, without additional funds, in order to successfully complete the project and further submit a formal request with a justification to the Secretariat for the aforementioned extension in time, together with any required budget amendments and an updated detailed Work Plan and Yearly Plan of operations in order to successfully complete the project's activities.

**4) PD 32/99 Rev.2 (F) Productive Forest Management for the Rural Reserve Area of Guaviare (Colombia)**

Following a presentation made by the director of the Executing Agency to the Committee, it was noted that the project will complete all its field activities by year-end and further submit the completion report and other relevant technical documents to the Secretariat soon thereafter. The Committee hereby approved the project request for a budget neutral extension until December 2010.

**5) 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 recalled that this project after some difficulties in the past, had come to normal execution although some delay still persists. The Committee recommended special attention be paid during the next meeting of the Project Steering Committee, slated for the first quarter of 2011, so as to carefully assess the project's current situation, and its current compliance with ITTO rules for project implementation. It also recommended a review and update of the YPO in order to successfully achieve its objectives. The Executing Agency may also consider applying for an extension, without additional funds, in order to successfully complete the project.

**6) 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 financial 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 financial audit report by end of March 2011.

**7) PD 37/00 Rev.1 (F) Operational Strategy for Sustainable Forestry Development with Community Participation in India (India)**

The Committee took note that the Executing Agency has submitted the Project Completion Report and several Technical Reports. The delegation of India made a presentation on the main outcomes of the project, highlighting the development of site specific indicators and their implementation at the project sites. The Committee decided to consider the project as completed, upon the reception of a satisfactory Final Financial Audit Report by the Secretariat and requested that the Executing Agency should submit it to the Secretariat in due course.

**8) \*\*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 reported as completed at a previous CRF session and documented as such in the document CRF(XLIII)/2, but it is still pending the final financial audit, 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 financial audit report by end of March 2011.

**9) \*\*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(XLIII)/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 financial audit report by end of March 2011.

**10) 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 Committee took note of the information and urged the Executing Agency to submit the project completion report and final financial audit report by end of March 2011.

**11) 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, upon submission of relevant documentation including updated Yearly Plan of Operations.

**12) \*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 end of March 2011.

**13) \*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 the Executing Agency has submitted the Project Completion Report and several Technical Reports. The Secretariat briefly introduced the main outcomes of the project, highlighting the establishment of seed orchards for 13 indigenous tree species. The Committee decided to consider the project as completed, upon the reception of a satisfactory Final Financial Audit Report by the Secretariat and requested that the Executing Agency should submit it to the Secretariat in due course.

**14) 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, upon submission of relevant documentation including updated Yearly Plan of Operations and revised budget.

**15) PD 276/04 Rev.2 (F) Revised World Atlas of Mangrove for Conservation and Restoration of Mangrove Ecosystems (Global-Japan)**

The Secretariat made a presentation on the English version of the Mangrove Atlas, which had been published in mid-2010. The implementing agency (ISME) informed the Committee following this presentation of efforts made to fund publication of the Atlas in French and Spanish. A request had been made to ITTO through the no-objection process for additional funding of \$50,000 for the project to allow printing and distribution of the French and Spanish versions. The Committee endorsed this request and asked donors to consider it positively.

**16) \*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 the Executing Agency has submitted the Project Completion Report and several Technical Reports. The delegation of PNG made a presentation on the main outcomes of the project, highlighting the development of land use management plans and conservation agreements with six Almami clans in the Adelbert Range. The Committee decided to consider the project as completed, upon the reception of a satisfactory Final Financial Audit Report by the Secretariat and requested that the Executing Agency should submit it to the Secretariat in due course.

**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 of the Executing Agency's request for an extension in order to successfully complete the project's activities. In this light, the Committee endorsed an extension of the project until the end of December 2011, without additional funds, as per the written request and justification, including budgetary modifications, submitted by the Executing Agency.

**18) 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 will complete all its field activities and achieve its outputs during the first half of 2011 and further submit the completion report and other relevant technical documents to the Secretariat soon thereafter.

**19) 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 noted that the project will complete all its field activities and achieve its outputs during the first half of 2011 and further submit the completion report and other relevant technical documents to the Secretariat soon thereafter.

**20) 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 took note that some of the project's activities appear to have been delayed due to the participatory process of the C&I application at the "Ejido" level, and that the Executing Agency needed to regularize the project's situation with the Secretariat, particularly as regards the need for a written justification for an extension in time without additional funds, among others. In this light, the Committee urged the Executing Agency immediately apply for an extension, without additional funds, in order to successfully complete the project and further submit a formal request with a justification to the Secretariat for the aforementioned extension in time, together with any required budget amendments and an updated detailed Work Plan and Yearly Plan of operations in order to successfully complete the project's activities.

The Committee further recommended special attention be paid during the next meeting of the Project Steering Committee, slated for the first quarter of 2011, so as to carefully assess the project's current situation, its current compliance with ITTO rules for project implementation, and also review the updated YPO in order to successfully achieve its objectives.

**21) 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 of the slow progress of developing AR-CDM Project Design Documents due to the complexity of the modalities of AR-CDM. In light of this, the Committee endorsed the extension of the project until August 2011 without additional funds.

**22) 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 financial audit report by end of March 2011.

**23) 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 will complete all its field activities shortly and carry out its last project steering committee meeting in January 2011 to discuss the products, outcomes and impacts of the project and the dissemination of these, and further submit the completion report and other relevant technical documents and means of verification to the Secretariat soon thereafter. The Committee noted and further commended the formal presentation given on the project outcomes and achievements at this Session of the CRF.

**24) PD 451/07 Rev.1 (F) Transboundary Biodiversity Conservation Area: The Pulong Tau National Park, Sarawak State, Malaysia - Phase II (Malaysia)**

The Committee noted that the Executing Agency has submitted an extension proposal until the end of January 2012 with additional funds [CRF(XLIV)/12]. The delegation of Malaysia made a short presentation on the extensional proposal. The Committee endorsed the extension of the project until the end of 2011 with the request for additional funds as specified in document CRF(XLIV)/12.

**25) PD 507/08 Rev.1 (F) Development of the National Reforestation Policy and Afforestation Strategy Consistent with Liberia 3C-Approach (Liberia)**

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 is gradually getting back to track on the planned activities. A second PSC meeting is scheduled for January 2011 in Monrovia to take stock and provide further guidance for project implementation.

**(B) Projects awaiting implementation agreement**

**1) PD 450/07 Rev.2 (F,I) Capacity Building for CDM Forestry in the Framework of SFM Emphasizing Community Forests and Poverty Alleviation in Ghana (Ghana)**

The Committee took note that the agreement was finalized and forwarded to the Government of Ghana, for the signature process, on 25 November 2010.

**2) PD 470/07 Rev.1 (F) Development and Implementation of Criteria and Indicators for Sustainable Management of Planted Forests and Community Forests (Thailand)**

The delegation of Thailand informed the Committee that signing the project agreement would be finalized by January 2011.

**(C) Projects awaiting financing**

The Committee noted that nineteen (19) projects approved at earlier Sessions are still awaiting funding, out of which four (4) will be sunset if funding is 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 noted that this project would have become Sunset during this Session, had the Government of Brazil not invoked the provision in Decision 2 (X) Annex 2 point 2 and resubmit a revised proposal to the Council for decision prior to the end of the validity period for review of the originally approved proposal. Moreover, for clarity, it is understood that the validity period of the third revision of this proposal begins at this session.

- 2) PD 454/07 Rev.3 (F) Community Forest Management: A Sustainable Alternative for the Maues State Forest, Amazonas State (Brazil)

The Committee noted that this project would have become Sunset during this Session, had the Government of Brazil not invoked the provision in Decision 2 (X) Annex 2 point 2 and resubmit a revised proposal to the Council for decision prior to the end of the validity period for review of the originally approved proposal. Moreover, for clarity, it is understood that the validity period of the third revision of this proposal begins at this session.

- 3) \*\*PD 456/07 Rev.3 (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)
- 4) PD 460/07 Rev.2 (F) Achieving Sustainable Management of Mangrove Forests in China through Local Capacity Building and Community Development – Phase II (China)
- 5) 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)

The Committee noted that this project would have become Sunset during this Session, had the Government of Peru not invoked the provision in Decision 2 (X) Annex 2 point 2 and resubmit a revised proposal to the Council for decision prior to the end of the validity period for review of the originally approved proposal. Moreover, for clarity, it is understood that the validity period of the fourth revision of this proposal begins at this session.

- 6) 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)

The Committee noted that this project would have become Sunset during this Session, had the Government of Indonesia not invoked the provision in Decision 2 (X) Annex 2 point 2 and resubmit a revised proposal to the Council for decision prior to the end of the validity period for review of the originally approved proposal. Moreover, for clarity, it is understood that the validity period of the second revision of this proposal begins at this session.

- 7) PD 476/07 Rev.3 (F) Clonal Test of Superior Progeny of *Shorea Leprosula* for Enrichment Planting Program (Indonesia)

The Committee noted that this project would have become Sunset during this Session, had the Government of Indonesia not invoked the provision in Decision 2 (X) Annex 2 point 2 and resubmit a revised proposal to the Council for decision prior to the end of the validity period for review of the originally approved proposal. Moreover, for clarity, it is understood that the validity period of the third revision of this proposal begins at this session.

- 8) PD 477/07 Rev.3 (F) Improving Forest Functions in Bengkulu Province through Community Participation in Rehabilitation of Degraded Forest by Using Local Prospective Commodities (Indonesia)
- 9) PD 495/08 Rev.3 (F) Guatemalan Forest Productivity Information System
- 10) PD 527/08 Rev.1 (F) Enhancing Capacity Building on Assessing Tropical Forest Carbon Stock and its Changes in China (China)
- 11) PD 530/08 Rev.2 (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)
- 12) PD 534/08 Rev.1 (F) Small-Scale Private Mixed Plantations Development PLUS Nutrition Promotion: The Case of Six Rural Community Women's Groups in the Eastern and Ashanti Regions of Ghana: Phase II (Ghana)



- 13) PD 541/09 Rev.1 (F) Forest Promotion and Development by Native Communities in Peru
- 14) PD 542/09 Rev.1 (F) Support to Convene the V Latin American Forestry Congress (Peru)
- 15) PD 544/09 Rev.1 (F) Increased Economic Returns from Forest Management in Permanent Production Forests of Peru
- 16) 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
- 17) 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)
- 18) PD 564/09 Rev.1 (F) Production of an Educational Book Series on Mangroves for Sustainable Management and Utilization of Mangrove Ecosystems (Japan)
- 19) PD 568/09 Rev.1 (F) Developing Community-Based Sustainable Mangrove Management System for the Amanzuri and Ama Emissa River Estuaries in Ghana

\*Those projects with asterisk (approved but not funded within 20 months) will be sunset at the next Session.

\*\*This project is partially financed.

#### **(D) Projects coming under the sunset provisions since the last Session**

The Committee noted that three (3) projects have become sunset since its last Session.

- 1) PD 471/07 Rev.2 (F) The Potential Impact of Environmental Fluctuations and Climate Change on Forest Plantation Pests in Ghana: Improving Pest Management Strategies through Research, Training and Extension (Ghana)
- 2) PD 474/07 Rev.1 (F) Strengthening Collaborative Forest Management among indigenous Cultural Communities (ICC's) and other Stakeholders in the East Diwata Sustainable Development Unit (SDU) in Mindanao, Philippines (The Philippines)
- 3) PD 490/07 Rev.2 (F) Project to Build the Institutional Capacities of the CITES Scientific Authority for Plants in Cameroon to ensure the Conservation and Sustainable Management of Prunus Africana (Cameroon)

#### **9.2 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 financial audit report by end of March 2011.

**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 financial audit report by end of March 2011.

**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 financial audit report by end of March 2011.

**4) \*\*PPD 124/06 Rev.2 (F) Reforestation of Tropical Savannah Grassland with High Valued Teak in Papua New Guinea (PNG)**

The Committee urged that the Executing Agency should submit the Final Financial Audit Report to the Secretariat at the earliest opportunity.

**5) \*PPD 135/07 Rev.1 (F) Community-based Forest Management of Sungai Medihit Watershed (Malaysia)**

The Committee took note that the Executing Agency has submitted the Pre-project Completion Report and several Technical Reports. The delegation of Malaysia introduced the main outcomes of the pre-project, highlighting the development of strategies to address problems faced by indigenous communities in the Sungai Medihit Watershed areas. The Committee decided to consider the pre-project as completed, upon the reception of a satisfactory Final Financial Audit Report by the Secretariat and requested the Executing Agency to submit it to the Secretariat in due course.

**(B) Pre-projects awaiting implementation agreement**

The Committee noted that there was no pre-projects awaiting implementation agreement.

**(C) Pre-projects awaiting financing**

The Committee noted that there was no pre-projects awaiting financing.

**(D) Pre-projects coming under the sunset provisions since the last Session**

The Committee noted that there was no pre-project has become sunset since its last Session.

**Item 10 - 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(XLIV)/9 "Progress Report - Review and Update of the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to take into Account Recent Developments in Tropical Forestry (Activity 48 – BWP 2010 – 2011), prepared by consultants Cesar Sabogal and Carmenza Robledo. The document was presented by the Secretariat and includes the results of the expert meeting held in Switzerland in June 2010. The Committee commend the actions taken and approved the proposed follow up for the completion of this Activity and the presentation of its results to the 45<sup>th</sup>

Session of the CRF.

**(ii) Facilitate the application of ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests**

The consultant Dr. Jeffrey Sayer presented the results achieved so far under this activity, as described in Document CRF(XLIV)/10 – “Implementation of the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests: A Report on Measures Taken to Facilitate Implementation of the Guidelines”, which included description of an event organized by ITTO, IUCN and JICA in June 2010 in Yokohama, in the framework of the International Year of Biodiversity, as well as the results of the application of the ITTO/IUCN Biodiversity Guidelines in forest concessions in Malaysia. These results have been discussed in an ITTO Side Event at the CBD CoP 10 in Nagoya, Japan, in October 2010.

The representative of Nigeria highlighted the importance of the Guidelines and recommended ITTO to develop regional events for its dissemination.

The Committee took note that the Activity has well advanced but is not completed because only partial funding has been provided to date. The Committee urged donors to consider completing the funding still required (in the range of US\$99,000) for the successful completion of the Activity and achievement of its expected results.

**(iii) 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:

- a. The Committee recalled that the Government of Togo had requested ITTO's assistance as regards the activities required for the development of a comprehensive strategy for Togo for the development of a policy, a strategy and building capacities in local, and national forest fire management for Togo. The Secretariat further reported that his strategy was currently being developed through the joint collaboration of an international expert, Hubert d'Avezac of France, and Mr. Richard Gbadoe, Director General of ODEF and his team there, and was expected to be completed during the first quarter of 2011.
- b. Moreover, 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), the Secretariat reported it had taken a more proactive role in the aforementioned forest fire-related networks and in its preparation for the 5th International Wildland Fire Conference (WILDFIRE 2011).
- c. The Committee further recalled that at its previous session it had endorsed the use of the remaining funds allocated to Council Decision 6(XXXIII) to cover the participation of the Secretariat, together with at least 6 participants from ITTO member countries – particularly those with ongoing fire projects - in the organization of an exchange of experiences and possibly a joint presentation of achievements as regards the prevention and management of tropical forest fires at the 5th International Wildland Fire Conference and Summit to be held in South Africa in 2011.
- d. The Secretariat further reported that is had currently pre-selected 12 candidates from the 3 tropical regions for their participation at WildFire 2011 and was currently coordinating with the organizing committee of Wildfire 2011 and GFMC as regards the event and its required logistics.

**(iv) Monitoring the progress in the application of criteria and indicators for sustainable forest management**

The Secretariat informed the Committee of the series of national C&I training workshops carried out over the past decade, with most ITTO producer countries now covered. The most recent workshop had taken place in Democratic Republic of Congo in August 2010 with a broad attendance. New members of the ITTA 2006 who are not currently ITTO members had expressed interest in benefiting from C&I workshops. Negotiations were also underway to convene a joint workshop for Suriname and Trinidad & Tobago, most likely in the latter country, in the first half of 2011.

The representative of Nigeria requested information on ITTO's efforts to assess the level of implementation of C&I by countries. The Secretariat noted in response that the C&I reporting format had been used by 32 of 33 producer members to provide information for ITTO's Status of Tropical Forest Management report and that an on-going study of the implementation of the C&I at the field level would be reported to the session of the Joint Committees during this session.

**(v) 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**

The Committee took note that the MOU between ACTO and ITTO for the implementation of this activity had been signed, the selection of the international consultant had already been short-listed and that implementation was to commence shortly. The complete activity shall be reported in the next Committee Session, with the presentation of the harmonized system.

**(vi) 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 advances in the organization 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), but further fund raising actions are still required. The Conference is planned to be held in Lombok, Indonesia, on 11-15 July 2011, hosted by the Government of Indonesia and co-organized by ITTO, the Rights and Resources Initiative (RRI) and other CSAG members, the European Forest Institute, and other partners.

**(vii) Assess resources required to implement sustainable forest management**

As requested by the 43<sup>rd</sup> CRF Session, the Secretariat prepared and presented draft terms of reference for the implementation of Activity 13 of the ITTO Biennial Work Programme "Assessing Resources Required to Implement Sustainable Forest Management" [Document CRF(XLIV)/11]. It recalled the ITTO previous work carried out in 1996 through ITTC Decision 8 (XX) which invited Producer Member Countries to submit estimates of resources needed and costs incurred in achieving the Year 2000 Objective. The delegation of Nigeria noted the importance of implementing the activity by qualified international consultants and experts. The delegation of USA questioned defining the achievement of sustainable forest management and discussed the difficulty in estimating costs required to achieve sustainable forest management. She also noted that developing a clear approach for the estimation of resources requirements to achieve sustainable forest management would be an important step to move this study forward. The Committee recommended to the Council the approval of the terms of reference, as contained in Annex 2 of this report, which incorporates a minor amendment to the draft terms of reference initially submitted by the Secretariat.

**Item 11 - Election of Chairperson and Vice-Chairperson for 2011**

Mr. Patrick Hardcastle of United Kingdom was elected as Chairperson for 2011. Dato' Dr. Abdul Rahman Abdul Rahim (Malaysia) was elected as Vice-Chairperson for 2011.

**Item 12 - Dates and Venues of the Forty-fifth and Forty-sixth Sessions of the Committee**

The Forty-fifth Session of the Committee would be held in conjunction with the Forty-seventh Session of the International Tropical Timber Council.

The Forty-sixth Session of the Committee would be held in conjunction with the Forty-eighth Session of the International Tropical Timber Council.

### **Item 13 - Other Business**

The delegation of USA asked for clarification on the approval and financing procedure of the revised project proposal 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)", recalling that its second phase has been jointly financed by USA, Switzerland and others. She noted that neither the revised proposal nor the original proposal had been posted on the ITTO homepage. The revised proposal had not been included in the list of Projects, Pre-projects and Activities pending financing which was prepared for donors' consideration prior to the present session of the ITTC. She also noted that the ITTO budget of the revised proposal has been substantially increased from US\$806,760 to US\$2,005,039 after the Fortieth Expert Panel for Technical Appraisal of Project Proposals in Yokohama on 2-6 August 2010. Furthermore, she underlined the need for the Secretariat to improve information sharing in future work and recommended that in case of any revised project proposals having substantial changes, they should be informed to Members accordingly in the process of the electronic no objection procedure and any changes or any actions taken on projects should be clearly presented to the Committee at its review of new projects and pre-projects.

The Committee was briefed by the Secretariat on the ITTO Project Cycle Calendar for Autumn 2010 and the time-bound electronic no objection procedure. The Secretariat informed the Committee that it was regrettable that the revised proposal has not been posted on ITTO website and highlighted that final decision for approval and financing of any revised proposals would be made at the present Session of the Council and Associated Sessions of Committees. The Secretariat also informed the Committee that under an initiative of the government of Japan to contribute to the conservation of biodiversity in tropical forests in line with the International Year of Biodiversity 2010, the ITTO budget of the revised proposal had been increased substantially to facilitate the implementation of the project.

The Committee urged the Secretariat to take due account of the comments and recommendations made in improving the time-bound electronic no objection process as well as the review process at the Committee for any substantially revised proposals. The Committee recommended that the revised proposal [PD 577/10 Rev.1 (F)] be approved for implementation, taking into account the abovementioned remarks.

### **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 2010 and Project Cycle Autumn 2010:**

#### Projects

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) [US\$438,674.00]
PD 564/09 Rev.1 (F)	Production of an Educational Book Series on Mangroves for Sustainable Management and Utilization of Mangrove System (Japan) [US\$149,904.00]
PD 568/09 Rev.1 (F)	Developing Community-Based Sustainable Mangrove Management System for the Amanzuri and Ama Emissa River Estuaries in Ghana [US\$558,756.00]
PD 577/10 Rev.1 (F)	Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Trans-boundary Biodiversity Conservation Between Thailand, Cambodia and Laos – Phase III (Thailand and Cambodia) [US\$2,051,039.00]
PD 583/10 Rev.1 (F)	Restoring Sub-Humid Ecosystems in Southern Peru through Reforestation with <i>Caesalpinia spinosa</i> [US\$149,796.00]

PD 586/10 Rev.1 (F) Operational Strategies for the Conservation of Tengkwang Genetic Diversity and for Sustainable Livelihood of Indigenous People in Kalimantan (Indonesia) [US\$414,104.00]

PD 590/10 Rev.1 (F) Integrated Fire Management in Rural Communities of Guatemala: Establishment of Pilot Sites for the Implementation of Sustainable Integrated Fire Management Practices [US\$517,563.00]

Pre-Projects

PPD 147/10 Rev.1 (F) Zoning and Sustainable Development of the Minkebe Protected Area towards the Protection of Transboundary Conservation Corridors between Gabon, Cameroon and the Congo [US\$99,279.00]

**B) The Committee recommended that additional funds be made immediately available for the following project:**

Projects

PD 276/04 Rev.2 (F) Revised World Atlas Of Mangrove For Conservation And Restoration Of Mangrove Ecosystems [US\$50,000.00]

PD 451/07 Rev.1 (F) Transboundary Biodiversity Conservation Area : The Pulong Tau National Park, Sarawak State, Malaysia Phase II [US\$218,160.00]

**Item 15 - Report of the Session**

The Committee accepted this Report for submission to the Council.

## Annex 1

### TERMS OF REFERENCE FOR A META-EVALUATION OF PREVIOUSLY EVALUATED ITTO PROJECTS

#### I. Background

Recalling Decision 3(XXVIII) on the Ex-Post Evaluation of Projects, which specifically requests the Executive Director to synthesize and disseminate the results of the ex-post evaluations, for example through posting on the ITTO website, articles in the Tropical Forest Update and otherwise take active steps to make the lessons learned from the projects broadly available to stakeholders and the interested public; and further requests the Executive Director to convene at appropriate intervals an Expert Panel comprised of ITTO stakeholders to synthesize the lessons learned from the outcome of these evaluations and to provide recommendations to the Council and other stakeholders accordingly.

The CRF considered at its 43rd Session that ITTO has been carrying out ex-post evaluations for many years, but the results and recommendations have to date not sufficiently influenced the design and execution of new projects, nor have the recommendations and lessons learnt been sufficiently disseminated to support the development and implementation of similar projects. In addition, it considered important to assess the consistency of the methodology and results of ex-post evaluations so that useful conclusions can be drawn and the process can be improved. In this light the Committee requested the Secretariat to draft the current Terms of Reference (TOR) to assess the ex-post evaluation process of all ITTO projects.

#### II. Overall Objective/Purpose of the Meta-Evaluation

By means of the analysis, synthesis and careful evaluation of the findings, lessons learned and recommendations from a series of ITTO ex-post evaluations, the overall goal of the Meta-Evaluation is 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, by reviewing and analysing the current methodology and results achieved to date, taking into account:

- the Objectives of ITTA including the Organisation's "Objective 2000";
- the ITTO Action Plans;
- the Reports of the Expert Panel on Project Appraisals;
- 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.

An independent Meta-Evaluation of ex-post project evaluation process will enable:

- an assessment of the consistency of the methodology used and the results obtained, so that useful conclusions and recommendations can be drawn to improve the process and make the best possible use of existing evaluation resource; and
- an aggregation of lessons learned, good practice and recommendations from completed ex-post evaluations so they can be more effectively used to influence future project design, as well as to improve information dissemination for the benefit of ITTO member countries and to promote SFM.

In this context, the Meta-Evaluation shall: (a) identify and propose findings, conclusions and recommendations to improve the evaluation and assessment of ITTO projects and (b) generate a document that compiles lessons learned, good practices and recommendations of completed ex-post evaluations of ITTO projects, for dissemination and enhancement of projects results and impacts.

### **III. Overall Scope and Methodology**

The Meta-Evaluation will review the reports of completed ex-post evaluations and project completion reports products with the view to:

- Determining the contribution of projects to the objectives of the ITTO and its Members;
- aggregating the findings including recommendations of completed ex-post evaluations and project compilation reports/products;
- assessing the applicability and use of the recommendations including lessons learned;
- recommending on how ITTO project evaluation process can be improved to ensure consistency and quality in reporting and recommendations; and
- drawing lessons learned and disseminating and promoting these together with the findings as widely as possible.

The Meta-Evaluation shall also analyse and aggregate the findings of earlier ex-post evaluations, presenting a basis for better understanding of the relevance and impacts of ITTO's project interventions and how to improve them.

### **IV. Approach**

The Meta-Evaluation should consider international best practices (i.e. relevance, efficiency, effectiveness, impact and sustainability) and involve the following approach:

- review and analyse completed ex-post evaluation reports and projects' related documents (including projects' progress/monitoring reports) to extract and categorise the key findings in terms of conclusions, recommendations and lessons learned;
- aggregate the findings and identify the Lessons Learned across geographic and sectoral areas and specific subjects or topics; and
- aggregate the recommendations by category and by entity (i.e. to whom they are addressed, the ITTO, Submitting Country, Executing Agency, and themes).

The Meta-Evaluation shall also provide an overall assessment and synthesis of:

1. the potential and actual contribution of ex-post evaluations to ITTO's project and policy work;
2. the overall role, contribution and potential contribution of ex-post evaluations and project progress monitoring in improving project design and delivery so as to contribute to ITTO's objectives, Yokohama Action Plan, and Objective 2000;
3. the overall attainment of the objectives and the overall effectiveness of ex-post evaluations;
4. the overall cost-effectiveness of ex-post evaluations and assessment;
5. lessons learned and recommendation for member countries to sustain the projects' impacts;
6. make recommendations on how to continually improve the ITTO's project evaluation, monitoring and assessment; and
7. the role of adaptive management and the value of project steering committees.

### **V. Reporting**

- Preparation of a Meta-Evaluation Report covering contribution and impact of ITTO projects from all committees and geographic regions;
- preparation of a publication summarizing *inter alia* findings, lessons learnt and impact at national, regional and global levels including cross-cutting issues and covering the full range of ITTO projects in Reforestation and Forest Management, Forest Industry and Economic Information and Market Intelligence;
- preparation of an Overall Executive Summary focusing on the overall assessment of the Meta-Evaluation in particular:
  1. consistency and quality of ex-post evaluation reports projects' relative success in contributing to ITTO's Objective 2000 and Yokohama Action Plan, summarizing the key lessons learned;
  2. summary of recommendations aggregated by category and by entity (i.e. to whom they are addressed, the ITTO, Submitting Country, Executing Agency, and themes);
  3. overall findings of the Meta-Evaluation;



- presentation of the Overall Executive Summary at a Council Session of the International Tropical Timber Council; and
- preparation of an article or a set of articles within a special edition for possible publication in the ITTO *Tropical Forest Update* (TFU), in consultation with the editor, containing an overview of the projects and summarizing the overall results of the Meta-Evaluation.

#### **VI. Composition of the Team**

The team shall be composed of 4 independent consultants, one being team leader and three regional experts (Africa, Asia and Latin America). Each expert must have at least 10 years of experience in the formulation, implementation, monitoring, evaluation and assessment of forest development projects. Previous experience with ITTO project work, and fluency in English and at least one more of the ITTO languages are assets. Provision for editing and translation will also be needed.

#### **VII. Duration of the Assignment**

The task will be undertaken as an extended Expert Panel and should be completed over a 3 months period [two weeks in Yokohama followed by virtual communications to complete the report]. The Team shall produce the draft products 6 months from the date of signing a contract and the final products not later than 2 months after receiving comments to the draft products.

#### **VIII. Tentative Budget**

- Not to exceed US\$300,000 to be drawn from the Pooled Sub-Accounts for Ex-post Evaluation

## Annex 2

### Terms of Reference Assessing Resources Required to Implement Sustainable Forest Management (Activity 13 of ITTO BWP for the years 2010-2011)

#### I. Background

At its Forty-Fifth Session in November 2009, the ITTC adopted the ITTO Biennial Work Programme (BWP) for the years 2010-2011 which included Activity 13 entitled "Assess resources required to implement sustainable forest management". These terms of reference are prepared to facilitate the implementation of this Activity.

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. At its Twentieth Session in 1996, the ITTC through its Decision 8 (XX) invited producer member countries to submit estimates of resources needed and costs incurred in achieving the Year 2000 Objective. Pursuant to this Decision, Producer member countries submitted their estimates and 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 did not consider that the aggregate of the estimate submitted by countries could be regarded as a definitive statement on the resources needed to achieve the Year 2000 Objective. However, 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 mobilising 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 7 thematic areas (1) enabling conditions for SFM; (2) forest resource security; (3) forest ecosystem health and condition; (4) flow of forest produce; (5) biological diversity; (6) soil and water and (7) economic, social and cultural aspects, a specific study to identify priorities across the 7 thematic areas will be conducted. After developing a comparative methodology to estimate the resources required for generating multiple forest-based benefits under sustainable forest management, a review will be carried out through case studies at the national and forest management unit levels in selected countries.

In addition, since the five ITTO Thematic Programmes (Forest Law Enforcement, Governance and Trade, Community Forest Management and Enterprises, Trade and Market Transparency, Industry Development and Efficiency and Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests) have been approved by Council for implementation on a pilot basis, a specific study on the assessment of the resources needed to implement these Programmes beyond 2011 will also be conducted.

#### II. Terms of reference

1. 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;
2. To develop an approach to assist Members in estimating the resources required to achieve sustainable forest management within the context of the seven thematic areas of the ITTO *Criteria and Indicators for the Sustainable Management of Tropical Forests (C&I)* and the five ITTO Thematic Programmes, with the identification of some key factors (i.e. planning, implementation, monitoring) for which the resources may be allocated into a few components ;
3. To conduct case studies for selected countries (i.e. two countries in each tropical region) in estimating the resources required to achieve sustainable forest management using the approach developed under item 2 above;

4. To convene a panel of experts to review the outcomes of the case studies and refine the approach for estimating the resources required to promote the sustainable management of each Member's forest resources; and
5. To report the results of the case studies and the expert panel with recommendations for follow-up actions to the Forty-Seventh Session of the ITTC.

### III. Budget

<b>Item</b>	<b>Approximate cost (US\$)</b>
A. International consultants ( 2 consultants x 2 months x US\$10,000)	<b>40,000</b>
B. Panel of Experts (6 experts x US\$5,000 & 2 consultants x US\$5,000)	<b>40,000</b>
C. Travel costs for 2 international consultants (2 consultants x US\$10,000)	<b>20,000</b>
D. Country case studies assistance (6 countries x US\$10,000)	<b>60,000</b>
<b>Sub-total</b>	<b>160,000</b>
ITTO program support (13%)	<b>20,800</b>
<b>Total:</b>	<b>180,800</b>

\* \* \*



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

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

**TWENTY-FIFTH SESSION OF THE  
COMMITTEE ON FINANCE AND ADMINISTRATION**

**(13-18 December 2010, Yokohama, Japan)**



## REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

### TWENTY-FIFTH SESSION OF THE COMMITTEE ON FINANCE AND ADMINISTRATION

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

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

#### **Item 2: Adoption of Agenda and Organization of Work**

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

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

#### **Item 3: Admission of Observers**

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

#### **Item 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-39 and ITTC/EP-40) were deliberated and concluded in the joint session of the Committees on 13 December 2010. The joint session had not requested the CFA for any follow-up.

#### **Item 5: Draft Administrative Budget for the Year 2011**

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

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

prepared the Administrative Budget for 2011 for operation under the ITTA, 1994, for consideration of the Committee at this Session.

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

- (a) An increase of 11.32% due to the change in exchange rate (from JPY 95.50 to USD 1 used in 2010 to JPY84.69);
- (b) An increase of 1.30% due to annual salary increment of staff members and other changes in entitlements in accordance with the staff regulations and rules; and
- (c) A minor increase to take account of the cost for the proposed replacement of the official car to replace the current vehicle which will have been in use for six years by 2011.

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

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

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

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

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

#### **Item 6: Review of Contributions to the Administrative Budgets**

14. The Secretariat introduced document CFA(XXV)/3, dated 29 November 2010. This document detailed the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2010, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed the Committee that, as shown in the document, in 2010, \$1,906,188.91 had been received from Producing Members out of the total net assessment of \$3,108,654.00; and \$3,024,821.00 had been received from Consuming Members out of the net assessed amount of \$3,056,371.00. The Secretariat informed the



Committee that a cheque was received at this Session from the delegation from Liberia in the amount of \$82,030.00 in payment of its arrearages in contribution to previous year (later was confirmed that this is Liberia's payment for 2010). Notification was also received from Panama that action had been taken to settle the balance of its contribution for 2010 of \$7,360.00. Later in the Session, the delegate from Brazil advised that the steps for payment of its contribution to the Administrative Budget for 2010 is being finalized and the payment is expected to reach the account of ITTO soon.

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

16. The Committee took note of the report.

#### **Item 7: Current Status of the Administrative Account**

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

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

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

20. The Committee took note of the report.

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

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

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

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

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

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

25. The Committee took note of the document.

#### **Item 9: Auditor's Report for the Financial Year 2009**

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

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

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

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

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

#### **Item 10: Appointment of Auditor**

31. The Secretariat introduced document CFA(XXV)/7 which stated that in accordance with Council Decision 10(XXXI) and Decision 2(XXXIV), the audit firm Arata Kansa Houjin (PWC Arata), Tokyo, had completed the audit of the Organization for the term of three consecutive years (2007-2009). Accordingly, the Council would need to appoint a new Auditor to audit the Accounts of the Organization for the following term of three consecutive years (2010-2012). With a view to facilitate the decision by the Council at this Session, the Secretariat had contacted three of the biggest and six large to medium size audit firms in Japan. The Secretariat also invited the audit firms to submit estimates of fees for the three consecutive years.

32. Among the seven positive responses received by the Secretariat, the audit firm Ernst & Young which submitted a quotation of Yen 9,800,000 per year, has a high international standing, while the three others have moderate international affiliation. Of these four audit firms, Grant Thornton has past experience of auditing the financial accounts of ITTO. Estimates of fees submitted by these four firms with approximate equivalents in United States dollars were shown in the document for ease of comparison, using the U.N. official exchange rate for the month of October 2010 of US\$1.00 = Yen 83.66: The current audit costs charged by the audit firm PriceWaterhouseCoopers Arata, Tokyo, in total amount to around Yen 11,500,000/US\$137,450 per year.

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

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

#### **Item 11: Review of the Work of the ITTO**

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

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

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

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

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

- (a) The Administrative Budget: with assessed contribution from the Members (Professional 14 and General Service 11);
- (b) The Programme Support Fund: drawn from a portion of the budget of each of the Council approved pre-projects, projects, and activities and the Thematic Programmes, funded by donors (Professional 3, Regional Officers 2 and General Service 9); and
- (c) Voluntary contributions/unearmarked funds to the Special Account and the Bali Partnership Fund Account – Professional 2 (for PD 16/93 Rev.4 (M) Market Information Service for Tropical Timber and Timber Products (MIS), and PD 13/99 Rev.2 (M,F,I) ITTO Information Network and Project Support (TFU).

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

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

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

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

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

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

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

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

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

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

#### **Item 14: Other Business**

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

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

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

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

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

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

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

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

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

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

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

53. The Committee appreciated this proactive initiative of the Secretariat and recommended that the draft decision be considered by the Chairperson's Open-ended Drafting Group.

**(d) Illustrative Budget for Operation under the ITTA, 2006**

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

- (a) A separate column showing the "Basic Administrative Costs" such as salaries and benefits, installation costs, and official travel; and
- (b) Another column showing the "Core Operational Costs" such as those related to communication and outreach, expert meetings convened by the Council and preparation and publication of studies and assessments pursuant to Articles 24 (Policy Work of the Organization), 27 (Statistics, Studies and Information) and 28 (Annual Report and Biennial Review) of the ITTA, 2006.

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

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

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

#### **Item 15: Recommendations to the International Tropical Timber Council**

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

- (1) To approve the Administrative Budget for the Financial Year 2011 as presented in document CFA(XXV)/2/Amend.1, of the amount of US\$7,058,902. The assessed contributions from Members for 2011 will be US\$7,246,000 to take account of the discount to be given to Members for timely payment of their contributions in 2010 and utilization of part of the bank interest earned in the same year;
- (2) To authorize the Executive Director to transfer an amount not exceeding US\$1,100,000 from the Working Capital Account to the current account in the Administrative Account to meet the anticipated shortfall of funds to cover the expenditures in this account in 2010;
- (3) To adopt the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year 2009 as contained in document CFA(XXV)/6;
- (4) To appoint Ernst & Young ShinNihon, Tokyo, as independent Auditor to audit the Organization's Administrative Account, the Special Account, the Bali Partnership Fund Account and the Executing Agencies Accounts, for three consecutive years beginning with the Accounts for the financial year 2010. The re-engagement of the same Auditor for auditing the Accounts for the following years, of 2011 and 2012, is subject to an annual revision of its performance; and
- (5) To approve the extension of the tenure of the Assistant Director for Management Services for one year beyond his current retirement date, until 31 January 2012.

#### **Item 16: Report of the Session**

59. The Committee adopted this report as amended.

**ANNEX V**

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)**

**DOCUMENT: ITTC(XLVI)/2**





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13 – 18 December 2010  
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**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)  
AT ITS TWENTY-FOURTH MEETING**

**12 December 2010  
Yokohama, Japan**



**Twenty-fourth Meeting of the Informal Advisory Group (IAG)  
Yokohama, Japan, 12 December 2010**

**Report of the Chairperson**

**Introduction**

1. The Twenty-fourth Meeting of the IAG was convened on Sunday, 12 December 2010 at the Meeting Room of the ITTO Secretariat at 10:00 a.m., chaired by Mr. Daniel Birchmeier (Switzerland), Chairperson of the Council. The meeting was attended by Mr. Joachim Bile Allogho (Gabon), Vice-Chairperson of the Council, Ms. Carla Boonstra (Netherlands), Chairperson of the Committee on Economic Information and Market Intelligence (CEM), Dr. Kug-Bo Shim (Republic of Korea), Chairperson of the Committee on Forest Industry (CFI), Dr. David Brooks (U.S.A.), Chairperson of the Committee on Finance and Administration (CFA), Mr. Patrick Hardcastle (UK), Vice-Chairperson of the Committee on Reforestation and Forest Management, Ms. Jennifer Conje (U.S.A.), Consumer Spokesperson, Dr. Atsushi Suginaka (Japan), Representative of the Host Government of the Headquarters and Mr. Emmanuel Ze Meka, the Executive Director. Mr. Josue Ivan Morales Dardon (Guatemala), Mr. Jose Trinidad Suazo Bulnes (Honduras) and Mr. Takuo Sato (Japan) were in attendance at the invitation of the Chairperson.

The IAG was informed of the absence of Mr. Martial Me Kouame (Côte d'Ivoire), the Producer Spokesperson, and Mr. Tabi Agyarko (Ghana), Chairperson of the Committee on Reforestation and Forest Management (CRF). The Chairperson requested the Vice-Chairperson to advise the Producer Caucus on the immediate need to select a replacement for Mr. Kouame as the Producer Spokesperson 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-third Meeting, 8 November 2009;
    - General observation by IAG Members;
  - ii. Briefing on the outcomes of the informal teleconference held on 4 June 2010:
    - Entry into force of the ITTA, 2006
    - Follow-up on the proposal to establish a more structured Donors' Coordination Group to secure funds
    - Options for ITTO's budget in 2011
    - Current status on the implementation of Thematic Programmes
    - Forty-seventh Session of the ITTC in Guatemala
    - Any other issues
  - iii. Financing of the Forty-seventh Session of the ITTC.
  - iv. Coordination of funding for ITTO's Spring 2011 Project Cycle.
  - 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(XLVI)]
    - Appointment of Auditor for the Financial Years 2010-2012
    - Cooperation between ITTO and Non-ITTO Member Donors, and Responding to Calls for Proposals
    - CBD/ITTO Collaborative Initiative to Conserve Tropical Forest Biodiversity
    - Multi-donor Trust Fund to Facilitate Enhanced Cooperation between ITTO and CITES
    - International Year of the Forests and Silver Anniversary of ITTO in 2011
    - Matters Related to Article 16 of ITTA, 1994
    - Entry into Force of the ITTA, 2006
    - Financial Arrangements Related to Hosting Council Sessions Outside the Headquarters of the Organization
    - Functions of the Committees
    - Summit of the Tropical Forest Basins of the World (Amazon, Congo and Borneo-Mekong Basins)
  - vi. List of possible decisions for the Forty-sixth Session of the ITTC and report to the Council; and
  - vii. 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-third Meeting held on 8 November 2009 in Yokohama, Japan as contained in document ITTC(XLV)/2 dated 8 November 2009. 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.

#### **Briefing on the outcomes of the informal teleconference held on 4 June 2010**

4. The Executive Director briefed the IAG on the deliberation and outcomes of the informal teleconference held on 4 June 2010. Following this briefing, the IAG discussed and considered the outcomes, focusing on the following issues.

#### Entry into Force of the ITTA, 2006

5. The IAG noted that the teleconference was concerned over the slow progress in the process of signature, ratification, acceptance and approval of ITTA, 2006 particularly among the potential producer members. The IAG further noted the options on follow-up actions considered during the teleconference including (i) providing an update of the progress in the process which was circulated by the Secretariat to members in September 2010, (b) deferring the entry into force of the Agreement in order to enable more producer countries to become parties to the Agreement, (c) proceeding with the process of entry into force under the provisions of Article 39 (3) of the Agreement and considering a transitional administrative budget to address the concern over higher assessed contributions to be shouldered by those ITTO producer members who had already become parties to ITTA, 2006 and (d) conducting an informal meeting among those ITTO members who had already become parties to the Agreement during the course of the current Session of the Council. The IAG recommended that further consideration of these matters be undertaken during the course of the current Session of the Council under item 12 of its Agenda based on the update as contained in document ITTC(XLVI)/6.

#### Follow-up on the proposal to establish a more structured Donors' Coordination Group to secure funds

6. The IAG noted and concurred with the view expressed at the teleconference that the issue was a matter concerning the donors and it should be left to the donors to consult and decide on the mechanism they might wish to put in place.

#### Options for ITTO's budget in 2011

7. The IAG was informed that as a result of the concern expressed by producer members who had become parties to ITTA, 2006 over the implications of the slow progress in the process of signature, ratification, acceptance and approval of ITTA, 2006 on their assessed contributions to the ITTO administrative budget for 2011, the proposed expenditures for the financial year 2011 as contained in document CFA(XXV)/2 had been prepared on the assumption that ITTO would continue to operate under ITTA, 1994 in 2011. The IAG also noted the concern expressed during the teleconference that the utilization of the Programme Support Fund was not sustainable. The IAG recommended that the utilization of the Programme Support Fund and other budgetary issues contained in the document in reference be given due consideration by the CFA under item 5 of its Agenda.

#### Current status of the implementation of Thematic Programmes

8. The IAG noted the concern expressed by the Executive Director during the teleconference that the total funding received for the four thematic programmes being implemented on a pilot basis amounted to only about 20% of the total budget approved by the Council for the pilot phase of the programmes. Since the period of the pilot implementation of these programmes was three years, the low level of funding thus far might affect the ability of the Council to assess the efficiency and effectiveness of the thematic programmes after the initial pilot phase of implementation. The IAG noted that the report on the current status of the implementation of the ITTO Thematic Programmes would be considered by the Council under item 15(b) of its Agenda.

#### Forty-seventh Session of the ITTC in Guatemala

9. The Executive Director informed the IAG of the outcome of his visit to Guatemala in July 2010 during which the keenness and readiness of the Government of Guatemala to host the Forty-seventh Session of the ITTC in 2011 were confirmed. A letter from the Government of Guatemala affirming its position to host the session had recently been received by the Secretariat. The IAG recommended that this

information be given due consideration by the Council in its deliberation of item 25 of its Agenda at its current Session.

#### Any other issues

10. The IAG noted that the issue of whether the teleconferences thus far conducted had been satisfactory in facilitating the inter-sessional work of ITTO was raised in the teleconference held on 4 June 2010. While many participants were supportive of the idea of teleconferences, concerns were expressed in respect of the legal status of the teleconferences and the need to ensure adequate transparency and representative participation of ITTO member countries in these meetings. The Executive Director indicated that the teleconferences had been extremely useful to the Secretariat in facilitating the inter-sessional work of the Organization and these should be viewed as an extension of the functioning of the IAG which could work through electronic means. In light of the concerns expressed, the IAG agreed to recommend that the matter be addressed within the broader context of other ITTO inter-sessional work including the ITTO Fellowship Programme and the time-bound electronic no objection procedures to accept Expert Panel ratings by the Caucuses with a view to providing feedback to the Council under item 9 of its Agenda.
11. The IAG noted that arising from the appeal made by the Executive Director during the teleconference for the funding of the extension of the secondment of a senior ITTO staff to the Secretariat of the United Nations Forum on Forests (UNFF) with effect from October 2010 under the ITTO Biennial Work Programme 2010-2011, a voluntary contribution of US\$100,000 was received from a donor only after the officer had returned to his country and was no longer available to continue with the secondment.

#### **Financing of the Forty-seventh Session of the ITTC**

12. The IAG noted that the Secretariat had informed the Government of Guatemala that the Council had approved an amount of US\$400,000 to meet the direct cost of hosting the Session and that since the previous Session of the Council, an amount of some US\$700,000.00 in arrears had been received and put into the Working Capital Account that could be used to meet the direct cost of hosting the session. The IAG was informed by Mr. Morales Dardon (Guatemala) that the Government of Guatemala had reaffirmed its readiness to host the Forty-seventh Session of the Council. Mr. Morales Dardon added that the Government of Guatemala welcomed the decision by the Council to meet the direct cost of hosting the Session and that it had set up a country budget to meet the domestic costs of hosting the event. Mr. Sato (Japan) enquired whether the Government of Guatemala had ratified ITTA, 2006 as there was a possibility that the session might be held after the entering into force of the Agreement. Mr. Morales Dardon clarified that the Parliament of Guatemala had ratified the Agreement in August 2010 and action was being taken to deposit the instrument of ratification to the Depository of the Agreement. The Executive Director confirmed what had been said by Mr. Morales Dardon and indicated that a memorandum of understanding would be signed between the Government of Guatemala and ITTO governing the preparations and organization of the Forty-seventh Session of the Council after the dates and venues for the Forty-seventh Session of the Council had been decided by Council at its current Session. The IAG recommended that the matter be considered by the Council under item 25 of its Agenda in light of the developments that had been reported to the IAG.

#### **Coordination of funding for ITTO's Spring 2011 Project Cycle**

13. Dr. Atsushi Suginaka (Japan) informed the IAG that based on her experience in coordinating the funding for ITTO's Spring 2010 Project Cycle, Japan felt that the coordination would be better undertaken in conjunction with the convening of the annual session of the Council. Accordingly, Japan wished to propose that the coordination of funding for ITTO's Project Cycle in 2011 be undertaken in conjunction with the convening of the Forty-seventh Session of the Council. The IAG noted the remark made by Mr. Patrick Hardcastle (UK) that the proposal might be linked to some concern that the Thematic Programmes would replace the traditional ITTO project cycle and the keenness of the producer members to maintain the traditional two project cycles in a year. Dr. David Brooks felt that the issues of coordination of funding and the two project cycles a year were separate. The IAG agreed to recommend to the Council, the proposal made by the Vice-Chairperson, Mr. Bile Allogho (Gabon) that an informal working group composing representatives from the producer and consumer members be established to consider the issue of coordination of funding for ITTO's spring 2011 Project Cycle. The IAG further recommended that the Informal Working Group be also tasked to consider the organization of ITTO inter-sessional work including the teleconferences as mentioned in paragraph 10 above, the organization of the ITTO Project Cycle and the continuation of

the Expert Panel for Technical Appraisal of Project Proposals. The issues would also be ventilated through the caucuses, the meeting of the Bureau and the Council under item 9 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”**

14. 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) Appointment of Auditor for the Financial Years 2010-2012
  - (iii) Cooperation between ITTO and Non-ITTO Member Donors, and Responding to Calls for Proposals
  - (iv) CBD/ITTO Collaborative Initiative to Conserve Tropical Forest Biodiversity
  - (v) Multi-donor Trust Fund to Facilitate Enhanced Cooperation between ITTO and CITES
  - (vi) International Year of the Forests and Silver Anniversary of ITTO in 2011
  - (vii) Matters Related to Article 16 of ITTA, 1994
  - (viii) Entry into Force of the International Tropical Timber Agreement, 2006
  - (ix) Financial Arrangements Related to Hosting Council Sessions Outside the Headquarters of the Organization
  - (x) Functions of the Committees
  - (xi) Summit of the Tropical Forest Basins of the World (Amazon, Congo and Borneo-Mekong Basins)
15. The IAG recommended that the Council consider decisions on topics listed above (i), (ii), (iii), (iv), (vi), (vii), (viii), (ix) and (xi). The IAG is of the view that some of the drafts would require revision in order to be considered as draft decisions. The IAG also noted that for some topics no text was distributed to members prior to the Council. The IAG recommended that the elements of proposed decision (iii) and (ix) would be taken up by the CFA. The IAG further recommended that the consideration of draft decision (iii) should include some elements for draft decision (v) that had been excluded, that draft decision (iv) be simplified and that draft decision (vii) be formulated along the lines of Decision 5(XXXIV) adopted at the Thirty-fourth Session of the Council from 12 to 17 May 2003 in Panama City, Panama.

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

16. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Forty-sixth Session as follows:
- (i) Projects, Pre-projects and Activities
  - (ii) Appointment of Auditor for the Financial Years 2010-2012
  - (iii) Cooperation between ITTO and Non-ITTO Member Donors, and Responding to Calls for Proposals
  - (iv) CBD/ITTO Collaborative Initiative to Conserve Tropical Forest Biodiversity
  - (v) International Year of the Forests and Silver Anniversary of ITTO in 2011
  - (vi) Matters Related to Article 16 of ITTA, 1994
  - (vii) Entry into force of the International Tropical Timber Agreement, 2006
  - (viii) Financial Arrangements Related to Hosting Council Sessions Outside the Headquarters of the Organization
  - (ix) Summit of the Tropical Forest Basins of the World (Amazon, Congo and Borneo-Mekong Basins).

**Other Matters**

17. The Executive Director drew the attention of the IAG to the highly successful ITTO Fellowship Programme whose implementation in the previous year was affected by the problem of its full financing. The IAG was also informed that the Secretariat had received a pledge by Japan to contribute US\$300,000.00 to meet the budgeted cost of US\$400,000.00 to implement the programme in the current year and the Secretariat expressed the hope that the shortfall would be met by other donors during the course of the current Session of the Council. Dr. Suginaka (Japan) supported the call made by the Executive Director and the IAG recommended that the issue be considered by the Council under item 20 of its Agenda.

**Adjournment**

18. The Twenty-fourth meeting of the IAG was adjourned at 12:30 p.m. with a vote of thanks to the Chairperson of the Council.

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