



**INTERNATIONAL TROPICAL  
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**FORTY-FIFTH SESSION  
9 – 14 November 2009  
Yokohama, Japan**

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

**Yokohama, Japan**

**9 – 14 November 2009**

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## REPORT

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

1. The Chairperson of the International Tropical Timber Council, Ambassador Michael Maue (Papua New Guinea) opened the Forty-fifth Session of the Council and extended the Council's profound gratitude to the Government and People of Japan, particularly the City of Yokohama for hosting the Session. He also extended a warm welcome to H.E. Madame Chinami Nishimura, Parliamentary Vice-Minister for Foreign Affairs of Japan, H.E. Madame Fumiko Hayashi, Mayor of the City of Yokohama, , H.E. Alhaji Collins Dauda, Minister of Lands and Natural Resources of Ghana, H.E. Mr. Martin Mabala, Minister of Water, Forests, Environment and Sustainable Development of Gabon, and Prof. Don Kon Lee, President of the International Union of Forestry Research Organizations (IUFRO).
2. The Chairperson stated that ITTO was at a crossroad and the way the Council negotiated this turn would determine the future of tropical forests and the millions of people who depend on it. Ambassador Michael Maue reminded the Council about the alarming rate of disappearance of tropical forests and cautioned that if the trend continued the world's rainforests could disappear entirely before the end of the century. He, however, noted that the Organization had made significant achievements within the past two decades of its establishment and called on Members to eschew any tendencies of complacency. The Chairperson also urged Member Countries that had not yet ratified the ITTA, 2006 to speed up their internal processes to enable the Agreement to come into force because the future survival of the tropical forests would depend on the actions or inactions of the Council.
3. Ambassador Michael Maue further stated that unfortunately ITTO had not harnessed the full potential of the private sector and civil society, a critical part of its constituency. He indicated that in order for ITTO to meet its objectives, the Organization must welcome and engage representatives of civil society, environmental NGOs, business associations and representatives of indigenous peoples in the dialogue on tropical forests.
4. The Chairperson highlighted the uniqueness of ITTO in formulating policies relevant to its objectives and at the same time assisting Member Countries to implement those policies through projects and activities. He, however, expressed concern about the fact that donors support over the past years had waned substantially since 2003 with the yearly direct funds from donors during the past six years reducing by fifty per cent compared to the previous six years (1997-2002). Ambassador. Maue stated that the situation was very disturbing particularly at a time when the whole world's attention was again focusing on forests as a mitigation and adaptation option for climate change.
5. In her welcoming address, H.E. Madam Fumiko Hayashi, Mayor of the City of Yokohama recalled the establishment of ITTO in Yokohama twenty-three years ago and the changes that had taken place in the world's environment since then. She said it was remarkable that from the very beginning of its establishment the Organization had acted not only as a commodity organization but also had emphasized the importance of conservation of tropical forests and environmental protection. She noted that despite these efforts, the worldwide condition of forests was getting worse. Madam Hayashi underlined the importance of tropical forests in providing vital resources for the lives of many inhabitants living in tropical countries, as well as playing a vital role for the global environment in preventing global warming, sustaining the world's biodiversity and maintaining water resources. She stated that the mission of the current generation should be to maintain and leave the environment in a better form to the next generation and that the role of ITTO in addressing the difficult problems of sustainable forest management and developing and implementing global policies would surely become bigger in the future.
6. H.E. Madam Hayashi recalled ITTO's Environmental Education Programme which was launched in July 2009 in Yokohama, with the attendance of the Crown Prince and Princess of Japan and children from all over the world and pledged Yokohama City's continuing collaboration with ITTO in this programme. She also informed the Council about the 150<sup>th</sup> anniversary celebration of the opening of the port of Yokohama and the contribution of Yokohama to the peace and development of the world in various fields. She stated that in the field of environment,

Yokohama was selected as the "model city of environment" in Japan in 2008, and was pleased that the Forty-fifth Session of the Council was being held in Yokohama.

7. In her keynote address to the Council, H.E. Madame Chinami Nishimura, Parliamentary Vice-Minister of Foreign Affairs of Japan warmly welcomed all delegations to Japan and expressed her sincere thanks for the invitation to address the Forty-fifth Session of the Council. She acknowledged the importance of tropical timber and tropical forests in sustaining the livelihood of many people, protecting biodiversity, sequestering carbon dioxide and protecting watersheds. She underlined the importance and indispensability of tropical forests and regretted that these tropical forests were being destroyed on a global scale and expressed grave concern. H.E. Ms. Nishimura informed the Council that in October 2010 Japan would be hosting the Tenth Conference of Parties of the Convention on Biological Diversity (CBD) and tropical forests would be one of the priority issues on the agenda of that meeting. She also noted that in December 2009 COP15 of the UNFCCC would be convened in Copenhagen and forests would be one of the major issues on the agenda for that meeting. She underlined the fact that deforestation and forest degradation was accounting for almost 20% of the carbon dioxide emissions into the atmosphere causing global warming and, therefore, sustainable forest management was becoming increasingly important. H.E. Ms. Nishimura recalled the establishment of ITTO in Yokohama in 1986 and noted that ever since then many policies had been introduced and many countries had been assisted to implement projects by ITTO. She acknowledged that ITTO had made major contributions in many international fora including in the area of climate change, biodiversity protection and that the role of tropical forests has attracted attention globally. She acknowledged that the importance of ITTO has been growing year after year and with this background the government of Japan has been doing its utmost in order to continue its contribution to ITTO, as the largest donor to the Organization.
8. H.E. Ms. Nishimura expressed concern about the slow progress in the ratification of the ITTA, 2006 and urged all countries which had not yet ratified the Agreement to recognize the importance of tropical forests and accelerate their internal processes towards the ratification of the Agreement. She pledged the government of Japan's assistance to any country that might need support in its ratification process.
9. In his address to the Council, H.E. Alhaji Collins Dauda, Minister of Lands and Natural Resources of Ghana, noted that the Accra Action Plan on the Promotion of Intra-African Trade in Timber and Timber Products developed by ITTO encapsulated strategies to promote intra-African trade in timber on the African continent. He expressed gratitude to the Council and all participants who worked tirelessly to produce the document. He mentioned that the ITTO conference complemented the African Union's efforts in promoting trade in Africa and the timing of the conference, in the light of the global financial crisis, made it even more significant. He informed the Council that Ghana had already removed taxes on imports of logs and sawntimber to encourage the flow of raw material to feed local industries. He also stated that other incentives have been incorporated under the law establishing free zones to encourage the industry to import timber to feed the mills.
10. H.E. Alhaji Collins Dauda informed the Council that Ghana and the European Union had concluded a Voluntary Partnership Agreement (VPA) to be signed in Brussels on 20 November 2009. A key element of the VPA would be the establishment of a wood tracking system to ensure that timber and timber products from Ghana would originate from legal sources. He stated that the piloting of the tracking system had started and, was expected to be rolled out to enable Ghana to issue FLEGT licences by 2010.
11. The Honourable Minister stated that the rural population, including forest fringe communities, accounted for about sixty-eight per cent of Ghana's population and about fifty per cent of these rural inhabitants were poor. He noted that most of the rural poor relied on subsistence supplies of forest products to generate income and with the continued degradation of their livelihood base, they were facing the grim prospects of persistent poverty. Consequently, a key policy programme of the Government was focusing on the expansion of the forest resource base in new frontiers through plantation development in degraded off-reserve areas to increase the forest cover and generate employment for the rural population.
12. In his address to the Council, H.E. Mr. Martin Mabala, Minister of Forests, Water, Environment and Sustainable Development of Gabon reaffirmed the new Government of Gabon's commitment to continuing the implementation of its three major forest policies formulated in



2001, namely sustainable management, conservation of biodiversity and the involvement of nationals in the process of sustainable management of forest ecosystems. In response to current challenges, the new government merged into a single department, the three strategic areas of forestry, environment and sustainable development. The new department as the coordinating and integrating authority of a complex process must take into account sustainable forest management, forest goods and environmental services, biodiversity enhancement and climate change issues to promote and facilitate conservation, wealth creation goals and the combat against poverty. H.E. Mr. Mabala also reaffirmed Gabon's solemn commitment to the mission and objectives of ITTO.

13. The Honorable Minister highlighted Gabon's standing timber potentials, network of national parks and other protected areas of Gabon – a Congo Basin state and a founding member of the Forestry Commission of Central Africa (COMIFAC). He underlined two characteristics of Gabon's forests: firstly these were under no serious threat, mainly because of the country's low population levels. The second notable feature being that in 2008 alone, two logging companies exploiting these resources were awarded FSC certification, in respect of forest areas covering a total of 2 million hectares.
14. H.E. Mr. Mabala stated that the national forest potential of Gabon, the conditions of these forests, the government's support to the various processes for more effective timber tracking and legality of timber and timber products, including the ongoing negotiation taking place under the Action Plan on Forest Law Enforcement Governance and Trade (FLEGT) were country's initiatives to address the issue of global warming and pledged the Government's commitment to do more if necessary to safeguard the planet.
15. Prof. Don Kon Lee, President of the International Union of Forestry Research Organizations (IUFRO) briefed the Council on the activities of IUFRO and its modus operandi. He stated that IUFRO, the only world-wide international organization devoted to forest research, unites more than 15,000 scientists in almost 700 member organizations in more than one hundred and ten (110) countries. Prof. Lee noted that IUFRO's structure allows it to address research needs and priorities of all its members, policy makers, practitioners and stakeholders. Some of the key activities of IUFRO include:
  - generating knowledge on research needs and priorities of scientists, policy-makers, practitioners and stakeholders;
  - providing access to and disseminating scientific knowledge to policy-makers, practitioners and stakeholders; and
  - assisting scientists and institutions to strengthen their research capacity.
16. Prof. Lee expressed his gratitude to the Council for the collaboration between IUFRO and ITTO through a memorandum of understanding (MOU) signed in 2007 to enhance closer collaboration and partnership. He informed the Council that the Twenty-third IUFRO World Congress under the theme "Forests for the Future: Sustaining Society and the Environment" would be convened on 23-28 August 2010 in Seoul, Republic of Korea. He extended a cordial invitation to all Members of the Council to attend the congress.

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

17. The Executive Director reported that the quorum for the Forty-fifth 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)**

18. The Chairperson referred to document ITTC(XLV)/1 and invited comments from the Council on the provisional agenda.
19. The representative of the European Community, Mr. Enzo Barattini, drew the attention of the Council on the organization of work. He questioned the disproportionate allocation of time for some meetings during the Session. He cited, for example, the lengthy times allocated to the Committee Sessions and rather less time allocated for political and technical discussions. He also referred to the allocation of time for contact group meetings and indicated that he was glad with the provision made in the daily programme of meetings and activities. He, nevertheless

stated that the length of time allocated for such contact group meetings might impact negatively on the general political discussions. He invited the Secretariat to re-examine the allocation of time for the various meetings and activities. He also requested the Secretariat to make provision for European Union Coordination Group meetings.

20. The Chairperson noted the comments and indicated that the issue would be discussed during the Chairperson's Bureau meeting.

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

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

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

22. The report of the Credentials Committee was presented by Mr. Bledde V. Dagbe (Liberia), Chairperson of the Committee. The Committee, composed of representatives from China, Liberia, Norway, Panama, Papua New Guinea, Sweden and the United States of America, convened on 13 November 2009 to examine the credentials of delegations attending the Forty-fifth Session of the ITTC. The Committee accepted the credentials of forty-one (41) Member countries and the European Community which participated in the Forty-fifth Session of the Council and the Sessions of the Committees. The Committee requested Member Countries which had not submitted their credentials in original form to provide them to the Secretariat as soon as possible.

#### **DISTRIBUTION OF VOTES FOR 2009 (Agenda Item 6)**

23. The Chairperson referred to document ITTC(XLV)/1 containing the distribution of votes for 2009. 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 2010.

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

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

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

25. The Executive Director, Mr. Emmanuel Ze Meka, welcomed all delegates to the Session. He expressed his heartfelt gratitude to H.E. Madam Chinami Nishimura, Parliamentary Vice-Minister of Foreign Affairs of Japan for gracing the occasion with her presence. He also warmly welcomed Madam Fumiko Hayashi and congratulated her on her election and assumption of office as the new Mayor of the City of Yokohama. He underscored the strong bond of cooperation between ITTO the City of Yokohama and acknowledged the tremendous support provided by the City of Yokohama to the Organization. Mr. Ze Meka also recognized the attendance of H.E. Alhaji Collins Dauda, Minister of Lands and Natural Resources of Ghana, and H.E. Martin Mabala Minister of Water, Forests and Fisheries, Environment and Sustainable Development of Gabon.
26. The Executive Director stated that the global economic crisis, which occurred in the second quarter of 2008, had severely affected the tropical timber economy. In tropical countries, the combination of reduced demand for timber and timber products in major markets such as USA and Europe, and the reduced bank lending due to more stringent regulatory requirements had prompted many industries to drastically reduce their workforce and to defer or scrap investments. Many industries had closed down, particularly in Africa where in some countries more than 50% of the industries had closed down. He called for a comprehensive assessment of the situation in order to build the resilience of the tropical timber economy in the face of such crisis.

27. The Executive Director also drew the attention of the Council to the increasing number of project proposals pending financial support. He noted that the strength of the Organization had been built partly because of its ability to follow-up on its policy work with relevant concrete achievements in the field which had contributed to reinforcing the relevance of the Organization to the sustainable management of tropical forests and the promotion of the tropical timber economy. He urged the Council not to lose this substantial comparative advantage.
28. On the entry into force of the ITTA, 2006, Mr. Ze Meka stated that in spite of the active efforts to establish the working conditions for the entry into force of the ITTA, the pace of ratification of the new ITTA had been very slow. He recalled that he had alerted the Council over this situation during the Forty-fourth Session. He reported that in compliance with the terms of Decision 7(XLIV) on the Entry into Force of the International Tropical Agreement 2006, the Secretariat in cooperation with some member countries, had undertaken several actions with the view to encouraging member countries to accelerate their efforts in their ratification of the new Agreement.
29. The Executive Director also reported on the implementation of some of the activities under the Biennial Work Programme. He highlighted the international conference on "Forest Tenure, Governance and Enterprise: New opportunities for Central and Western Africa organized in Yaoundé on 25-29 May 2009 which attracted more than 400 participants from Africa and around the world; the first international conference on ITTO Children's Environmental Education Programme on Tropical Forests organized in Yokohama on 10 July 2009 which was graced by the attendance of their Royal Highnesses the Crown Prince and Crown Princess of Japan and attracted more than 800 children from forty-five nationalities; an international conference on Promotion of Regional Trade in Tropical Timber and Timber Products in Africa convened in Accra, Ghana on 30 June – 2 July 2009 which was graced by the attendance of His Excellency, the Vice-President of Ghana and the ITTC Chairperson and brought together about one hundred stakeholders, including forestry Ministers from three African member countries, representatives from ITTO African member countries, representatives from African major markets of timber and timber products, senior executives from major forest products companies, customs authorities and financial institutions.
30. On cooperation with other international organizations, Mr. Ze Meka reported that the Organisation continued its cooperation with a number of international institutions, in particular members of the Collaborative Partnership on Forests (CPF). He noted that collaboration with the FAO and the UNFF were particularly active. In March 2009, ITTO took an active part in the meeting of the FAO Commission of Forest (COFO). The COFO meeting focused particularly on the issue of climate change and was addressed by Madam Gro Harlem Brundtland, former Director-General of WHO and currently UN Secretary-General's Special Envoy on Climate Change. ITTO, in cooperation with IUCN and with the participation of the CBD, officially launched the ITTO/IUCN Guidelines for the Conservation and Sustainable use of Biodiversity in Tropical Timber Production Forests. He informed the Council that the Guidelines had been very well received by the international community. ITTO was also invited to address the Eighth Meeting of the UNFF on the issue of "The Financial Crisis and Sustainable Forest Management: Threat and Opportunity".
31. Mr. Ze Meka reported to the Council that cooperation with CITES had expanded with the full involvement of all target States (Cameroon, Congo, Democratic Republic of Congo, Indonesia, Malaysia, Bolivia, Brazil and Peru) to build capacity in range states to implement CITES listing of timber species. So far, the programme had focused on ramin (*Gonystylus* spp.), Bigleaf mahogany (*Swietenia macrophylla*) and afromosia (*Pericopsis elata*). He called on the Council to look into the possibility of providing similar assistance for the implementation of the listing of other species included in the CITES appendices such as *Prunus africana* (*Pygeum africanum*).
32. The Executive Director underlined that there were many important challenges ahead in anticipation of the entry into force of the ITTA, 2006 in 2010. He noted that many Members were expecting the early entry into force of the 2006 Agreement owing to the additional opportunities for fulfilling the objectives of the Organization. He called for a solid funding foundation to support the Organization's activities in the fields of sustainable forest management, forest industry and trade in order to create a vibrant timber economy and enhance its contribution to poverty reduction in the tropics. He welcomed the proposal to establish a more structured Donor's Coordination Group in order to build a higher sense of solidarity and responsibility among

donors and called on the Council to view it as a way forward for improving the funding of the Organization. He also noted that in order for ITTO to achieve its objectives, all stakeholders, including governments, the private sector, the civil society, NGOs and, local communities should be mobilized and involved in policy discussion and project work and, therefore, welcomed the proposal for the establishment of a private sector consultative board to assist in revamping the involvement and contribution of the private sector, as proposed by some members, as well as the new governance structure of the CSAG initiated by its members.

33. Mr. Ze Meka noted that one of the biggest challenges in 2010 would be the meaningful implementation of all thematic programmes approved by the Council. He reported that members were showing great enthusiasm to develop proposals under the two thematic programmes that had received funds. However, there were still great concerns over the funding situation since the two operational thematic programmes did not have enough funds in order to have significant impact on the fate of the tropical forests, judging from the extent of the problem and the demands from member countries. He underscored that in order to produce a real impact, the interventions in tropical countries would have to be delivered on a substantial scale, and that scanty interventions would only bring frustration on the part of the donors as well as on the part of recipients. The other three important thematic programmes, on Community Forest Management and Enterprises (CFME), on Trade and Market Transparency (TMT) and on Industry Development and Efficiency (IDE) with great potential impacts on sustainable forest management and on the development of tropical timber producing countries were yet to receive funding. He stressed that the thematic programmes had raised a lot of hope to improve the performance of the Organisation and to accelerate the achievement of concrete results in the management of tropical forests and that unless enough funds were secured to ensure their implementation on a large scale, it would be difficult, if not impossible to meet these expectations.

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

34. The Chairperson presented the report of the Informal Advisory Group (IAG), as contained in document ITTC(XLV)/2. This was on the twenty-third meeting of the IAG and which was convened on 8 November 2009. 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.
35. Issues considered by the IAG included:
- (i) Briefing on the outcomes of the informal teleconferences held on 3 March and 28 July 2009 on the following issues:
    - Improved efficiency and time management during Council and Committee Sessions;
    - Funding of the 2010 Council Session;
    - Establishment of a more structured donors' coordination group;
    - Evaluating the option to establish a Private Sector Consultation Board;
    - Biennial budget proposal for 2010-2011; and
    - Current status and financing of the Thematic Programmes.
  - (ii) 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";
  - (iii) List of possible decisions for the Forty-fifth Session of the ITTC; and
  - (iv) Financing of the Forty-sixth Session of the ITTC.
36. The IAG also considered the following possible list of decisions/elements of decisions to be considered and adopted by the Council at its Forty-fifth Session:
- (i) Projects, Pre-projects and Activities;
  - (ii) ITTO Biennial Work Programme for the Years 2010-2011;
  - (iii) Entry into Force of the ITTA, 2006;
  - (iv) Functions of the Committees;
  - (v) Establishment of a Private Sector Consultative Board; and
  - (vi) Establishment of Donors' Coordination Group.

37. The IAG discussed two developments that could directly impact on the international trade in tropical timber and timber products. These pertained to the Swiss Approach to a Declaration of Timber and Timber Products, a mandatory declaration of origin and type of wood species at the point of sale; and the reported adoption by the United Kingdom of a rule on procurement policies. The IAG was informed that Australia had also decided on a similar arrangement. The IAG recommended to the Council that more information on these developments be provided by the relevant delegations.
38. The representative of Guatemala, H.E. Mr. Byron René Escobedo, welcomed the IAG report and confirmed the intention of the Government of Guatemala to host the Forty-sixth Session of the Council in Guatemala City. He reported that the Government was in consultation with the Secretariat on the logistics for the meeting to ensure a successful hosting of the Forty-sixth Session in Guatemala.
39. The representative of Australia, Mr. Phil Townsend, informed the Council that Australia had not yet decided on the position on the procurement of wood products and was still working on the processes and would be happy to contribute to the discussions during the course of the Session.
40. The representative of Japan, Mr. Toshikatsu Aoyama, referred to page 3 paragraph 12 of the IAG report on the issue of financing of the Forty-sixth Session of the ITTC and stated that the IAG did not discuss concrete measures such as the options of using the Administrative Account and the Working Capital Account, and indicated Japan's reservation on paragraph 12 of the report. The Chairperson indicated that the Secretariat had taken note of the comment by the representative of Japan and would amend the report accordingly.
41. The representative of the United States, Dr. David Brooks, underscored the conclusions of the discussions in the IAG on the value of the teleconferences that were convened inter-sessionally. He noted that although the results of the teleconferences were valuable, there was the need to make the process transparent and the results effectively disseminated to all Members. He noted that the work of the Forty-fifth Session of the Council had benefited from the inter-sessional teleconferences. Dr. Brooks also expressed his gratitude to the IAG for its consideration and reporting on the United States' proposal for the establishment of a private sector consultative board. He also thanked the Chairperson and the Executive Director for their positive comments on the proposal and indicated that the United States was prepared to provide further explanations on the proposal. Regarding the preparations for the Forty-sixth Council Session in Guatemala in 2010, Dr. Brooks welcomed the discussions and the report of the IAG, particularly underscoring the fact that the Council at its current Session would only have to consider the financing of that Session and not to re-open the discussions on the decision adopted at the Forty-fourth Session. He, however, agreed with the comments by the representative of Japan on paragraph 12 of the report. He indicated that while agreeing to the need for the Council to find a permanent and lasting solution of funding future ITTC Sessions, the challenge before the current Session of the Council was the funding of the 2010 Council Session and that the question of permanent and lasting solution should be in the context of what the Council would do under the ITTA, 2006 and that the United States was not in the position to take a decision on that framework at the current Session of the Council.
42. The representative of China, Mr. Zhang Zhongtian, referred to the recommendations to set up a private sector consultative board and the comments made by the representative of Japan and the United States regarding paragraph 12 of the report on the need to arrive at a permanent and lasting solution of funding ITTC Sessions outside the Headquarters, and underlined the importance of the issue and called for further deliberations by the Council before making any decision on the issue.

#### **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)**

43. Dr. Steven Johnson (ITTO Secretariat) recalled 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 two (2) tropical timber species would be considered for listing in CITES Appendix II at COP15 of CITES, scheduled for Doha, Qatar from 13 to 25 March 2010. The species are *Aniba rosaeodora* (Pau

rosa or Brazilian rosewood, proposed by Brazil) and *Bulnesia sarmientoi* (lignum vitae, proposed by Argentina). The listing proposals are available on the CITES website ([www.cites.org](http://www.cites.org)). Dr. Johnson mentioned that ITTO had been consulted by the CITES Secretariat to provide comments on the listing proposals as per decisions of the ITTC and CITES. He also informed the Council that the Secretariat had no trade data on products from these species (aromatic oil for both species and timber for *Bulnesia*) in its databases. The ranges of both species extend into neighbouring countries in the region. The Secretariat would also consult with Members listed as range states in the proposals (Ecuador, Colombia, Guyana, Peru, Suriname and Venezuela) to obtain comments on the proposed listings which would be sent to the CITES Secretariat. Dr. Johnson also informed the Council that several issues of relevance to tropical timber would be included in the agenda of CITES COP15 and ITTO would be represented at the meeting.

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

44. Dr. Steven Johnson (ITTO Secretariat) presented the report as contained in document ITTC(XLV)/5. He noted that the activity was originally included in the ITTO Biennial Work Programme 2006-2007 and had continued under BWP 2008-2009 with financial contribution from the European Commission, U.S.A., Japan, Norway, New Zealand and the Bali Partnership Fund. He indicated that activities were on-going in all target states (Cameroon, Republic of Congo, Democratic Republic of Congo, Indonesia, Malaysia, Bolivia, Brazil and Peru). In addition to country-focused efforts to build capacity for implementing CITES listings of timber species, several regional initiatives had been undertaken in 2008-2009. A regional workshop on afrormosia was convened in Cameroon in April 2008. Another regional workshop on the use of conversion factors to control exports of mahogany and cedar was held in Peru in April 2009. A regional workshop on ramin was also convened in Indonesia in June 2009. Independent monitoring of the activity was undertaken by the European Commission in September 2008 and September 2009. An advisory committee (including representatives of ITTO and CITES Secretariats, donors, target states and CSAG/TAG observers) was established to oversee implementation of this activity in October 2008 and July 2007. The third meeting of the Advisory Committee had been scheduled to coincide with COP15 of CITES in March 2010.
45. Dr. Johnson reported that additional funding was being sought under the BWP 2010-2011 to continue the activity and to extend assistance to other countries as well as to non-timber listed tree species.
46. The representative of Malaysia, Dr. Norini Haron, reported that Malaysia had signed an agreement with ITTO in October 2008 for the implementation of five activities under the ITTO-CITES Programme 2008. She outlined the following activities:
  - Non-detriment findings report on *Gonystylus bancanus* – a qualitative assessment of *G. bancanus* in two selected permanent forests of Sarawak;
  - The qualification of dry and wet Inland *Gonystylus* spp. (Ramin), *Aquilaria* spp. (agarwood) and *Intsia* spp. (merbau) in Peninsular Malaysia;
  - Generation of spatial distribution maps of *Gonystylus bancanus* (ramin) using hyperspectral technology and determination of sustainable level of harvest of ramin in production forests of Peninsular Malaysia;
  - The development of a *Gonystylus* spp. (ramin) timber monitoring system using radio frequency identification (RFID) in Peninsular Malaysia; and
  - Developing a DNA database for *Gonystylus bancanus* in Sarawak.
47. Dr. Norini reported that activities undertaken so far had demonstrated Malaysia's commitment to better managing *Gonystylus bancanus* throughout Malaysia. She further informed the Council that Malaysia had submitted three new activities to the Secretariat to be undertaken between 2009-2010 under the ITTO-CITES Programme and listed the activities as:
  - National workshop on enforcement compliance for trade in ramin (*Gonystylus* species);
  - Use of DNA for identification of *Gonystylus* species and timber geographical origin in Sarawak; and
  - In vitro propagation of *Gonystylus bancanus* (ramin) in Sarawak.

48. Dr. Norini hoped that these activities would be given due consideration for funding. She expressed Malaysia's thanks and appreciation to ITTO for the opportunity to further improve the management, conservation and regulation of CITES-listed timber species, particularly ramin. She commended the ITTO-CITES cooperation and indicated that the programme would make significant contribution to the conservation of the world's biodiversity, especially the most vulnerable species. She welcomed future collaboration with ITTO and the Member Countries.
49. The representative of the United States, Dr. David Brooks, stated that the ITTO-CITES Programme was an illustration of the value of the Thematic Programme approach and the ability of the thematic approach to attract new and additional sources of financing for the activities of the Organization. He commended the Secretariat for the implementation of the programme.
50. The representative of the European Community, Mr. Flip Van Helden, stated that the European Community was very pleased with the implementation of the programme and was looking forward to continuing work to further enhancing the ITTO-CITES Programme. He commended the Secretariat for the way in which the programme was developing and attracting an increasing amount of interests from a range of producer countries.
51. The representative of Peru, Mr. Ignacio Lombardi, stated that Peru had made significant advances on the non-detrimental findings on mahogany and cedar which would make it possible for Peru to continue with the monitoring of the species. He commended the ITTO-CITES Programme and indicated that it had provided Peru with very valuable support.
52. The representative of Switzerland, Ms. Chantal Oltramare, noted that the ITTO-CITES Programme represented a very important area of cooperation and that Switzerland would join other donors to commit some funds to the Programme.

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

53. Elements for the 2009 Annual Review and Assessment of the International Tropical Timber Situation were presented by Ms. Frances Maplesden (ITTO Secretariat) as contained in document ITTC(XLV)/6. She informed the Council that the base data for the annual review was derived from the ITTO Joint Questionnaire. For 2009 only 37 out of 60 Member Countries returned the questionnaire, either fully or partially completed. Ms. Maplesden reported that there were a number of producer Member Countries for which no data was available at all for 2008, although some of these countries were important tropical timber exporters. She cited India, Malaysia and Thailand, major players in the tropical timber trade and expressed concern that no data was received from these countries. She underlined that the quality of the annual review and the ability to monitor the transparency of the trade, was dependent on the provision of timely and quality information by Member Countries.
54. The major trade flows in tropical logs in 2008 showed how the major trade was restricted to only a few exporters and even fewer importers. It showed the importance of Malaysia, PNG and to a lesser extent Myanmar and Gabon, as the major exporters as well as the Solomon Islands, a non-ITTO Member Country. It also highlighted the continued importance of China as the major destination market, followed by India. Over time, 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-adding. Then in 2008, as supplies tightened further, more logs were processed domestically and also the demand effects of the global economic slowdown began to show its effects in the major export markets. PNG had become a more significant exporter although export volumes had not yet reached the pre-Asian crisis level.
55. China's increasing role in tropical log imports had been dramatic and import trends showed China remaining the dominant importer of tropical logs since 2000. There was, however, a dip in 2008 when log imports decreased by 14% because of both a downturn in the China's real estate industry and weakening demand in China's secondary wood product export markets. China's exports were also affected by the depreciation of the US dollar compared to the Chinese currency, and rising production and transport costs which had been eroding China's competitive advantage in wood processing.
56. The major trade flows of tropical sawnwood in 2008 showed less dominance by a restricted number of exporters, reflecting the restrictions imposed on log exports and more domestic

processing in many of the supplying countries. Although China remained the major importer there were a significant number of other important sawnwood markets compared to the situation with the log trade. The furniture and joinery industries in the European Union were also affected by the rising imports of finished products from China and Vietnam which was particularly evident in the UK.

57. Malaysia and Indonesia continued to be the major suppliers of tropical plywood. 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 until 2006 and crackdowns in illegal logging. In 2007 and 2008 plywood producers worldwide were hit by escalating transport and resin costs and in late 2008 by significant reduction in construction activity and consumption in traditional markets. Japan remained the major ITTO tropical plywood importer, followed by the U.S.A., although the Japanese market had been declining with declining population and demand. There was evidence of revival of Japan's domestic plywood industry and increasing use of domestic logs – sugi and larch – which had become more available and with new technologies to enable these species to be used in plywood manufacture.
58. Ms. Maplesden reported that in 2008 and 2009 there were dramatic impact on the tropical timber trade caused by the global repercussions of the U.S. sub prime mortgage crisis. The US, EU and Japan, the final destination markets of a large proportion of tropical exports, experienced severe dips in construction demand and consumer confidence in 2008 and 2009. US housing starts weakened further than anticipated in 2009 and the large housing inventory in the U.S.A. was expected to take some time to reduce, although on the positive side the US economy had been stabilizing with the subduing of the crisis. The IMF had indicated that economic growth should return slowly to most of the world in 2010 and 2011, with the emerging economies, particularly in Asia, in a better position for recovery than the advanced economies.

**PROPOSAL FOR THE ESTABLISHMENT OF DONORS' COORDINATION GROUP (Agenda Item 12)**

59. The Chairperson recalled circulating a letter to Members proposing the establishment of a donor's coordination group to basically aim at securing funds or act as a forum to discuss the financing of the different programmes of the Organization, including the Biennial Work Programme, the Thematic Programme and projects and pre-projects. He mentioned that the issue was discussed during the meeting of the IAG and invited the Executive Director to provide further comments on the proposal.
60. The Executive Director informed the Council that in response to the circular sent to Member Countries by the Chairperson requesting nominations to serve on the Donors' Coordination Group, a number of Member Countries had nominated representatives to serve on the group. He reported that nominations had been received from Finland, Italy, the Netherlands, Japan, New Zealand, Norway, Switzerland and the United States. He further indicated that the European Community also responded positively but indicated that the issue should be further discussed during the Council Session in order to make a clear delineation between the objectives of the donor's coordination group and the work of the Committee on Finance and Administration.
61. The representative of the European Community, Mr. Enzo Barattini, thanked the Executive Director for making reference to the position of the European Community on the proposal for the establishment of the donors' coordination group and reiterated that the European Community was not opposed to the establishment of such a group. However, the question was whether in the future the coordination group could become an institutionalized body and what would be its relations with the other statutory bodies of the Organization. He indicated that the European Community was, therefore, seeking an opportunity to look more carefully at the mandate and the manner in which decisions taken by the group might be adopted and implemented. He sought further clarifications in that regard.
62. The representative of the United States, Dr. David Brooks underlined the importance of the functions of the coordinating and securing resources for the Organization and recalled the Chairperson's opening remarks on the challenges facing the Organization with respect to the financing of the many activities that the Organization had planned to undertake. Dr. Brooks referred to the existence of the informal donors' coordination process which had for sometime



been responsible for coordinating the funding of the Organization's work. He noted that the informal coordination process had functioned very effectively to ensure that there was a process of sharing of information for donors as well as the provision of synergies and effective implementation of the Organization's work. He noted that the experience in 2008 with respect to the virtual project cycle would benefit from a more structured process for that particular aspect of the donor's coordination. In that regard, he thanked the Government of Japan for offering to providing that structured coordination process in the 2009 project cycle by taking the leadership role in communicating with all the potential donors which allowed the donors to take decision on all the projects that were eligible for financing. He noted that the coordination by Japan had made the process more efficient and demonstrated an ability to continue with two project cycles in the context of single Council Session. He, however, drew attention to another element of the process that was needed. He stated that it was more than a donors' coordination process and more of a fund raising process by advising the Executive Director and the Chairperson of the Council on how to identify or make aware of sources of funds and make connections to those Members who had not been traditional donors or those organizations who might need to be made aware of ITTO's important activities and be brought into the fold of donors and contribute to the work of the Organization. He called for discussions that go beyond coordinating of donors in the traditional sense in which it had taken place in the Organization and to expand it into a broader set of how to connect ITTO to the increasing funds available for many of the different purposes related to forests internationally and demonstrate the way ITTO's work programme and Thematic Programmes and projects and activities deserved attention. Dr. Brooks further commented on the status or institutionalization of the process and indicated that in the opinion of the United States, that was not absolutely necessary but rather more of a continuation of an expansion of the kind of informal advice that the Executive Director and Chairpersons of the Council should be seeking from all possible sources. He reiterated that there was no need of a formal mechanism for the coordination of donors.

63. The representative of Malaysia, Dato' Dr. B.C.Y. Freezailah, expressed appreciation to the Chairperson for the initiative and pledged Malaysia's full support. He indicated that a formal process was necessary and in that context sought clarification on Article 1 para (g) of the ITTA, 2006. The representative wanted to know whether it was envisaged that the donors' coordination group would also look into promoting the adequacy and predictability of funding needed to enhance the capacity of producer Members to obtain the objectives of the Agreement. He underlined the importance of this element in the ITTA, 2006 and called for the inclusion of this element in the mandate of the donors' coordination group envisaged.
64. The representative of Japan, Mr. Hideaki Takai, provided some comments on the proposal based on his recent experiences over the past two or three years as a coordinator of the donors' group. Regarding the virtual process, the representative of Japan stated that it was difficult for him to contact all the key persons in donor countries on e-mail basis because many of the contact points were usually traveling around and, therefore, very difficult to keep to the deadlines. He indicated that the Council should agree on some modalities on how to coordinate, especially during the spring project cycle.
65. The representative of Indonesia, Dr. Hadisusanto Pasaribu, welcomed the proposal to establish a more structured donors' coordination group to secure funds for the ITTO Biennial Work Programme, Thematic Programmes and projects and pre-projects approved under the Spring and Autumn project cycles. He noted with concern the declining trend of funding for the Organization's activities and hoped that the donors' coordination group when established would improve the situation. He was particularly concerned with the fact that out of the five approved Thematic Programmes only two (2) had been financed and operational while the other three (3) approved programmes were yet to obtain financing. He was of the opinion that sustainable forest management could not be addressed just by partially addressing the issue of FLEGT and REDDES. He urged the Donors' Coordination Group to address the thematic gap in the Organization.

#### **ENTRY INTO FORCE OF THE ITTA, 2006 (Agenda Item 13)**

66. 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) and 7(XLIV) as contained in document ITTC(XLV)/7. He recalled that the Agreement was adopted in January 2006 and in accordance with Article 36, the Agreement was opened for signature on 3 February 2006. He informed the Council that so far signatories to the

Agreement stood at 49 Member Countries, including the European Community, of which 27 had completed their processes of ratification, acceptance, approval or definitive signature and, therefore, considered as Parties to the Agreement. The twenty-seven Members comprised thirteen (13) consumer Members and fourteen (14) producer Members.

67. The representative of Japan, Mr. Toshikatsu Aoyama, welcomed the report and underscored Japan's support to ITTO since its establishment in 1986. He also underlined the fact that for over twenty (20) years ITTO had been contributing to sustainable development of forest management and promotion of trade in tropical timber through various projects in producing Member Countries. Mr. Aoyama indicated that the role and mandate of ITTO was becoming even much important with regard to environmental issues such as climate change and biodiversity. He further noted that the ITTA, 2006 was adopted under such circumstances, including the extension of the mandate of Organization in areas such as the prevention of illegal logging. Mr. Aoyama stated that, taking into consideration the significance of the Agreement, Japan ratified the ITTA, 2006 in August 2007. He, therefore, expressed his regret that the ITTA, 2006 had still not entered into force. On behalf of the Government of Japan, Mr. Aoyama urged all governments which had not yet completed the necessary procedures to accelerate their internal procedures to become parties to the new Agreement. He hoped that the Council at its current Session would consider whether to extend the ITTA, 1994 beyond 2010 and what further steps to be considered for the entry into force of the ITTA, 2006.
68. The representative of the European Community, Mr. Enzo Barattini, informed the Council that the European Community deposited its provisional document of acceptance of the ITTA, 2006 on 27 November 2007 and, therefore, was ready for the implementation of the ITTA, 2006 at any time that the Council would decide to put the Agreement into force. He, however, pointed out that it was also necessary for Member States of the Community to deposit their own instruments of ratification. Mr. Barattini stated that the European Community was hoping that the deposits of instruments of ratification by the Member States would be done at a joint ceremony, a customary practice of the European Community. However, circumstances had led to the situation whereby some Member States were more advanced than others in their processes. Consequently, some Member States had already deposited their instruments of ratification with the United Nations in New York while others would be depositing their instruments in the next few weeks. He also reported that there was ongoing coordination among the Member States and hoped that in the next few weeks most Member States of the European Community would be in a position to deposit their instruments. He stated that some Member States were even ready to deposit their instruments but were waiting for other Member States who were not yet ready. He pointed out that some Members might be experiencing difficulties due to elections and parliamentary issues and, therefore, might not be in the final stages of their internal processes. Mr. Barattini pointed out that ultimately it might not be more than three (3) or four (4) Member States which might delay in their deposits of instruments. He reiterated that in the next few weeks or months the European Community as a whole would be able to implement the ITTA, 2006 provisionally. He indicated that, however, for the Agreement to fully achieve its objectives all the major actors in the field must ratify it.
69. The representative of Canada, Mr. Peter Besseau, informed the Council that Canada had been working steadily over the past few months to complete its ratification process of the ITTA, 2006. He noted that different countries have different processes with different complexities and time lines and in the case of Canada the process is highly structured with specific sequence. He was pleased to inform the Council that Canada completed its internal processes for full ratification of the ITTA, 2006 on Thursday, 5 November 2009. The official deposition of the instrument of ratification remained the sole step to complete the formalization of the ratification process and was being prepared by the Canadian Ministry of Foreign Affairs and hoped that the instrument would be deposited in the next couple of weeks.
70. The representative of China, Mr. Zhang Zhongtian, informed the Council that China had completed its internal procedures for full ratification of the ITTA, 2006. He also mentioned that the instrument of deposit had been prepared by the Ministry of Foreign Affairs and would soon be deposited at the United Nations Headquarters in New York. He, however, stated that the new Agreement would not apply to the Hong Kong Special Administrative Region of China.
71. The representative of Austria, Ms. Katharina Kuehmayer, referred to document ITTC(XLV)/7 Rev.1 and informed the Council that Austria had signed the ITTA, 2006 on 23 October 2009.

72. The representative of Papua New Guinea, Dr. Ruth Turia, reported that the Government of PNG ratified the ITTA, 2006 on 12 October 2009 and was in the process of sending the instrument of ratification to the Permanent Mission of PNG to the United Nations in New York. The representative further stated that PNG was, therefore, ready to implement the ITTA, 2006.
73. The representative of Indonesia, Dr. Agus Sarsito, informed the Council that Indonesia had already ratified the ITTA, 2006 and encouraged other Member Countries which had not yet ratified the Agreement to accelerate their internal processes because the ITTA, 2006 carries with it many expectations for both producers and consumers. He stated that the entry into force of the new Agreement would require the wider participation of Member Countries in order to be able to effectively promote the sustainable management of tropical timber producing forests and the expansion and diversification of international trade in tropical timber from sustainably managed forests. He expressed satisfaction with the draft decision on the entry into force of the ITTA, 2006 and hoped the Council would adopt the decision at its current Session.
74. The representative of Brazil, Ms. Carolina Costellini, informed the Council that the Government of Brazil had initiated external consultations, especially regarding the role of Brazil in ITTO and other issues concerning the Organization such as the functioning of the Thematic Programmes. She emphasized that the external consultations phase was very important to support Brazil's future internal processes of approval of the ITTA, 2006. She stated that the Brazilian Embassies in ITTO Member Countries were requested to undertake the consultations. She indicated that the external consultation phase had not yet been concluded because some Brazilian Embassies had not yet identified the focal points to be contacted in some ITTO Member Countries or had not received the necessary feedback from these focal points. However, the preliminary results in some cases were very positive. The representative of Brazil, however, noted some concerns on the level of contributions and the implementation of the Thematic Programmes. On behalf of the Ministry of Foreign Relations of Brazil, Ms. Costellini requested the assistance of Member Countries to enable Brazil to conclude this external consultation process. The results would be presented to the Brazilian Congress to demonstrate the role of ITTO in the forest sector and the role of Brazil in ITTO.
75. The representative of Togo, Mr. Edjodomélé Gbadoe, informed the Council that the instrument of ratification of the ITTA, 2006 was presented to the Ministry of Foreign Affairs in 2008. However, because of administrative delays the document was only approved on 17 October 2009 and had been deposited by the Ambassador of Togo to the United Nations in New York and, therefore, an announcement by the United Nations was being expected.
76. The representative of Switzerland, Ms. Chantal Oltramare, stated that Switzerland had already ratified the ITTA, 2006 and had on many occasions reiterated the urgency for Members to speed up their ratification processes. She noted that despite some efforts by Members, many countries had still not ratified. She expressed concern about the status of the ratification of the new Agreement. She called on the Council to explore the possibilities of bringing the Agreement into force among the countries who had already ratified it.
77. The representative of Guatemala, Ing. Josue Ivan Morales Dardon, informed the Council that the Ministry of Foreign Affairs of Guatemala had completed the necessary formalities on the ratification of the ITTA, 2006 which would soon be placed before the National Congress for their approval before ratification.
78. The representative of the United States of America, Dr. David Brooks informed the Council that the United States definitively signed the ITTA, 2006 on 27 April 2007. He joined other delegations to reiterate the need to complete the process of ratification and to bring the new Agreement into force as quickly as possible. He noted that the Council was continuously facing challenges to move the Organization forward taking into consideration the uncertainty as to when the new Agreement would enter into force. He appreciated the suggestion of the representative of Switzerland that those countries which had ratified the Agreement should begin to hold some discussions, on an informal basis, on the timing and circumstances under which the new Agreement would enter into force. He said that certainty would enable the Organization to position itself in the rapidly evolving circumstances of the discussions on the role of forests and the emergence of new institutions or the adaptation of existing institutions. He underlined the critical importance of the new Agreement entering into force as soon as possible, and no later than the end of 2010.

## **ITTO BIENNIAL WORK PROGRAMME (Agenda Item 14)**

### **A. Report on the Implementation of the Biennial Work Programme 2008-2009**

79. The Executive Director presented the report on the implementation of the Biennial Work Programme 2008-2009 as contained in document ITTC(XLV)/8. He noted that the BWP 2008-2009 comprised twelve (12) administrative activities, ten (10) project activities and forty-two (42) strategic policy activities. Total funds required for the implementation of the BWP 2008-2009 was USD 10,659,315 out of which USD 8,469,250 was pledged and USD 2,190,065 was outstanding.
80. The Executive Director highlighted the implementation status of a number of activities including:
- Assisting Members to implement CITES listings of tropical timber species;
  - Enhanced cooperation on CITES matters related to tropical timber among governments, private sector, and civil society;
  - Civil Society/Private Sector partnerships for sustainable forest management and certification;
  - Promoting trade in tropical timber from sustainably managed and legally harvested sources;
  - Promoting improvement in forest law enforcement;
  - Encouraging and increasing involvement of non-governmental stakeholders in the activities of the Organization;
  - Enhancing the technical capacity of Member Countries, particularly developing Member Countries to meet their statistics and reporting requirements;
  - Promoting regional trade in tropical timber and timber products in Africa;
  - Strengthening policies and opportunities for forest investment;
  - Carrying out an assessment and evaluation of technical diagnostic and planning missions;
  - Undertaking studies in collaboration with relevant partner organizations to review the achievement of sustainable management of tropical timber producing forests;
  - In cooperation with relevant organizations, continuing 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;
  - Continuing to provide for ITTO's cooperation and consultation with the CPF and support for UNFF and other relevant international and regional organizations, institutions and initiatives;
  - Enhancing public relations, education and outreach activities to best convey the purposes and activities of the Organization;
  - Reviewing the work of TAG and CSAG and considering ways to strengthen their contributions; and
  - Providing guidance to Member Countries in the formulation of relevant project proposals which meet the priorities set in the ITTO Yokohama Action Plan.
81. The representative of Switzerland, Ms. Chantal Oltramare, commended the Secretariat for the implementation of the BWP 2008-2009. She highlighted some achievements, including the proactive role of ITTO within the CPF as well as the successful positioning of sustainable forest management and tropical forests in the framework of climate change, particularly the promotion of the second "D" in REDD and the focus on REDD+. She also cited the successful collaboration between ITTO and CITES. Ms. Oltramare called on the Council to focus on some main issues in the BWP 2010-2011 in order to guarantee successful implementation.
82. The representative of Germany, Ms. Ursula Horn, pledged the commitment of Germany on the issue of forest fire management. She cited the international conference on fire management and some projects on prevention and management of fire. She underlined that forest fire had become a big issue not only in Europe but also in the United States.

### **B. Biennial Work Programme 2010-2011**

83. The Executive Director presented the draft BWP 2010-2011 as contained in document ITTC(XLV)/9 Rev.2. The BWP 2010-2011 comprised the following:
- Cross-cutting actions (Council) – USD 6.2 million;

- Increased production and further processing of tropical timber and other forest products from sustainably managed and legally harvested sources (CFI) - USD 0.51 million;
  - Increased efficiency in harvesting, processing and utilization of tropical timber from sustainably managed and legally harvested sources (CFI) – USD 0.2 million;
  - Improved data and knowledge on timber and timber products in international markets (CEM) – USD 1.2 million;
  - Increased supplies of tropical timber from sustainably managed and legally harvested sources (CEM) – USD -.5 million;
  - Tropical forest resource better secured (CRF) – USD 0.57 million; and
  - Tropical forest resource sustainably managed (CRF) – USD 0.43 million.
84. The estimated total funding of the draft BWP 2010-2011 was USD 9.61 million.
85. The representative of Japan, Mr. Toshikatsu Aoyama, welcomed the efforts by the Secretariat to provide all the necessary information on the BWP 2010-2011, including the terms of reference for the various activities. He noted the usefulness of the information in assessing the activities of the BWP 2010-2011 and stated Japan's intention to support some significant activities to increase ITTO's profile.
86. Mr. Hideaki Takai, a representative of Japan, also referred to Activity No.43 in the BWP 2010-2011 on "Promotion of Improvement in Forest Law Enforcement" and indicated that it would be important to share the outcome of the study among Member Countries in regional workshops. Japan had already made the submission to the Secretariat and the proposal had been duly reflected in the draft BWP 2010-2011.
87. The representative of Côte d'Ivoire, Mr. Leon Siagoue, welcomed the inclusion of activities to study the effect of the global economic crisis on the timber industry. He also proposed the inclusion of activities to address the socio-economic crisis, such as rehabilitation of natural forests as well as funding for the regeneration of teak plantations which had already been exploited in the central, north and western parts of Côte d'Ivoire. The representative of Côte d'Ivoire also called for the inclusion in BWP activities related to tree planting to help reduce poverty and create employment and rehabilitate degraded lands.
88. The representative of Switzerland, Ms. Chantal Oltramare, commended the Executive Director for the detailed information provided in the BWP 2010-2011, especially the terms of reference for the different activities. She noted that the terms of reference had been very helpful to allow Switzerland to make an assessment of the BWP 2010-2011. She recognized that the total amount of funding required for the BWP 2010-2011 was USD 9.61 million and called for scaling down the BWP 2010-2011. She indicated that some activities might be better placed at the level of the Thematic Programmes or under the project cycle.
89. The representative of Ecuador, H.E. Dr. Federico Meneses, referred to Activity No. 14 on "Monitoring the Impacts of Conservation, Protection and Transboundary Areas and their Relationships to Achieving Sustainable Forest Management" and stressed the importance of transboundary activities in contributing to the peace agreement between Ecuador and Peru. He also indicated that the activity would also contribute to helping particularly poor populations in areas where the impact of climate change had been strong. He hoped that Ecuador would be able to receive support for the implementation of this activity. He also indicated that Ecuador was ready to host the international conference on the conservation of biodiversity in transboundary tropical forests.
90. The representative of Brazil, Ms. Carolina Costellini, drew the attention of the Council to the imbalance between environmental and economic issues in the BWP 2010-2011. She indicated that environmental issues appeared to have been given much more prominence as opposed to economic related activities and that the situation should rather be the reverse. She referred to Activity No. 15 on "Approving the Thematic Programmes" and stated that the thematic programmes had already been approved and called for reformulation of the text of that activity. Ms. Costellini requested from the Chairperson whether new activities could be proposed into the BWP 2010-2011.
91. The representative of the United States, Dr. David Brooks, commended the Executive Director for the thoroughness of the draft BWP 2010-2011 and the inclusion of elaborated terms of

reference for the various activities. He indicated that as a general comment, the United States welcomed the draft BWP and noted that there were many attractive elements in it. However, he also noted that the BWP should be both focused and practical and expressed concern about the extent to which it might reflect the diversity of activities across a wide range of issues and not necessarily reflect the kind of priority that the Organization would want to demonstrate in order to be effective. He noted that many elements in that previous work programme were pending finance or financed but could not be effectively implemented simply because there were too many activities to be implemented. Dr. Brooks further noted the importance of developing the BWP 2010-2011 in the context of the increasing importance of the Thematic Programmes as an organizing device for the work of the Secretariat and the Organization. In that context, Dr. Brooks noted that a number of elements that had been proposed in BWP 2010-2011 as individual activities seemed to be directly related to or perhaps entirely fit within the structure of the existing Thematic Programmes under implementation or the three additional Thematic Programmes that had been approved and pending implementation. He indicated that some of the activities could also be implemented through the traditional project cycle. In conclusion, Dr. Brooks reiterated that while applauding the ambition of the draft BWP 2010-2011, he called for the Organization to be more focused and effective.

92. The representative of Panama, H.E. Mr. Jorge Demetrio Kosmas Sifaki, referred to Activity No. 37 in the BWP 2010-2011 on "Strengthening the Capacity to Promote Efficient Wood Processing Technologies in Tropical Timber Producing Countries" and called on the Council to give consideration to Latin American countries, particularly Panama, in the implementation of this activity, particularly with regard to mangroves processing.
93. The representative China, Mr. Zhang Zhongtian, concurred with the comments made by the representative of the United States and Switzerland that the draft BWP 2010-2011 contained a long list of activities and that the Council should be more focused and also prioritize the activities. He also called on the Council to examine the best way to implement the activities, taking into consideration the fact that project proposals submitted by Member Countries had received less funding and a large number of proposals were pending financing. He cautioned that the funding of the BWP 2010-2011 would take away some of the limited funds available for projects funding. Mr. Zhongtian further indicated that some activities could be implemented as project proposals submitted by Member Countries or through the traditional way of implementing some activities. He shared the concerns expressed earlier that the implementation of the BWP 2010-2011 would represent a heavy workload on the part of the Secretariat and that some activities should be targeted to some Member Countries to implement, considering the current limited financial resources of the Organization.
94. The representative of the European Community, Mr. Enzo Barattini, expressed concern about the scope of the BWP 2010-2011, and indicated that the programme might be a little too ambitious. He underlined the importance of the link between the financial resources and what could be done by the Organization. He called for the establishment of priorities in the BWP 2010-2011, taking into consideration the Organization's strength and areas of comparative advantage. He mentioned that the European Community, through the Thematic Programme, had already expressed its greater interests in the activities of the Organization based on certain guiding fundamental principles. He reiterated that the Council should put emphasis on those activities that ITTO would produce added value.
95. The representative of Papua New Guinea, Dr. Ruth Turia, expressed concern about the long list of activities to be implemented by the Secretariat. She referred to the activity relating to assistance to be provided by the Council to producing Member Countries on the issue of UN-REDD and raised concern about the list of activities being proposed under this item in the BWP 2010-2011 and also indicated that PNG was trying to see the value of forests as opposed to carbon and hoped the Council would include such an initiative as part of the BWP in order to assist Member Countries, in particular on issues related to climate change. She reiterated her call on the Council to assist producing Member Countries to know the sort of impact that REDD+ would have on sustainable forest management.
96. The representative of Mexico, Mr. Carlos Enrique Gonzalez Vicente, referred to Activity No. 16 and as a follow up to the intervention by the representative of Papua New Guinea, indicated that there were two different roles in climate change considerations: deforestation and degradation of forests which represent 18-20% of greenhouse gases and that in the new paradigm of climate change, for the first time a clear opportunity was opening up to forests, especially

tropical forests areas. He called for the strengthening of forestry in the framework of the negotiations in the UNFCCC, especially with regard to reducing emissions due to deforestation and forest degradation on one hand and promoting sustainable forest management on the other. Mr. Gonzalez Vicente also referred to Activity No. 34 "Promoting roles of Non-Timber Forest Products (NTFPs) and Services for Sustainable Forest Management and Improved Livelihood in Tropical Countries" and stated that Mexico began this programme in 2003 and currently was paying US\$ 2-3 per ha for an of about 2.5 million ha. The Government intends to extend this activity to millions of Mexicans who previously had no income from such sources. He noted that the activity in the BWP 2010-2011 was very timely and called on the Council to continue to support such an activity.

97. The representative of Australia, Mr. Phil Townsend, proposed that in helping the Council to explore funding opportunities it would be good to produce a short but insightful synthesis of the reports on projects. He indicated that such a comprehensive synthesis report would assist the Organization to market the solid work being undertaken to various donor countries. Mr. Townsend also called for cost-benefit framework and indicated that for every dollar spent through ITTO, the dollar returns generated out of these projects must be analysed. He reiterated that that would really help to raise the Organization's profile among donors and funding Organizations. Mr. Townsend further commented on the way the Organization had been engaging consultants on forest certification and called on the Council to give equal and fair treatment to all credible certification systems in the market place.
98. In his concluding remarks, the Chairperson proposed that further discussions on the BWP 2010-2011 should be undertaken in an open-ended contact group.
99. The Executive Director thanked Members for their positive remarks on the BWP 2010-2011.

**PROPOSAL FOR THE ESTABLISHMENT OF A PRIVATE SECTOR CONSULTATIVE BOARD  
(Agenda Item 15)**

100. The representative of the United States, Dr. David Brooks, presented the proposal for the establishment of a Private Sector Consultative Board. He drew attention to pages 11 and 12 of the IAG report which outlined the rationale behind the proposal. He stated that the objective of the proposal was to recognize the important role of the commercial private sector to ITTO and at the same time enhance the value of ITTO to tropical timber producers, exporters and importers. He again referred to paragraph 9 of the IAG report and stated that the motivation behind the proposal was from the observations and experiences in the International Coffee Organization, with a long history of private sector consultative board, organized and functioning in a similar fashion to the proposed private sector consultative board for ITTO. He also cited the International Cocoa Organization with a similar structure. Dr. Brooks said from his experience in the International Coffee Organization, some characteristics of their private sector consultative board was missing from the work of the TAG and indicated that the establishment of a similar private sector consultative board would, therefore, add value to the work of ITTO and the commercial tropical timber sector. He underlined that the proposal being made recognized the work of the TAG as a body within the ITTO and the considerable contributions of the individual members of the TAG, both currently and over the years. He stressed that the purpose of the proposal was to strengthen, transform and enhance the contributions of TAG. Dr. Brooks stated that the nature of the selection of potential members and the characteristics of the members of the board would ensure that a formalized board would have elements of representativeness and understanding of the sector. He also indicated that one of the principal functions and important contributions during meetings of the PSCB would be the interaction among the members themselves, and that the Council would only create a forum for the private sector to meet and discuss among themselves issues of interest to the members of the private sector. He underlined that such a forum was currently not available and called on the Council to provide such a forum. Dr. Brooks further noted that the PSCB like the TAG would continue to provide recommendations to the Council.
101. The representative of Malaysia, Dato' Dr. B.C.Y. Freezailah, stated that his government welcomes any proposal to strengthen ITTO and enhance its work and effectiveness and thanked the United States for the proposal. Dr. Freezailah informed the Council that after the teleconference convened on 28 July 2009 during which the proposal was discussed, the Government of Malaysia considered the issue. He noted that ITTO is an inter-governmental organization and was currently benefiting from the inputs of TAG and CSAG. He also noted the

three technical Committees of the Organization where trade issues are discussed. Dr. Freezailah referred to the Annual Market Discussion which was organized by the TAG and recalled that in the early years of ITTO, the Annual Market Discussion was convened for a period of one day which the Council found to be too long. Dr. Freezailah stressed that the Government of Malaysia was not convinced that the proposal to establish a private sector consultative board was in the right direction. He referred to the first paragraph of the terms of reference and stated that the Organization was giving the members of the proposed PSCB wide and sweeping mandate to deliberate and make recommendations on matters related to the ITTA, sustainable management of tropical forests and trade in tropical timber. He said the establishment of the PSCB would be tantamount to creating a parallel ITTC to be run by the private sector. He cautioned that the move could be construed as privatizing the Organization. He called for further reflection by the Council on the proposal.

102. The representative of the European Community, Mr. Enzo Barattini, thanked the delegate of the United States for the proposal. He noted the reference to the International Coffee Organization and stated that in the ICO, at the time of negotiations, the European Union insisted that the private sector should have a role to play. However, it was important to define the line between the governments and the agents of the private sector. He stressed that both the public and the private sector might have something to gain when they talk to each other about needs and demands and that should be the same in ITTO. He supported the proposal and called for further discussions. He proposed that the Council should look broadly at the goals of the PSCB. He, however, noted that the participation and financing of the members of the board might raise some problems with the European Community.
103. The representative of Norway, Mr. Jon Heikki Aas, thanked the United States for the proposal. He particularly acknowledged the experience of such a board from organizations like the International Coffee Organization. He indicated that the proposal was interesting but sought further clarification on a number of issues. He referred to the TAG and in his opinion the TAG could address many of the concerns that had been put forward. He, however, acknowledged that the proposal was intended to make the function of the TAG more formal. He indicated that he did not see the substantial value-added in the proposed way of organizing the work of the private sector. He sought more information on the value-added of the new structure compared to the current TAG. He also sought clarification on the difference between TAG as an advisory group and PSCB as a consultative group although both terminologies appeared to have the same meaning. He also wanted to know the consequence of making the participation of the private sector more formalized in relation to the role of Member Countries in ITTO. He was not clear whether the intention of the proposal was to put the private sector more closely to the decision-making process of the Organization and sought for further clarification.
104. The representative of Ghana, Mr. Tabi Agyarko, thanked the United States for the proposal and the clarifications. He, however, noted that in the operative elements of the proposal it had been stated that the initial cost of participation or the travel expenses of the members of the PSCB would be borne by ITTO. He also referred to the terms of reference where it had been indicated that as a general rule the cost of participation by members would be borne by their respective governments or themselves and called on the Council to take a definite decision on who would bear the cost of participation of members of the PSCB in the Sessions of the Council.
105. The representative of Australia, Mr. Phil Townsend, underlined the considerable merit in the proposal for the establishment of the PSCB. He stressed that it was important to get inputs from industry and also to make industry understand the workings and activities of ITTO. Mr. Townsend underscored the fact that the private sector would want to understand how FLEGT activities of ITTO come together to facilitate trade and not potentially raise technical barriers to trade. He also highlighted the fact that certification was raising a whole range of issues for those who trade in forest products. He mentioned that for the Asia-Pacific region there were twenty-one (21) legality, verification and certification standards creating immense confusion in the market place for both buyers and sellers and nobody really understood what was behind these systems and that ITTO could play an important role in this regard.
106. The representative of Indonesia, Dr. Agus Sarsito, supported the United States' proposal for strengthening the role of the private sector within ITTO. He, however, called for a careful assessment of the proposal, including the financial implications.



107. The representative of the United States of America, Dr. David Brooks, thanked all delegations for their comments . He indicated that the proposal was in no way moving in the direction of privatizing the work of the Council. He mentioned that all the other organizations with a PSCBs were inter-governmental bodies like ITTO, and the PSCB of these organizations are subsidiary bodies. On the clarifications sought by Norway, Dr. Brooks stated that one of the elements of value-added to the more formalized structure was that the Council would take decisions as to the membership and composition of such a board, in addition the degree of transparency would be an added element of value. Another element of value-added would be the elevation of importance of the body from informal to a more formal system. Dr. Brooks indicated that there was a functional difference between advisory roles of the TAG and the consultative role of the PSCB, noting that one of the principal functions of such a body would be to consult among themselves. With regard to the clarification sought by Ghana, Dr. Brooks stated that there had been no financial support to sustain these bodies in the other Commodity Organizations. He reiterated that the value of the consultative process within the private sector in these other organizations were such that they would apply for their own participation in the meetings. He, however, recognized that as a transition or initiation and demonstrating the value of such a body it might be necessary for ITTO to invest in the creation of the PSCB and that investment would yield a body that would function without the need to sustain it on a continuing basis. He hoped that the Council would look at the experience in the other inter-governmental bodies and see the opportunity and necessity for ITTO to strengthen the role of the private sector.
108. The representative of the Trade Advisory Group, Mr. Barney Chan, thanked the United States for the proposal, and welcomed the interest shown by delegates to formalize the relationship between the TAG and the Council. He cautioned against focusing on form rather than substance. Mr. Barney Chan stated that one of the biggest challenge for the trade was the composition of TAG. He underlined that for many years the trade had been working on the basis of wanting more participation from both producers and consumers, and recalled that on many occasions TAG had requested the Secretariat to invite participation from the major consumers including Japan, China, India and the European Union. On the other hand, the major producers had been participating very regularly in meetings of the TAG. He called on the Council to reflect on the form of advice and the type of formal relationship to be created. He noted that in the past TAG had made many trade statements which had not been considered very seriously by the Council, to the disappointment of TAG. He underscored the fact that members of the TAG had been discussing among themselves and had been very active through electronic mail networking in between Sessions of the Council on some of the pressing issues, especially on the current economic crisis. He recalled the TAG statements on REDD and indicated that TAG had always pointed out that REDD was not an issue of interest to the trade. He explained that most forests were owned by governments and therefore, any compensation in that regard was not very exciting to the trade and, therefore, TAG had requested the Council to look at REDD and see what incentives would be of benefit to the trade. In conclusion, Mr. Barney Chan cautioned the Council against creating an exclusive board, and indicated that the current informal structure of TAG allows members to come in and participate and exit at their own convenience. He stated that members of the TAG would be interested in further discussions on the proposal.
109. The representative of Germany, Ms. Ursula Horn, requested the Secretariat to provide further information about the TAG in terms of its composition, the balance of representation of regions among producers and consumers and how the membership is selected. She underlined that information about the prevailing system would enable the Council to undertake deeper discussions on the proposal.
110. In his concluding remarks, the Chairperson requested the caucuses to further discuss the issues and report back to the Council.

#### **ITTO OBJECTIVE 2000 - Decision 2(XXIX) (Agenda Item 16)**

##### **A. Achieving the ITTO Objective 2000 and Sustainable Forest Management in Cameroon – Report of the Diagnostic Mission**

111. The report was presented by Dr. Kouami Kokou, leader of the technical mission. Other members of mission were: Messrs Karl-Hermann Schmincke, John T. Woods, Samuel Ebamane Nkoumba and John Palmer. The objective of the mission was to identify factors

which most severely constrained the progress towards the ITTO Objective 2000 and sustainable forest management in Cameroon. The mission was conducted on 9-20 September 2008.

112. The mission carried out interviews with government officials, training institutions, technical and financial partners, independent observers, trade associations and representatives of NGOs. The mission then undertook field visits to logging companies in Yaoundé, Mbalmayo, Douala, Bertowa, indigenous communities and some forest management projects. The mission also held discussions with Parliamentarians and Members of the Judiciary. Following these field visits, a validation workshop was held in Yaoundé on 19 September 2008 to discuss the diagnostic data and draft recommendations of the mission.

113. Some of the constraints identified by mission included:

- Deficient implementation of international conventions to which the country is a party;
- Inadequate financial, material and human resources to meet an ambitious policy programme for the forest/environment sector;
- Inadequate management of its production forests;
- Forest Act incompatible with sustainable forest management;
- Land tenure and property rights giving rise to long-standing conflicts adverse to a secure forest estate;
- Sustainability of community forest management being hampered by the ownership status of land;
- Cumbersome bureaucratic procedures in the management of community production forests;
- Conflicts of interest between logging operators and communities in forest areas assigned for harvesting operations;
- Illegal logging operations in non-permanent forest estate
- Inadequate manpower for enforcement and control of logging activities or forest management plans;
- Lack of transparency in the activities of MINFOF;
- Inadequate deterrent sanctions on illegal loggers leading to widespread illegal logging activities, especially in "small-hold titles";
- Influence peddling and corruption even at the highest level of the forest administration;
- Provisions to develop environmental impact studies before implementation of management plans was not being complied with;
- The control and monitoring of sustainable management activities mainly apply to logging and overlook other implementation activities derived from management plans;
- Inadequate financial resources allocated to forest management, administration, research and development of human resources; and
- Lack of financing by local banks for logging activities, undertaken by Cameroonian nationals.

114. The mission made a number of recommendations to the Government of Cameroon including:

- Develop formal policy and associated strategy aimed at the further processing of forest products at both artisan and industrial scales, in order to create more added value and jobs, while keeping harvesting levels in line with annual allowable cuts;
- Improve the forest resources awarding mechanism in consultation with stakeholders and through appropriate transparent awarding procedures, in order to increase forest revenue levels accruing to the state;
- Harmonizing customs duties to minimize the number of frauds at customs;
- A portion of the revenue from taxes levied on forest products should be directly handed to MINFOF to support SFM efforts;
- Provide a land tenure system that is potentially supportive of forestry development in both the permanent and non-permanent forest estates;
- Update the 1992 zoning plan and developing land-use master plans for subsequent land development projects;
- Develop an incentive policy for the development of small- and medium-sized forest enterprises;
- Undertake thorough and adequate reforms within the Forest Administration;

- Reorganize forestry training in vocational schools and colleges to meet the needs of MINFOF and other partners in the forest sector;
- Improve the technical basis for forest management and updating quantitative and qualitative data on forests to ensure the sustainability of the forest industry;
- Establishing permanent monitoring plots within the main forest areas of the country, in partnership with concessionaires and research institutions, for demonstration purpose and to collect data to improve management plans and the monitoring and control of forest growth patterns and dynamics;
- Update the Forest Policy of 1993, the Forestry Code of 1994 and its enactments by involving all stakeholders;
- Enforce legal provisions on small logging license holders to support the efforts of the artisan sector to abandon illegal logging practices and to ensure a steady supply of the domestic market; and
- Invest the revenue returned to the communities in local development projects rather than surrendering these funds to local authorities.

115. The technical mission also made the following recommendations to ITTO:

- Assess to what extent ITTO would be able to integrate the programme-based approach either in its own strategy or through the Mutual Fund (contributed by DEFI, Canada, France and jointly managed by GTZ and DAG) as part of the implementation of the forest and environment sector programme;
- Encourage and supporting the Government to seek additional sources of external funding, through the Clean Development Mechanism (CDM), especially for reforestation projects;
- Initiate a project to organize and structure the timber market in Cameroon;
- Promote capacity building through experience-sharing networks (workshops, study tours) between countries of the Congo Basin sub-region; and
- Draw up an inventory of on-going or completed projects on forest plantations in Cameroon and to support other projects relating to the renewal of the resource base, reforestation and industrial plantations of local species, especially the most intensively exploited timber species.

116. The representative of Cameroon, H.E. Mr. Pierre Ndzengue, on behalf of the Government of Cameroon, expressed gratitude to ITTO and the members of the technical mission for undertaking the mission. He noted that the report had been very critical and stated that the Government had accepted the positive recommendations made in the report and these would be implemented fully. He informed the Council that the Government had embarked on the revision of its forest policies and legislations and, therefore, would fully integrate the pertinent recommendations made by the mission. On the issue of governance, in particular, he reaffirmed Cameroon's commitment to the FLEGT process. He also stated that the Government was also embarking on a VPA process with the European Union. Nevertheless, the representative stated that there were some divergent views in the draft report which had been clarified and should be reflected in the final report of the mission. Mr. Pierre Ndzengue noted with interest the financial constraints highlighted by the mission and called on donors to assist the efforts being made by the Government of Cameroon and those of other countries in the region. He hoped that the report and recommendations of the mission would be fully implemented and assured the Council of his Government's contribution towards that end.

117. The representative of Japan, Mr. Toshikatsu Aoyama, expressed his appreciation for the efforts made by the technical mission and the excellent reporting, highlighting the critical issues regarding the current situation in Cameroon. Mr. Hideaki Takai of Japan also welcomed the strong commitment made by the representative of Cameroon to improve its forest management practices and noted the inability of many producing Member Countries to address the many problems within the forestry sector. Mr. Takai stated that according to the report only a very small percentage of the income from the forestry sector collected through taxes and royalties was being allocated to the MINFOF, and that was a serious hindrance to the effective management of the forests, although the legislation stipulates that 45% of the revenue should be allocated to MINFOF. He noted that MINFOF could, therefore, not achieve its mission and that could be one of the underlying causes of serious corruption and rampant illegal logging. He noted the many recommendations in the report and called for prioritization of the recommendations as well as the sequence for implementation of the recommendations. He also called for a careful formulation of the strategy towards SFM in Cameroon based on the

analysis and means identified by the mission as well as the lessons learnt from past ITTO diagnostic missions which had been reviewed and reported to the Council. Mr. Takai further noted that most of the capital in the forest and wood industry sectors were foreign which tend to influence the informal sector and illegal activities.

118. The representative of Switzerland, Ms. Chantal Oltramare, expressed appreciation for the emphasis given to the challenges facing Cameroon to attain sustainable forest management. She agreed with the comments made by the representative of Japan and indicated that the report should emphasize a little more on the role being played by ITTO in Cameroon and what could be done to concretely address the challenges of SFM in the country. Ms. Oltramare said, in general terms, the diagnostic mission reports should contain more about the impacts of ITTO's work in the country's visited.

#### **B. Report on the Review of ITTO Diagnostic Missions**

119. The report, as contained in document ITTC(XLV)/11, was presented by Dr. Marc Dourojeanni, the lead consultant. The report stated that considering the results of the assessment it was advisable that ITTO should not continue to finance diagnostic missions in their current form and made the following recommendations to ITTO:

- Review the objectives and terms of reference of the diagnostic missions to differentiate them from those of other more conventional forestry planning exercises financed by other international and bilateral agencies;
- The terms of reference must include a requirement to present a clear sequence of actions to implement each recommendation and its cost estimate(s);
- Approval of any new diagnostic mission must be exclusively based on the initiative of the country and on an official request expressing willingness of the national forest authorities to use its results, responding to a real national need and a clear opportunity;
- The planning of missions must be done carefully, with full participation of the country's authority and of a consensually previously selected team leader;
- In addition to their professional expertise, the team leaders be selected on the basis of their political experience, ability and local influence (if possible);
- Considering the extra-sectoral nature of most critical factors preventing SFM, it is indispensable to plan comprehensive discussion meetings with authorities of these other sectors, including policy makers of opposition parties if related to the issues that affect SFM; The team leader and ITTO must ensure that appointed consultants receive all pertinent information on the country well in advance of the beginning of the mission in the country;
- After the approval of the final report, the team leader should spend additional week in the country to assist the government to validate and disseminate the results;
- The budget of the diagnostic mission must include the cost of translation (if necessary), the publication of the report (hard copies and via internet) and its distribution in the country;
- ITTO's responsibility must include a more expedited processing for ITTO projects recommended by the diagnostic mission, and also, its assistance to the country to obtain financial and technical assistance from other multilateral or bi-lateral sources, as needed; and
- If the country is really interested in the application or implementation of the results of the diagnostic mission, upon request, ITTO should dispatch brief ad-hoc missions to assist the government to refine recommendations or to provide specific assistance.

120. The representative of Switzerland, Ms. Chantal Oltramare, reiterated that it would be useful to stress the role of ITTO in addressing the constraints to SFM in the countries concerned. She called for further discussions on the expected outcomes of the diagnostic missions including a model terms of reference in order to have comparable methods and approach of analyzing those missions.
121. The representative of the European Community, Mr. Enzo Barattini, noted that there appeared to be a lack of connection between the outcome of a diagnostic mission and the follow-up projects. He questioned whether it was, therefore, necessary to undertake projects which turned out not to be useful for those beneficiary countries. Mr. Barattini stated that for future diagnostic missions there was the need for the mission to be backed by the political will of the government. He recalled his participation of the first ITTO diagnostic mission to Sarawak,

Malaysia, which turned out to have very successful and called for the re-examination of the diagnostic missions within the framework of the commitment of the countries and the possibilities for ITTO's assistance.

122. The representative of Liberia, Mr. Bledée Dagbe, thanked the consultant for the comprehensive report. He referred to the diagnostic mission to Liberia and stated that three recommendations of the mission had been implemented. He cited the recommendations as:

- The criteria and indicators workshops which was conducted in 2006;
- Reviving forestry education; and
- Formulation of reforestation projects.

Mr. Bledée Dagbe also mentioned that the implementation of some of the recommendations had been taken up by Government of the United States on bi-lateral basis.

123. The representative of Japan, Mr. Toshikatsu Aoyama noted that the diagnostic missions had been based on Decision 2(XXIX) of 2000. However, the first ITTO diagnostic mission to Sarawak, Malaysia was undertaken in 1990 which made significant contribution to the forest management in Sarawak. Mr. Aoyama noted that that mission was successful because the Government of Malaysia and the State of Sarawak fully recognized and respected the recommendations of the mission which comprised very highly knowledgeable members, both technically and politically. He called on the Council to recognize that any assistance provided by ITTO would be meaningless unless the host country was ready to accept and make use of the outcome of the mission.
124. The representative of Indonesia, Dr. Hadisusanto Pasaribu, expressed appreciation to ITTO for the diagnostic mission to Indonesia in 2001. He informed the Council that the recommendations of the mission had become the basis for policy for the Ministry of Forestry in developing its priority programmes. He also expressed appreciation for the report on the review of the diagnostic missions and noted the low level of implementation of the recommendations of the missions. However, in the case of Indonesia, Dr. Pasaribu underscored the fact that the mission had been very effective and was given full cooperation by the Government of Indonesia. He also admitted that the missions might be over-ambitious and proposed that in future a dedicated programme should be put in place to facilitate the implementation of the recommendations or the development of project proposals to implement those recommendations.
125. The representative of Colombia, Mr. Rubén Darío Guerrero, noted that the review of the diagnostic missions had shown the important relationship between development policies and sustainable forest management. He expressed concern about the issue of funding and stated that that had been one of the most critical issues for SFM although that appeared to have been kept in the background. He reiterated the need to stress the issue of financing SFM and whether there were any suggestions to design financial instruments or to create special funds to address this issue.
126. The representative of the United States, Ms. Jennifer Conje, noted that while there had been obvious benefits to some key countries like Indonesia as a result of the diagnostic mission, the overall aggregate answer to the question of whether the ITTO diagnostic missions had been an effective tool for improving SFM within a country might not be as positive as it appeared or hoped for. She expressed concern about the statement in the report that only three (3) out of eleven (11) forestry authorities interviewed felt that the diagnostic missions reports were being used by governmental staff and other stakeholders for planning future actions. Ms. Conje further noted that most of the respondents in each of the regions felt that the missions did not significantly improve the local knowledge and perspectives on the country's SFM conditions, because most of the recommendations were already pre-existing ideas or had been already identified in past missions or reports undertaken by other larger donors. She agreed with the recommendation that the terms of reference of the diagnostic missions were too broad and could be considerably improved. She, however, recognized that for a small subset of countries the diagnostic missions had been useful in informing policy development and a catalyst for greater interaction with ITTO. Ms. Conje also concurred with the recommendation that a mission should only be undertaken based on an official self-initiated request by the recipient government with a clear justification indicating that unique social and political opportunities and needs were present for undertaking that mission. The United States also supported the recommendation on the need for missions to focus on identifying potential opportunities for the

countries' engagement with ITTO, while taking into account the Organization's strength as well as its weaknesses within the larger context of other bi-lateral and multi-lateral actors and initiatives, as pointed out by the delegate of Liberia. The United States would also support the need to strengthen future missions' interactions with civil society and non-forestry actors to hopefully generate new and innovative recommendations in solving the SFM problems in the country.

127. The representative of Togo, Mr. Edjedomélé Gbadoe, supported the intervention made by the representative of Indonesia and stated that the diagnostic missions had identified the same constraints that other people had already identified in the past and that the real problem had been the issue of funding. He called on the Council to continue stressing the financing mechanisms which would help resolve the problems identified. He acknowledged that the lack of political will was an issue, however, the major problem continued to be financing.
128. The representative of Cameroon, Mr. Adrian Ngo'o Bitomo stated that the ITTO diagnostic mission to Cameroon had allowed the authorities to re-examine themselves very clearly like looking into a mirror. He indicated that although projects might not result immediately, the results nevertheless could be used internally to assist in the revision of strategies. On the issue of lack of political will, Mr. Bitomo stated that forest policies should not be linked to political situations. He also indicated that sometimes follow-up missions might be necessary to check whether the diagnostic mission had been useful and whether the recommendations were being implemented.
129. The representative of Côte d'Ivoire, Mr. Me Kouame Martial, stated that ITTO diagnostic mission to Côte d'Ivoire was carried out in 2008 when the country had just come out of a crisis and it was appropriate to receive the mission at that time and to make analysis of the situation and advise on the direction of forestry management in the country. He noted that although the major outlines had been defined in previous studies, the diagnostic mission confirmed those recommendations which formed a solid basis for donors to provide the necessary aid to the country. Mr. Me Kouame also reiterated the fact that the real problem was funding. The countries normally identified major projects needed to be carried out but needed financial resources to make it possible. He urged the Council to provide the necessary follow-ups, including financial assistance, for the implementation of the recommendations
130. The representative of Thailand, Mr. Suchat Kalyawongsa noted that the report of the review mission covered the period 2001-2008 and stated that the diagnostic mission to Côte d'Ivoire was in 2008 while the mission to Thailand was in 2006 and there was the need for a little more time to allow the countries to respond to the recommendations of these missions. He referred to page 21 of the report and stated that twenty-four (24) project proposals had been submitted to ITTO arising from the recommendations of the diagnostic missions while seventy-one (71) other project proposals had been submitted to ITTO by countries since the diagnostic missions representing almost three times the number of proposals recommended by the diagnostic missions. He called on the Council to provide financial assistance and be more focused on the project proposals recommended by the diagnostic missions to allow the countries to achieve SFM in the near future.

## **ITTO THEMATIC PROGRAMMES (Agenda Item 17)**

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

131. The Chairperson invited pledges to the Thematic Programmes.
132. The representative of the United Kingdom, Mr. Patrick Hardcastle, pledged GBP 600,000 to the TFLET Thematic Programme. He stated that the contribution gave a strong message of support from the Government of the U.K. and recognition of the value and objectives of ITTO, particularly with the ITTA, 2006 which U.K. had ratified. It was also a strong signal of support for the Thematic Programmes' mechanism as means of achieving the aims and objectives of the Organization. He was very optimistic that once the ITTA, 2006 enters into force, there would be considerable scope for further finance from the United Kingdom for the Thematic Programmes.
133. The representative of Norway, Mr. Jon Heikki Aas, informed the Council that Norway would be making a contribution to the Thematic Programmes at the current Session of the Council and

would confirm the distribution of funds to the various programmes at a later stage during the Session.

134. The representative of Switzerland, Ms. Chantal Oltramare, pledged Swiss' commitment to the Thematic Programmes and stated that Switzerland would make an allocation of USD 900,000 to the Programmes. In that regard, Switzerland would allocate funds to the ongoing REDDES Thematic Programme and would, together with other donors, jointly support the launching of the Thematic Programme on "Community Forest Management and Enterprises" in order to support local communities and SME's in promoting forest management and trade. Ms. Oltramare further informed the Council that Switzerland would also provide funding for the Thematic Programme on "Trade and Market Transparency". Ms. Oltramare reminded the Council that the Organization was still operating under the ITTA, 1994 and, therefore, the Thematic Programmes were being considered as a learning experience during the piloting phase.
135. The representative of the United States, Dr. David Brooks, stated that the United States would continue to make voluntary contributions to all of the work of the Organization. However, the United States would particularly focus on providing funds to enable the launching of two additional Thematic Programmes and was still discussing with other donors on how to allocate the funds. He indicated that, together with the contribution from the donors it should be possible to launch the Thematic Programmes on "Community Forest Management and Enterprises" and on "Trade and Market Transparency".
136. The representative of Japan, Mr. Toshikatsu Aoyama, expressed Japan's interest in contributing to the Thematic Programmes on condition that co-financing would be forthcoming from other donors.
137. The Executive Director read a statement on behalf of the Japan International Cooperation Agency (JICA). In the statement, JICA congratulated ITTO for its significant contribution to promoting sustainable management of the world's tropical forests. It noted that Reducing Emissions from Deforestation and Forest Degradation (REDD) was high on the agenda of the UNFCCC/COP 15 and that the international forestry society was facing a serious challenge to promote REDD in the context of SFM. The statement underscored JICA's strong belief that its on-going and future forestry related projects would surely contribute to REDD and in order to accelerate these initiatives, it called for the strengthening of its collaboration with other partners including ITTO in addressing REDD. The statement further recalled that at the Forty-fourth Session of the ITTC, JICA introduced the workshop on Congo Basin Tropical Forests which was co-organized by ITTO and JICA in February 2009. As a follow-up action of the workshop, JICA would launch a new training course to assist Congo Basin countries to strengthen their capacity for promoting SFM. The statement underlined JICA's acknowledgement of ITTO's REDDES programme as one of its important Thematic Programmes with potential areas of collaboration with other partners. In that regard, JICA expressed its intention to contribute initially around USD 50,000 to facilitate further dialogue among ITTO Member Countries under the REDDES Thematic programme in accordance with JICA's financial rules and guidelines, and upon approval by its management.

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

138. The report as contained in document ITTC(XLV)/12 was presented by Dr. Gerhard Breulmann (ITTO Secretariat).
139. The Spring 2009 cycle attracted sixteen (16) proposals from 9 Member Countries, of which twelve (12) were under REDDES with a total funding of USD 4,709,938, and four (4) under TFLET with a total funding of USD 588,348. Following the review procedures, a pre-appraisal of proposals was conducted by the Secretariat followed by a review through the respective Thematic Programme Advisory Committees (TPACs).
140. Based on the appraisals, the Executive Director allocated funds to the following proposals: "Building a Voluntary Carbon Marketing Scheme to Promote Sustainable Forest Management" submitted by ITTO with a budget of USD 97,150 and "Strengthening the Capacity of Local Communities of Chaiyaphum Province to Manage Community Forests" submitted by the Government of Thailand with a budget of USD 56,970.

141. The Autumn 2009 cycle attracted thirty-five (35) proposals from 18 Member Countries, comprising twenty-two (22) proposals under REDDES with a total funding of USD 9,735,760 and thirteen (13) proposals under TFLET with a total funding of USD 6,045,988. The proposals were under review by the respective TPACs.
142. Dr. Bruelmann reported that no funding had yet been received for the remaining three approved Thematic Programmes, although expression of interest had been manifested in the Thematic Programmes on "Community Forest Management and Enterprises" and on "Trade and Market Transparency".
143. The representative of the United States, Dr. David Brooks, underscored the fact that the Thematic Programmes were being implemented on a pilot basis because of the extended and increasingly frustrating delay in the entry into force of the ITTA, 2006. He recalled the development of the pilot procedures of the Thematic Programmes and the launching of two of the programmes during the Forty-fourth Session of the Council in November 2008. Dr. Brooks also noted the deep involvement of the United States in one of the Thematic Programme Advisory Committees. He, however, underscored that the Thematic Programmes were in the early stages of a learning process and called on the Council to continue to review and assess the procedures and modalities that had been developed in light of the experiences being acquired. Dr. Brooks stated that the Thematic Programmes represented a new modality of work for ITTO which was challenging on the part of the Secretariat. He called on Member Countries submitting proposals to focus on the various themes in order to contribute to the overall accomplishment of the Thematic Programme as described in the Thematic Programme document. He stressed the need to ensure quality and at the same time ensuring that all the activities contribute to achieving the overall thematic objectives. He noted that there were challenges and opportunities but on balance there were far more opportunities than challenges or problems with respect to the implementation of the Thematic Programmes. According to Dr. Brooks, the Thematic Programmes were beginning to demonstrate their attractiveness to new donors and to traditional donors with different sources of funding and thereby collectively moving in the direction anticipated by the ITTA, 2006. He reiterated the importance of bringing the ITTA, 2006 into force to allow the Organization to operate on a solid basis.
144. The representative of Norway, Mr. Jon Heikki Aas, shared the same concerns expressed by the representative of the United States that there was the urgent need for Member Countries to ratify the ITTA, 2006 in order for the Organization to adopt the Thematic Programmes as an integral system of the Organization's work. He congratulated the Secretariat on the success in implementation of a whole new approach for the Thematic Programmes based on the decisions adopted at the Forty-fourth Session. Mr. Aas also noted that there were challenges in ensuring the quality of activities under the Thematic Programmes and stressed the importance of good quality assurance. He expressed satisfaction with the work being done by the Secretariat on the new approach and looked forward to following the further development of the Thematic Programmes. He hoped that the current Session of the Council would result in further pledges of funds to both the REDDES programmes and the other approved Thematic Programmes.
145. The representative of Cameroon, Mr. Samuel Ebia Ndongo, commended the Executive Director and the Secretariat for the effective implementation of the Thematic Programmes within a relatively short period of time after approval of the programmes. He indicated that most African Member Countries in Africa were embarking on a Voluntary Partnership Agreements (VPAs) with the European Union under the FLEGT process to make it possible for the countries to progress towards legal timber exports. He stated that the TFLET Thematic Programme should, therefore, anticipate receiving more requests, which should be a sign of success for the programme. He, therefore, called on the donors to mobilize more funds for the Thematic Programmes. Mr. Ndongo referred to the conference on land tenure convened in Yaoundé on 25-29 May 2009 and the side-event organized by the Civil Society Advisory Group and urged the Council to implement the Thematic Programme on Community Forest Management and Enterprise, an extremely important issue for Cameroon and most African countries as solution for poverty alleviation.
146. The representative of the European Community, Mr. Enzo Barattini, underlined the fact that the Thematic Programmes were the ideal means of funding the activities of the Organization. He recalled that during the negotiations of the ITTA, 2006, the European Community and other countries had put forward the interests of many donor countries in Thematic Programmes as a way of generating funds for the activities of the Organization. He noted that a number of



countries of the European Community were already funding some Thematic Programmes and stated that in the not too distant future the European Community itself would be in a position to fund some of the Thematic Programmes. Mr. Barattini mentioned that the European Community had already started to take the necessary steps in that direction.

**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) (Agenda Item 18)**

147. Dr. Jürgen Blaser (Switzerland) presented the report as contained in document ITTC(XLV)/13. The report covered the following areas:

- ITTO's mandate and its relation to the climate change agenda;
- An overview of tropical forests and climate change mitigation and adaptation measures;
- Progress in the UNFCCC negotiations on LULUCF, with special regard to REDD plus activities;
- Selected REDD demonstration activities; and
- Progress in ITTO activities, including the launching of REDDES Thematic Programme.

148. The report noted that since the UNFCCC negotiation process for a post-2012 climate change regime had not concluded its deliberations in respect of the integration of forests in Non-Annex 1 countries, it was difficult to make any final recommendation on how ITTO should link with the future forest-related mitigation and adaptation agenda developed through the UNFCCC. It however, noted the global understanding of the need for a combined effort to address climate change that include the forestry sector more holistically.

149. The report made the following recommendations to ITTO:

- Continue to monitor the development in the international arena in respect of tropical forests and climate change;
- Agree on a work plan to revise ITTO's 1992 Guidelines for the management of tropical natural forests in the light of new and expanded challenges to SFM;
- Reflect on how ITTO could concretely contribute to the implementation of the CPF strategic framework for forests and climate change;
- Reflect on the possibility of a more focused approach of ITTO activities to issues relating to forest degradation and restoration of degraded forests, including in the REDDES Thematic Programme;
- Consider closer collaboration with the Forest Carbon Partnership Facility (FCPF), UN-REDD and other similar mechanisms to promote complementarities and explore synergies;
- Consider making further provisions in the ITTO Biennial Work Programme 2010-2011 to ensure that ITTO remains engaged in the international climate change regime; and
- Facilitate the participation of ITTO producer Member Countries in events where the theme of forests and climate change would be high on the agenda to make sure that ITTO producer Member Countries were well informed, actively involved, and benefit from possible incentives for SFM in the tropics.

150. The representative of Brazil, Ms. Carolina Costellini, reiterated Brazil's concerns regarding some activities relating to climate change developed by ITTO. She stated that to the best of her understanding the role of ITTO in addressing climate change was limited to following and reporting on the negotiations in the UNFCCC, meaning that ITTO would not adopt a prescriptive approach in order to avoid duplication of efforts and the adoption of a position which might not necessarily reflect the common position of all Member Countries since many aspects of the discussions on climate change were not consensual. She drew the attention of the Council to document ITTC(XLV)/13 and stated that based on Brazil's wider interpretation of the ITTA, 1994, ITTA, 2006 and 2008-2011 Action Plan, some recommendations and prescriptions in the document had been based on non-consensual data. She cited as an example the statement that emissions from forestry alone account for over 17% of global emissions. She said that this percentage should refer to a wider category called LUCF (Land-use Change affecting forests). She further indicated that the IPCC had even recognized that this figure was not certain as estimating the contribution of LUCF in global emissions could vary between 11 to 28%. Moreover, the assumptions that the second source of GHG emissions from activities related to

land use was not precise since that should include tropical deforestation, forest degradation and forest fires in the land use category and not taking into account, according to IPPC, that the energy sector was responsible for 26% of total emission, industrial sector 20.54% and in the third place, this broad category called LUCF. Ms. Costellini stated that the document mentioned categories of carbon to be substituted which were not activities of mitigation recognized by the UNFCCC and not included in chapter 9 of the IPCC-AR4 Working Group 3 or in chapter 5 of the Working Group 2. She also indicated that there were some misinformation in the document presented regarding bio-energy and food security and considering that these issues were not discussed in ITTO any comment on that should be made in a very careful way. Regarding bio-energy she noted that there was some confusion about the concept of bio-energy, bio-fuels, bio-diesel and biomass. Ms. Costellini stated that the OECD has also recognized that in recent years the negative impact of bio-fuels on food prices had been over-estimated. On food security, she indicated that a simplistic view could not be adopted that bio-fuel production had negative impact on food prices and hence on global food security since energy crops could contribute to the development of poor rural communities. She noted that the impact of bio-energy on prices could not be over-estimated because bio-energy continued to be developed whether food prices were high or low. She also referred to page 12 of the document where it has been stated inter-alia that "changes in climatic conditions would increase conflicts motivated by the lack of natural resources" and stated that according to IPCC the overwhelming majority of conflicts had been motivated by to the existence of abundant resources such as oil, diamonds and gold. She also stated that the document again referred to the intention of some countries to include agriculture in the REDD+ concept but did not clarify that this proposal was not included in the mandate of the Bali Road Map. On the issue of financing, Ms. Costellini stated that the document criticizes the pledge of developed countries for external resources which contradicts the juridical obligations set by the UNFCCC. She also emphasized the lack of some key elements which should be reported in order to guarantee unbiased perspective. As an example, she stated that the document did not mention any important conclusions of the 4<sup>th</sup> IPCC evaluation reports regarding the impact of climate change on trade in forest products. She mentioned the IPCC agreed that simulation with field models had shown that climate change can increase global timber production through higher growth rates of forests especially when the positive effects of elevated CO<sub>2</sub> is taken into consideration. She also stated that the report was silent on the methodological restraints related to permanence, additionality and leakage regarding carbon credit certifications. Ms. Costellini proposed that it would be useful to avoid expressions such as post-2012 climate change regime and post-2012 mitigation agreements because the UNFCCC negotiators intend to deepen the implementation of the conventions and not to create a new regime with new principles.

151. The representative of Switzerland, Ms. Chantal Oltramare, noted the various activities on climate change undertaken by the Secretariat over the past year to promote the interest of tropical forests and tropical timber trade in international fora. She underscored the importance of the report and the active participation of ITTO in climate change negotiations in the UNFCCC and related initiatives dealing with forests such as the Forest Carbon Partnership Facility (FCPF). She noted that the future role of forests in the climate change agenda would also have an important influence on future role of ITTO and recommended that ITTO should continuously stay involved in the future processes dealing with forests and climate change, particularly by collaborating with FCPF along with UN-REDD and participating actively in the forthcoming technical meetings in 2010 and 2011 that would further shape the role of tropical forests in the emerging REDD+ context. She called on ITTO to particularly stress the role of tropical production forests and SFM as a mitigation option and further promote the "second D" of REDD and demonstrate the importance of forest restoration as an effective measure in REDD+. She endorsed the recommendation to develop the SFM guidelines in the framework of climate change. She encouraged the Secretariat to continue with its activities and report back to the Council at its next Session on the development in the climate change negotiations and progress made in the various operational initiatives involving ITTO.
152. The representative of the United States, Mr. Charles Barber, noted that there were some activities and recommendations in the report that could be further taken up and considered under the Thematic Programme on REDDES. He stated that it was important to keep in mind the balance between being well involved in the issue of climate change and the points raised by the delegation of Brazil, regarding the on-going process and the need to avoid duplication, overlap and conflict. He also pointed out that much of the mandate of ITTO regarding SFM was basic and that no matter the outcome of the negotiations the drivers of deforestation would not

change and the realities would not change. He reiterated that the basic core work of ITTO would always be very relevant whatever the outcome of the negotiations under the UNFCCC.

### **ITTO FELLOWSHIP PROGRAMME (Agenda Item 19)**

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

153. The report, as contained in document ITTC(XLV)/14 was presented by Mr. E. Collins Ahadome (ITTO Secretariat). Four hundred and eight-five (485) fellowships amounting to USD 2,840,726 had so far been awarded under the Freezailah Fellowship Fund. Seventy-eight percent of these awards were in the field of Reforestation and Forest Management 14% in Forest Industry and 8% in Economic Information and Market Intelligence. In terms of geographical distribution of the awards, 32% were awarded to applicants from Africa, 28% from Asia-Pacific, 27% from Latin America, 11% from developing consumer countries and 2% from consuming countries. Females had accounted for 34% of the total awards. Short training courses, participation in conferences, study tours and technical document preparation accounted for 54% of the activities while post-graduate programmes accounted for 46% of the activities.

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

154. The report of the Fellowship Selection Panel was presented by Mr. Daniel Birchmeier (Switzerland), Chairperson of the Panel. The report is contained in document ITTC(XLV)/15. The Selection Panel was composed of representatives of Brazil, Gabon, Papua New Guinea, Australia, Norway, and U.S.A. The selection of fellowship awardees for the Autumn 2009 cycle was conducted electronically. However, the Panel met once during the Forty-fifth Session of the ITTC to finalize the selection of successful applicants. The Panel recommended to the Council the approval and award of twenty-two (22) applications at a total cost of USD 149,015.00. Eighty-six percent of the recommended applications were from producing countries while 14% from developing consuming countries. The recommended applications are listed in the Appendix to the report.

### **DRAFT ANNUAL REPORT FOR 2008 (Agenda Item 20)**

155. The draft Annual Report for 2008 was presented by Mr. E. Collins Ahadome (ITTO Secretariat). The report is contained in document ITTC(XLV)/4. The report highlighted the work of the Organization in 2008, including key decisions of the Council, policy work, a summary of projects, pre-projects and activities funded by the Organization as well as voluntary contributions received by the Organization in 2008.
156. Mr. Ahadome mentioned the following highlights of the work of the Organization in 2008:
- 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;
  - Promotion of trade in tropical timber and timber products from sustainably managed and legally harvested sources;
  - Promoting improvement in forest law enforcement;
  - Supporting forest governance and decentralization in Africa;
  - Strengthening policies and opportunities for forest investment;
  - ITTO's cooperation and consultations with the CPF and support for the UNFF and other international and regional organizations, institutions and initiatives;
  - Revision of the ITTO project cycle manuals and guidelines; and
  - Participation in TICAD IV.

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

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

157. The representative of Switzerland, Ms. Chantal Oltramare, announced that in addition to the pledge of USD 1.5 million that Switzerland would be making during the Session, Switzerland would also replenish the Swiss Trust Fund with an amount USD 4.0 million from which Switzerland would be making further pledges over the next 2 or 3 years.

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

158. The report was presented by Mr. Ondoua Ekotto Shadrack, Chairperson of the Committee on Finance and Administration. The Panel was composed of representatives of Japan, Switzerland, U.S.A., Mexico, Côte d'Ivoire and Papua New Guinea and the Executive Director. The Panel noted that as at the end of the Forty-fourth Session of the Council, forty-five activities (including activities in the BWP 2008-2009), five pre-projects and five projects had been approved for financing through the resources of the Sub-Account B of the BPF. It further noted that as at 31 October 2009, the total funds received in the Sub-Account B of the BPF since its establishment, amounted to USD 19 million and the total net allocations/commitments, including for the BWP 2008-2009, amounted to USD 19.5 million. Accordingly, a negative balance of USD 494,119.95 was reported as of 31 October 2009. However, adequate resources were expected to be available within the year 2010 to cover all the allocations/commitments made.
159. The Secretariat further informed the Panel that the current funds available in the "Unearmarked Funds" as of 31 October 2009, amounted to USD 624,604.03 after taking into account the total allocations of USD 11.96 million, including those for the BWP 2008-2009, made at the previous Sessions held from November 2003 to November 2009.
160. The Panel took note of 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 funding resources and future estimated receipts, the Panel decided on the funding of the following two core on-going activities of the Organization for the year 2010, proposed in the BWP 2010-2011:
- (i) ITTO Information Network (TFU) for 2010, PD13/99 Rev.2 (M,F,I) – USD 500,000.00
  - (ii) Market Information Services, PD16/93 Rev.4 (M) for year 2010 – USD 350,000.00
161. The Panel further decided that should the financial situation improve during 2010, the following activity proposed in the BWP 2010-2011, could also be funded:
- Support participation of CSAG-TAG at Sessions of the ITTC in 2010 – USD 40,000.00
162. The report of the Panel was approved by the Council.

**REPORT OF THE JOINT AND ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 22)**

**Joint Session of the Committees**

163. The Joint Session of the Committees was chaired by Ms. Siti Syaliza Mustapha (Malaysia). The Joint Session considered the presentation made by Mr. Hideaki Takai (Japan), Chairman of the Expert Panel for Technical Appraisal of Project Proposals at its Thirty-seventh and Thirty-eighth meetings held on 2-6 February and 3-7 August 2009 in Yokohama, Japan as contained in documents ITTC/EP-37 and ITTC/EP-38, respectively. In summary, the report of the Expert Panel indicated:
- (i) a total number of 29 and 31 proposals were appraised at its Thirty-seventh and Thirty-eighth meetings respectively;
  - (ii) a total number of 9 proposals (32% of proposals evaluated) comprising 9 projects were accorded category 1 rating at the Thirty-seventh meeting and a total number of 10 proposals (34% of proposals evaluated) comprising 10 projects were accorded category 1 rating at the Thirty-eighth meeting;
  - (iii) three (3) out of the 9 proposals accorded category 1 rating during the Thirty-seventh meeting and 3 out of the 10 proposals accorded category 1 rating at the Thirty-eighth meeting were revised proposals;
  - (iv) ten (10) proposals appraised during the Thirty-seventh meeting and 14 proposals during the Thirty-eighth meeting were sent back to proponents for revision and nine (9) proposals appraised during the Thirty-seventh meeting and 5 proposals during the Thirty-eighth meeting were recommended not to be approved by the Committees. Mr. Takai informed the Committees that the new scoring system had assisted panel members in assessing proposals, reduced subjectivity in assessments, facilitated comparisons between evaluations, improved the weighting of different elements of project proposals.

164. To facilitate the sharing of experiences and lessons learned among Members, the consideration of ex-post evaluation reports were undertaken in the joint Session of all Committees. An ex-post evaluation report on PD194/03 Rev.2 (M) "Expanding and Improving Global Mangrove Database and Information System (GLOMIS) and its Networking (Japan/Global)" was presented by the consultant, Mr. Erik Lammerts van Bueren. An oral report was made by the Secretariat on the progress in the implementation of the ex-post evaluation of the following completed projects 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 Joint Session also considered the ex-post evaluation reports of six (6) completed projects in reforestation and forest management grouped under the theme "Forest Management/ Inventory". The synthesis report of these ex-post evaluations was presented by Mr. Jean-Marie Samyn, leader of the Evaluation Team.

Six (6) ex-post evaluation reports in the field of forest industry were considered by the Joint Committees. The reports were presented by Dr. Hiras Sidabutar (Indonesia), Ms. Erika del Rocio Lopez (Mexico) and Dr. Antonio Manila (Philippines).

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

165. Ms. Siti Syaliza Mustapha (Malaysia), Chairperson of the Committee on Economic Information and Market Intelligence, presented the report of the Committee, as contained in document CEM-CFI(XLIII)/11. The Committee met in the Joint Session with the Committee on Forest Industry.
166. The Committee noted the summary report on the ITTO Annual Market Discussion – 2009, held in the Joint Session of the technical Committees on 11 November 2009. The theme of the Market Discussion was "Tropical Timber Markets at a Crossroad: Buyers' Perspectives". Ms. Siti Syaliza Mustapha (Malaysia) chaired the meeting and Mr. Barney Chan (Malaysia), Coordinator of the Trade Advisory Group, moderated the discussions. The Committee also considered the reports of five (5) completed projects and one completed pre-project and declared these duly complete. The Committee duly selected one completed project for ex-post evaluation and also considered the progress in the implementation of fifteen (15) projects and four (4) pre-projects.
167. 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) reviewing the timber market in two significant tropical timber importing countries; (v) enhancement of statistical work and training workshops on statistics; (vi) collaborate with the Trade Advisory Group (TAG) in organizing and holding the ITTO Annual Market Discussions on the world tropical timber trade during the Sessions of the ITTC in 2008 and 2009; (vii) monitor developments and progress in timber procurement policies; (viii) review of the long-term outlook for tropical timber; (ix) monitor the competitiveness of tropical wood products compared with other materials; and (x) assist market remuneration for environmental services provided by tropical forests in three producing regions.

168. The Committee elected Ms. Carla Boonstra (The Netherlands) and Mr. Carlos Gonzalez (Mexico) as Chairperson and Vice-Chairperson respectively for 2010.

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

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

170. Mr. Hideaki Takai (Japan), Chairperson of the Committee on Reforestation and Forest Management presented the report of the Committee as contained in document CRF (XLIII)/6.
171. The Committee considered the reports of two categories of completed projects: Group (A) – those projects and pre-projects for which the field activities had been completed and final report

and other technical documentation had been submitted to the Secretariat together with the audited financial reports. There were seven (7) projects and two (2) pre-projects in that category. The seven (7) projects and two (2) pre-projects were duly declared complete. Group (B) – those projects and pre-projects for which the field activities had been completed and the final reports and other technical documentation had been submitted to the Secretariat but with the audited financial report still pending. There were six (6) projects and four (4) pre-projects in that category. The Committee urged the Executing Agencies of these projects to submit the final financial audit reports to the Secretariat. The Committee decided to consider those projects and pre-projects complete upon receipt of satisfactory final financial audit reports by the Secretariat. The Committee took note of the status report on 88 projects in the field of reforestation and forest management which were either A) in the process of implementation (61); B) awaiting the signing of Agreements (4); C) awaiting financing (17); or D) falling under the sunset provision since the last Session (6). The Committee undertook detailed discussions on twenty (20) projects under implementation; two (2) projects awaiting implementing agreement and four (4) projects awaiting financing. These were projects having implementation problems; requiring additional funds; requesting extension in time of more than six (6) months beyond the original duration of the project; or requesting essential major modifications of the work plans and budgets.

172. On policy work, the Committee considered the following policy-related matters:

- (i) Review and promote the use of the revised ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests (1993);
- (ii) Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber producing forests;
- (iii) 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;
- (iv) Monitoring the progress in the application of criteria and indicators for sustainable forest management;
- (v) Review and update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to take into account recent developments in tropical forestry; and
- (vi) Encourage and increase the involvement of non-governmental stakeholders in the activities of the Organization.

173. The Committee elected Mr. Tabi Agyarko (Ghana) and Mr. Patrick Hardcastle (UK) as Chairperson and Vice-Chairperson respectively for 2010.

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

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

175. Dr. Kug-Bo Shim (Republic of Korea) presented the report of the Committee on Forest Industry, on behalf of the Chairperson of the Committee, Mr. James Singh (Guyana). The report is contained in document CEM-CFI(XLV)/11.

176. The Committee considered the completion reports on five (5) projects and one pre-project and duly declared these complete and selected three (3) newly completed projects for ex-post evaluation. The Committee also considered the report of projects and pre-projects in progress as contained in document CEM-CFI(XLV)/4 and noted the progress in the implementation of twenty-seven (27) projects and five (5) pre-projects. The Committee noted that nine (9) projects were still pending financing.

177. On policy work, the Committee on Forest Industry considered the following issues:

- (i) Strengthening policies and opportunities for forest investment;
- (ii) Studying the technical and environmental standards of tropical timber products in international markets;
- (iii) Promoting further processing of tropical timber; and
- (iv) Promoting wood-based bio-energy using wood residues and wastes in tropical countries.

178. The Committee elected Dr. Kug-Bo Shim (Republic of Korea) and Dr. Samuel Ebia Ndongo (Cameroon) as Chairperson and Vice-Chairperson respectively for 2010.
179. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

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

180. Mr. Ondoua Ekotto Shadrack (Cameroon), Chairperson of the Committee on Finance and Administration, presented the report as contained in document CFA(XXIV)/10.
181. The CFA reviewed the draft Biennial Administrative Budget for 2010-2011 and recommended to the Council to approve the Administrative Budget for 2010 of an amount of USD 6,465,756. The assessed contributions from members for 2010 would be USD 6,310,000, taking into account the discount to be given to Members for timely payment of their contributions in 2009. The Committee also recommended to the Council to authorize the Executive Director to transfer an amount not exceeding USD 650,000 from the Working Capital Account to the current account of the Administrative Account, to meet the shortfall of funds to cover the expenditures in 2009. The CFA also reviewed Members' contributions to the Administrative Budget and noted that in 2009, an amount of USD 1,563,016 had been received from Producing Members out of an assessed amount of US\$2,828,036.00 and US\$2,688,016.00 had been received from consuming Members out of the net assessed amount of USD 2,748,580. The Committee urged all Members in arrears to settle these arrears promptly. The Committee also reviewed the status of the Administrative Account and noted that the resources of the Working Capital Account had been slightly reduced from the balance of USD 3,705,644 at the beginning of 2009 to USD 3,519,736 as at 11 November 2009. The CFA also reviewed the resources of the Special Account and the Bali Partnership Fund and noted that the available balance in the "Pooled Sub-Accounts" for ex-post evaluations amounted to USD 934,055.67. The CFA also noted that as of 31 October 2009, the total funds received in the Sub-Account B of the Bali Partnership Fund amounted to USD 19 million and the total allocations/commitments, including for the BWP 2008-2009, amounted to USD 19.5 million. Accordingly, although a negative balance of USD 494,119.95 was reported, adequate resources were expected to be available within the year 2010 to cover all the allocations/commitments made.
182. The Committee on Finance and Administration reviewed the Auditor's report for the Financial Year 2008 and recommended to the Council to adopt the report of the Independent Public Accountants on the Accounts of the Organization for the Year 2008.
183. On other matters, the Committee considered financial assistance to Member countries for developing suitable proposals for the ITTO Thematic Programmes and recommended to the Council that for the period of the pilot thematic programmes, the Executive Director should be authorized to make provision in the Thematic Programme Sub-Account by deducting up to three per cent (3%) of programme support charge from the funds received for the respective ITTO Thematic Programmes and to utilize these funds to assist Member countries in developing quality proposals for the ITTO Thematic Programmes.

#### **ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2010 (Agenda Item 23)**

184. Mr. Me Kouame Martial (Côte d'Ivoire), on behalf of the Producer Group, nominated Mr. Daniel Birchmeier (Switzerland) as Chairperson of the Council for 2010.
185. Dr. James Gasana (Switzerland), on behalf of the Consumer Group, nominated Mr. Bilé Allogho Joachim (Gabon) as Vice-Chairperson of the Council for 2010.
186. The Council unanimously approved both nominations.

#### **Statement by the Chairperson-elect**

187. In his acceptance statement to the Council, the Chairperson-elect, Mr. Daniel Birchmeier, thanked the Council for the trust and confidence reposed in him to fulfill the demanding task as the Chairperson of the International Tropical Timber Council for 2010. He acknowledged the

demanding task ahead during the period of transition between the ITTA, 1994 and the entry into force of the ITTA, 2006.

188. He recalled his first participation in the Session of the Council in November 2001 as Head of the Swiss delegation and had since then participated in twelve (12) consecutive Sessions of the Council until June 2007, in Port Moresby, Papua New Guinea. Mr. Birchmeier also recalled that he led the Swiss delegation in the negotiations of the ITTA, 2006. He indicated that during all these years of active involvement in ITTO, it had always been his concern to support the overall mandate of ITTO – at both policy and operational levels through the innovative implementation of projects and activities and also strengthening the integration of all Members and interested stakeholders in the deliberations of the Council. He stated that his position of being a mediator and a motivator in an effort to fulfill the objectives of the Organization would be his guiding principle as Chairperson of the Council for 2010.
189. Mr. Birchmeier underlined that the key task for 2010 would be to make an essential and final step for the ITTA, 2006 to enter into force, and noted that the Agreement would provide the opportunity to better respond to the ever increasing challenges facing tropical timber producing countries in managing their forests. He noted that many delegations had expressed the need for the ITTA, 2006 to enter into force as soon as possible and that he would follow-up on these expressions by consulting with those countries that had already ratified the Agreement to explore the possibility of the Agreement entering into force.
190. The Chairperson-elect stated that a number of operational issues would have to be addressed in 2010 and cited the need to clarify the role and functioning of the various financial and operational tools, including the Biennial Work Programme, Thematic Programmes, project cycle and Bali Partnership Fund, with the aim of attracting additional and sustainable funding to the Organization under the ITTA, 2006. He emphasized that without a solid operational and financial framework, the policy work of the Organization would not succeed. Mr. Birchmeier indicated that he would follow the successful example of his predecessor to continue with the inter-sessional work, using a transparent and balanced approach. He considered it essential to establish an active and functional inter-sessional contacts between producers and consumers over the entire year in order to make the entry into force – and the operational tasks associated with it – to happen. He acknowledged that it would be a demanding task, but was looking forward to it with the support of all Member Countries.
191. The Chairperson-elect referred to one delegate's expression that "the nuts and bolts of the Organization will remain important" even at a time of increasing demand on tropical forests to fulfill vital tasks at the global level, in particular regarding climate change. He emphasized that securing the resource base of tropical timber and other forest products and services and their trade would remain a key task in the future and, therefore, the particular niche of ITTO in the international context was well defined. "The growing role of ITTO – as a commodity organization with a wider mandate – in the international economic and environmental context is significant and necessary", the Chairperson-elect stated.
192. In his concluding remarks, Mr. Birchmeier commended the exemplary leadership of H.E. Amb. Michael Maue, Chairperson of the Council, and assured the Executive Director of his full support in 2010.

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

193. The Chairperson introduced this agenda item and invited the Council to set the dates for the Forty-sixth and Forty-seventh Sessions of the Council. He also drew the Council's attention to the fact that should any session be held outside the Headquarters the Council should decide on the financial resources for the organization of such a session, consistent with its Decision 4(XLII).
194. Mr. Me Kouame Martial (Côte d'Ivoire) on behalf of the Producer Group informed the Council that the producer caucus had had extensive discussions on the issue and how to finance the Forty-sixth Session in Guatemala. He also informed the Council that the Producer Group would want to present two (2) statements to the Council on (1) the Forty-sixth Session of the ITTC to be convened in Guatemala City to be presented by the representative of Papua New Guinea;



and (2) the search for long-term solutions concerning the financing of Council Sessions in producer countries to be presented by the representative of Ghana.

195. The representative of Papua New Guinea, Mr. Jerry Kowin, read a statement on behalf of the Producer Group as follows:

"The Producer Group at this Forty-fifth Session of the ITTC in Yokohama,

- i. Noting that the alternate hosting of the ITTC Sessions outside of Yokohama is necessary for equity between producer and consumer Members and also to generate political support for producers to implement sustainable forest management;
- ii. Acknowledging that ITTC had decided at its last Session to hold the Forty-sixth Session in Guatemala;
- iii. Further acknowledging that hosting of ITTC Sessions outside Yokohama is a way of gaining political support and commitment to the work of ITTO and hence expediting the ratification of the ITTA, 2006;
- iv. Believing firmly in the principle of rotating the Sessions between producer and consumer Member Countries;
- v. Concerned that the commitment and support of the organization could be weakened if the principle of rotation is not upheld;
- vi. Thanking Japan for her voluntary contributions to the hosting of the previous Sessions of the Council, both in Yokohama and in producer countries on rotation between the three (3) tropical regions;
- vii. Recognizing Guatemala's contribution in kind towards the hosting of the Forty-sixth ITTC to the tune of USD 190,000 and her genuine efforts in areas such as local support and immigration facilitation.
- viii. Appreciating the offer of assistance by Mexico towards Guatemala for the hosting of the Forty-sixth Session;
- ix. Hereby invite the donor community to assist with funding of the Forty-sixth Session of the Council in Guatemala City, and subsequent Sessions held in producer countries."

196. The representative of Ghana, Mr. Tabi Agyarko, read the second statement on behalf of the Producer Group as follows:

Proposal by the Producer Group at the Forty-fifth Session of the ITTC in Yokohama: "Elements for the Establishment of Advisory Group on Financial Resources (AGFR)"

Introduction:

The AGFR is established under the provisions of the ITTA, 2006 to discuss issues relating to the funding of ITTO activities in a structured, transparent and balanced manner to assist producer members export timber and timber products which are legal and in a longer term sustainable. The AGFR will assist the ITTC in securing financial resources which are adequate and predictable from the possible sources to achieve the overall objectives of the ITTA, 2006.

Membership:

The membership of the AGFR comprises the following:

- (i) Vice-chairperson of the ITTC as Chairperson;
- (ii) Producer and Consumer Spokespersons;
- (iii) Representative of host government;
- (iv) One representative each from producer region nominated by the regional caucus by rotation among Member Countries in the region; and
- (v) Representative of other funding agencies, upon invitation.

Meetings:

The AGFR will meet in conjunction with ITTC Sessions during which it will submit its report and recommendations to the ITTC. The AGFR may also meet intersessionally as decided by the Council. Members of the AGFR may communicate among themselves intersessionally to facilitate their work during the ITTC Sessions and as necessary, seek assistance from ITTO Secretariat.

Functions:

- (a) Review the resources of the Thematic Programme Sub-Account, Project Sub-Account and the Bali Partnership Fund;

- (b) Assist Council to establish criteria and procedures for the transparent operations of the Special Account;
- (c) Assist Council to establish criteria and priorities for the use of the BPF Account taking into account (i) the needs of Members for assistance to achieve exports of tropical timber and timber products from sustainably managed sources; (ii) the needs of Members to establish and manage significant conservation programmes in timber producing forests; and (iii) the needs of Members to implement sustainable forest management programmes in accordance with Article 21, sub-section 4 of the ITTA, 2006;
- (d) Assess the adequacy and predictability of funding needed to enhance the capacity of producer Members to attain the objectives of the ITTA, 2006 in consonance with Article 1(g);
- (e) Taking into account relevant factors and needs, assess and recommend to the Council the yearly financial requirements to fund the implementation of all approved projects and the Biennial Work programme;
- (f) If financial resources are not sufficient, recommend to the Council other sources of funding and initiatives to be undertaken to secure the necessary additional funds;
- (g) Establish a balance in the allocation of financial resources between the Biennial Work Programme, projects under the Thematic Programmes, the Special Account and the BPF;
- (h) Recommend to the Council studies, where necessary, to develop new and creative mechanisms to generate additional financial resources to achieve the objectives of the ITTA, 2006;
- (i) To increase the number of donor countries for a more equitable sharing of responsibilities in the ITTO donor community to achieve the objectives of the ITTA, 2006; and
- (j) To report its findings and recommendations regularly at the Council Sessions.

Others:

There will be no financial implications for ITTO for the AGFR to undertake its work. Nevertheless, when necessary the Council may allocate financial resources to undertake specific initiatives.

- 197. Commenting on the statements, the Chairperson requested that the statements should be circulated to all Members. He was also not very sure about the relevance of the statement read by the representative of Ghana to the agenda item under consideration.
- 198. The representative of Guatemala, H.E. Mr. Byron René Escobedo, reiterated the invitation by the Government of Guatemala to host the Forty-sixth Session of the Council in Guatemala City. He informed the Council that the Government of Guatemala would be willing to contribute 25% of the total budget towards the hosting of the Session. He also stated that the Government of Guatemala had provided the details of its contribution towards the hosting of the Session to the Secretariat. He thanked all delegations, particularly Mexico, for the support expressed.
- 199. The Chairperson informed the Council that there was the possibility of conflict of dates with the 16<sup>th</sup> COP of UNFCCC in 2010 and invited the representative of Guatemala to announce the dates for the Forty-sixth Session.
- 200. The representative of Guatemala, H.E. Mr. Byron René Escobedo announced that the proposed dates for the Forty-sixth Session of the ITTC would be 8-13 November 2010. He said the Government was aware of the conflict in dates and, therefore, would be willing to reschedule the dates of ITTC to avoid the conflict.
- 201. The representative of Japan, Mr. Toshikatsu Aoyama, announced that tentatively the Forty-seventh Session of the Council would be convened from 7 to 12 November 2011, in Yokohama, Japan.
- 202. After extensive discussions, the Council was deadlocked on the date and venue of the Forty-sixth Session particularly on the issue of the source of financing for the organization of that Session. The Chairperson, therefore, proposed the establishment of a Working Group to discuss and report back to the Council.
- 203. Following extensive negotiations in the Chairperson's Working Group the Council decided on the following:

- The principle of rotation to hold Council meetings at Headquarters or in a producer Member Country was confirmed;
- The holding of the Forty-sixth and Forty-seventh Sessions of the ITTC was not explicitly linked or dependent on the entry into force of the ITTA, 2006;
- A long-term solution concerning the financing of the Council Session outside the Headquarters would be taken up at the Forty-sixth Session of the ITTC, taking into account the proposal of Brazil and Mexico presented at the Forty-fifth Session;
- The Forty-sixth Session of the ITTC would be held in 2010 in Yokohama, Japan, from 13 to 18 December 2010;
- Reconfirmed that the Forty-seventh Session of the ITTC in 2011 would be held in Guatemala;
- Members in arrears should strive to pay their arrears by the end of 2010;
- The Working Capital Account would be used to cover the costs of the Session outside the Headquarters in 2011 up to an amount of USD 400,000, as it was expected that payments of arrears would replenish the Working Capital Account in 2010; and
- The Council should consider holding the Forty-eight Session of the ITTC in 2012 in a producer country.

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

### **Statement by United Nations Forum on Forests**

204. Ms. Jan McAlpine, Director of the UNFF expressed her appreciation for the opportunity to address the Council. She recalled her active involvement in the work of the Council for many years in a number of different capacities. She expressed her gratitude to ITTO for its valuable support to the UNFF Secretariat: its active role in the CPF and its long history of providing secondments of a senior staff to the Secretariat and reiterated her appreciation for the productive partnership between ITTO and UNFF Secretariat and looked forward to seeing this partnership flourish further in the future.
205. Ms. McAlpine updated the Council on a number of significant developments in the international forest policy dialogue at the UN Forum on Forests, and some of the new initiatives launched by the UNFF Secretariat. She highlighted the global financial crisis and its impacts on forest financing and noted the already declining consumption and trade in forest products as well as decline in investment flows to the forestry sector and a general reduction in total flows of ODA. She expressed concern about the impacts of these crises on developing countries and their natural resources. Ms. McAlpine stated that the world's forests provide billions of dollars of services to the global economy through biodiversity, soil conservation and flood control, among many other functions and noted that the primary barriers to sustainable forest management in developing countries continued to be insufficient funding. She recalled the lengthy discussions and negotiations at the Eighth Session of the UNFF in 2008 on means of implementation for sustainable forest management and stated that these negotiations were recently concluded, following a series of informal consultations at the special Session of UNFF9. She recalled that these discussions dated back over 17 years to the 1992 Rio Earth Summit and informed the Council that the Forum would establish an ad hoc intergovernmental expert group process to conduct in-depth analysis of all aspects of forest financing over the next 4 years, and a "Facilitative Process" on forest financing, to assist countries to mobilize funding from all sources. The open-ended intergovernmental ad hoc expert group (AHEG) would make proposals on strategies to mobilize resources from all sources to support the implementation of SFM, including strengthening and improving access to funds and the option of establishing a voluntary global forest fund. The Ad Hoc Expert Group would meet before the ninth and tenth Sessions of the UNFF and submit preliminary reports to the ninth Session and the final recommendations to the tenth Session of the Forum for its consideration and subsequent action. Ms. McAlpine informed the Council that the UNFF Facilitative Process on financing would analyze current level of financing including existing and emerging financial flows; identify gaps and challenges and suggest innovative approaches to secure SFM financing from existing and new financing sources. The Facilitative process would initially focus on the 7 groups of thematically related countries identified as facing significant financing challenges.
206. On the issue of climate change and the opportunities and challenges for forest financing, Ms. McAlpine stated that 50 years ago, forests were thought of only in the context of their timber production value. However, the role of forests in mitigation and adaptation to climate change

has now been widely recognized and noted that the CPF strategic framework on forests and climate change offers 6 key messages on how to address climate change through SFM.

**Statement by the Food and Agriculture Organization of the United Nations (FAO)**

207. The statement was presented by Dr. Eva Müller, Chief, Forest Policy Service. She commended ITTO for its important work in addressing the numerous issues confronting the world's tropical forests. She noted that ITTO and FAO had over the years collaborated closely in supporting Member Countries' efforts towards sustainable management and use of their forest resources. She commended the Executive Director and staff for their personal contribution in making the collaboration between the two Organizations a success. Dr. Müller stated that as in previous biennia FAO and ITTO had aligned their work programmes in order to complement each other, increase funding for important activities and create synergies in their work. Dr. Müller highlighted some of the ITTO/FAO recent collaborative activities. She noted that as one of the key partners of FAO's Global Forest Resources Assessment (FRA) and an active member of the Advisory Group, ITTO and FAO had made great progress in harmonizing forest-related reporting and creating synergies between the FRA process and the ITTO assessment of the status of tropical forest management over the years. She noted that a large number of the ITTO indicators of sustainable forest management had been incorporated into the global assessment.
208. Dr. Müller stated that FAO and ITTO were working closely on the Joint Forest Sector Questionnaire on the production, consumption and trade in wood products and on capacity building in data collection and analysis in developing countries through joint workshops, for example, in India and Mexico in 2009. Both Organizations had also been working together on improving forest law compliance and governance since 2004, and had recently published a policy brief based on the outcomes and recommendations of five joint regional workshops, highlighting the implications of these for the ongoing discussions on REDD in a series of messages. She pledged FAO's readiness to support the activities on improving forest law enforcement proposed in the ITTO BWP 2010-2011.
209. Dr. Müller noted that financing for SFM had been an issue that had received increased attention at the international level, especially in the context of the UNFF and that both Organizations had jointly organized two national fora on investment and financing for the forest sector in the Philippines and Ecuador, in close collaboration with the governments of these two countries. Both Organizations were continuing their collaboration on wood and non-wood forest products and had jointly identified and initiated four case studies to document opportunities and constraints of small and medium scale forest-based enterprises, focusing on timber value-added products and niche markets. She also cited the collaboration between ITTO and FAO in convening the international conference on "Promotion of Intra-African Trade in Timber and Timber Products" in Accra, Ghana in June 2009. She acknowledged ITTO's active role in the CPF and noted the recent achievement of the CPF in the preparation of the strategic framework on forests and climate change, which was presented in Poznan in 2008. The statement further noted that in the past year, FAO and ITTO had been working together on a new initiative of the CPF on assessment and monitoring of forest degradation and as part of that initiative a report entitled "Towards Defining Forest Degradation: Comparative Analysis of Existing Definitions" was published and a series of case studies undertaken. She conveyed FAO's special thanks to the Executive Director for ITTO's strong commitment and tangible inputs into the work of the CPF.
210. Dr. Müller also briefed the Council on the ongoing major reforms in the FAO, including a new strategic framework that would guide FAO's programme of work in the coming years, and noted that the next biennium, 2010-2011 would be the first one under the new FAO Forestry Strategy as part of the new strategic framework of FAO. She, however, emphasized that the overall goal of the FAO Forestry Department would remain promoting sustainable forest management, with more emphasis on current issues such as climate change.
211. Dr. Müller, in her concluding remarks, reiterated FAO's interest in maintaining and strengthening the fruitful collaboration between the two Organizations in the coming biennium, 2010-2011 and indicated that in a time of scarce resources, it was more important than ever to pull resources and create synergies by working together.

**Statement by International Union of Forestry Research Organizations (IUFRO)**

212. The statement was presented by Dr. Kug-Bo Shim (Republic of Korea), on behalf of Dr. Wan-Yong Choi, Director General of the Korea Forest Research Institute (KFRI) and Head of the Organizing Committee of the XXIII IUFRO World Congress to be convened in Seoul, Korea in 2010.
213. The statement stated that IUFRO is the one of the world's oldest and largest international institutions, established in 1892 with more than 700 member institutes and universities in 110 countries. The IUFRO World Congress is one of the world's largest academic conferences held every five years.
214. The statement noted that the world was facing challenges such as economic turbulence, scarce resources and environmental degradation caused by climate change which required a global effort in addressing these challenges. The world was also paying attention to forests because of its role in mitigating climate change, as a carbon sink, and as a cost-effective industry, and, in that regard the title of the XXIII IUFRO World Congress "Forests for the Future: Sustaining Society and the Environment" were relevant and timely. The Congress, as a key forum for international forest science cooperation would present an important opportunity to promote understanding of the contribution of forest and forest science to the sustainability of the earth. The IUFRO Congress would draw leading professionals and expert scientists in all fields of forestry from all over the world, including governments, academic scholars, researchers from universities and institutes to present and discuss the latest innovations on various themes, such as forest and climate change, biodiversity conservation and sustainable use of forest resources, and environmental services provided by forests. The scientific programme would give participants an opportunity to access the latest research outcomes and projects conducted by the world's leading experts and scientists.
215. Dr. Wan-Yong Choi extended an invitation to all delegates to attend the XXIII IUFRO World Congress in Seoul, Republic of Korea, from 23 to 28 August 2010.

#### **Statement by the Civil Society Advisory Group (CSAG)**

216. The statement was presented by Mr. Francis Kemaworlee Colee, CSAG focal point for Africa. He expressed CSAG's appreciation to the Executive Director for his support which enabled CSAG to bring together nearly all the members of its governance team to the Council Session. He underlined CSAG's role as a contributor to ITTO's policy development, collaborators in and contributors to activities implemented by Member Countries and as potential implementers of ITTO's activities, including projects. He recalled the formal establishment of CSAG at the Thirty-second Session of the ITTC in 2001 and over the years had developed a governance structure ensuring adequate representation of the wide civil society and its relevance to the ITTC. He informed the Council that CSAG had renewed its governance structure and elected new representatives during the Yaoundé Conference in May 2009, and the new governance team was looking forward to working with the Council and the various Member Countries of ITTO. He expressed CSAG's appreciation for the confidence reposed by the Council and the Secretariat in the CSAG in exploring an expanded role. He indicated that CSAG was interested in helping to expand the range of stakeholders with whom ITTO is engaged in its deliberations, strategic analysis and projects in providing more regular inputs on key issues facing tropical forests and trade. He pledged CSAG's willingness to review projects and programmes as well as continue to help organize special meetings and conferences. He hoped that the ITTO Regional Officers would draw upon CSAG's networks as appropriate and that CSAG would always be available to assist in the orientation of civil actors to the ITTA, 2006.
217. He underlined 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 with a more proactive process of training and communication. He also called for a strong role for the ITTO Regional Office in Africa, Latin America and the Secretariat in providing national and regional information and guidance on preparation of project proposals to the national focal points so that governments as well as civil society and community organizations would be well informed and able to actively participate. He indicated that this should be in addition to the provision for capacity building already mandated as part of ITTO project proposal formulation. CSAG commended the Trade Advisory Group for organizing the Annual Market Discussion on Timber Trade and Trends in key producer countries and indicated that it had reinforced CSAG's conviction that domestic and regional markets would play an ever increasing role in the

economy of many ITTO producer and consumer countries. CSAG also envisioned that this issue as well as tenure and community management and enterprise and gender were gaining ever more prominence for ITTO Member Countries, as the climate change dialogue impacts and response mechanism evolve. CSAG noted that there was an opportunity for it to contribute to the policy discussions on SFM, REDDES, TFLET, etc. and looked forward to enhancing its collaboration with existing ITTO partnership, including FAO, CPF, Congo Basin Partnership on Forests (CBPF), etc. CSAG was also encouraged by the strong commitments announced during the Session regarding the launching of the Thematic Programmes on Community Forest Management and Enterprises and Trade and Market Transparency. CSAG encouraged the timely ratification of the ITTA, 2006 by Member Countries in order that this mandate and the work programme would be secured. CSAG further strongly encouraged ITTO Member Countries to act upon Decision 6(XLIV) and to start implementing the adopted ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests.

218. The statement underlined CSAG's support for projects and activities that would provide practical tools, and policy guidance and increase the capacity of ITTO Member Country governments and stakeholders in key areas, such as forest landscape restoration, maintaining biodiversity, increasing the transparency, value and benefits of the forestry and timber trade, and supporting transitions in forest tenure, governance and community enterprise, including gender dimensions. CSAG was particularly enthused by the strong commitment from Indonesia to hold a similar conference for Asia on "Forest Tenure, Governance and Enterprise" in order to engage actively with civil society and forest communities in Asia and share lessons on tenure and governance reforms. CSAG looked forward to playing an active role with ITTO in Asia to ensure its success.

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

219. The Chairperson referred to documents ITTC(XLV)/17 – ITTC(XLV)/19 comprising the three (3) decisions for consideration and adoption by the Council.
220. The Council approved all the three (3) decisions. Amendments and editorial corrections were noted. Rule 37 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 27)**

##### **Statement by the Consumer Spokesperson**

221. Dr. James Gasana (Switzerland), on behalf of the Consumer Group, congratulated Mr. Daniel Birchmeier (Switzerland) on his election as Chairperson of the Council for 2010. He assured the Chairperson-elect of the full support of all Members of the Consumer caucus, and that under his leadership the Council would focus on the possibilities that ITTO offers to develop concerted and concrete actions in order to play an active role in the promotion of tropical timber trade and sustainable forest management. Dr. Gasana also congratulated the new Vice-Chairperson of the ITTC, Mr. Bilé Allogho Joachim (Gabon) and pledged to him the support of the consumer caucus.
222. Dr. Gasana also commended H.E. Amb. Michael Maue, Chairperson of the Council for his able leadership of the Council in 2009. He also commended the Executive Director and the staff of the Secretariat for their dedication and hard work. He expressed his appreciation for the skills and wisdom of the Producer Spokesperson, Mr. Martial Me Kouame whom he had been familiar for many years in a diversity of other professional interactions.
223. In his concluding remarks, the Consumer Spokesperson expressed the gratitude of Members of the consumer caucus to the Government of Japan and the City of Yokohama for the generous hospitality extended to the delegates and the support to the work of the Forty-fifth Council Session. He informed the Council that his tenure of office as Spokesperson had ended and that the new Consumer Spokesperson would be in the person of Ms. Jennifer Conje (U.S.A.).

##### **Statement by the Producer Spokesperson**

224. Mr. Martial Me Kouame (Côte d'Ivoire), on behalf of the Producer Group congratulated the Chairperson of the Council, H.E. Amb. Michael Maue for his leadership of the Council. He stated that the Chairperson had shown the required tenacity and determination in carrying out his mission. He also congratulated Mr. Daniel Birchmeier (Switzerland) on his election to the office of Chairperson of the Council for 2010. He acknowledged that under the leadership of Mr. Daniel Birchmeier the Organization was in good hands for the continuation of the lofty mission of ITTO in producer countries. Mr. Me Kouame also congratulated the Vice-Chairperson-elect, Mr. Bilé Allogho Joachim (Gabon) and wished him every success. He commended the Executive Director and the staff of the Secretariat for their efficiency and readiness to support the work of the various Committees, caucuses and working groups. He expressed his gratitude to the Government of Japan for the legendary quality of their hospitality as host country. The Producer Spokesperson highlighted certain issues on the agenda of the Session which were of particular interest to producers. He cited the entry into force of the ITTA, 2006 and stated that producers would want to progress in compact ranks, as they demonstrated during the negotiations of the ITTA in 2005 and 2006. He informed the Council that several producer Members had pledged to ratify the agreement before the next Session of the Council in 2010. On the BWP 2010-2011, the Spokesperson noted the lengthy discussions during the Session which had led to a consensus on a list of priority activities that would enable the Secretariat to provide effective support in the conduct of ITTO missions in its Member Countries. He also referred to the Thematic Programmes and noted that the implementation of the first two Thematic Programmes was progressing rather well. On the proposal to establish a Donor's Coordination Group, the Spokesperson referred to the submission made by the Producer Group which provided constructive suggestions to donors and called for further discussion on the issue. Mr. Me Kouame also referred to the report on the evaluation of the ITTO diagnostic missions already undertaken in some producing Member Countries and noted the highly relevant recommendations to all stakeholders for improving their efficiencies.
225. On the issue of hosting of Council Sessions, the Producer Spokesperson reaffirmed that the principle of rotating the hosting venue of Council Sessions between the Headquarters and Producer Countries was an established arrangement that should no longer be challenged in as much as these Sessions were awareness-raising and educational factors promoting SFM among national authorities and the people of these countries.
226. In his concluding remarks, Mr. Me Kouame warmly welcomed the consumer caucus and reaffirmed that the Organization exists only because there are producers and consumers. He called on all Member Countries to honour their commitments to the sustainable management of tropical forests for the benefit of all mankind. He extended his heartfelt thanks to all producing Member Countries for their sense of duty and invited them to shoulder their share of responsibility in the sustainable management of tropical forests.
227. The representative of the European Community, Mr. Enzo Barattini, commended the Chairperson for his able leadership. He stated that the results achieved during the Session were testimony of the leadership of Amb. Michael Maue provided to the Council. He expressed his satisfaction with the outcome of the Session, including a solution to the hosting of the next Council Session in 2010. He acknowledged that the issue of the hosting of Sessions of the Council would continue to be a problem until an equitable and predictable financing mechanism had been put in place. He was also pleased with the outcome of the BWP 2010-2011 as well as the Thematic Programmes. Mr. Barattini also commended TAG for the successful organization of the Annual Market Discussion which generated a lot of interest among Members. He acknowledged that the agenda before the Council was a difficult one. The Council must review a whole year's work in a single Council Session. He congratulated all delegates for the successful outcome of the Forty-fifth Session of the ITTC. Mr. Barattini commended the Executive Director and staff of the Secretariat for their dedication and support and thanked the Government and People of Japan for their hospitality.
228. The representative of Japan, Mr. Toshikatsu Aoyama, congratulated Members for the success of the Forty-fifth Session of the ITTC, under the Chairmanship of H.E. Amb. Michael Maue, in spite of the difficulties on the issue of the venue for the hosting of future Council Sessions. He noted that there had been lots of discussions and exchanges of views at the three Committees of CFI, CEM and CRF on the evaluation and assessment of projects proposed by the Expert Panel. He also noted that the Council at its current Session had evaluated the ITTO BWP 2010-2011 and the Thematic Programmes – a new challenge towards the expanded mandate and roles under the ITTA, 2006. Mr. Aoyama stated that as a result of these efforts and recognizing the

importance of the earmarked projects, biennial work programmes and the Thematic Programmes, the Government of Japan, in cooperation with some donor countries, had made some financial pledges to support these efforts. He expressed Japan's appreciation to Switzerland, U.S.A., Norway, Finland, Korea, Sweden and UK for their cooperation in the coordination of financial pledges to the Organization.

229. Mr. Aoyama also referred to the Committee on Finance and Administration which recommended to the Council to approve the Administrative Budget for 2010 with slight increase, in spite of the recent drastic change in the exchange rate and expressed Japan's appreciation to Member Countries for their comprehension and cooperation in reaching agreement on the budget. He noted that ITTO was in a transition, under an expanded mandate, and welcomed the announcement about the ratification of the ITTA, 2006 by China. Mr. Aoyama stated that as the host country of ITTO, Japan would like to urge Member Countries who had not yet ratified the Agreement to accelerate their internal processes and ratify the new Agreement as soon as possible.
230. On the venue for the Forty-sixth Session of the Council, Mr. Aoyama stated that Japan was ready to host the Session in Yokohama based on the compromised solution agreed upon by the Chairperson's working group. He, however, called for a balanced approach between producer and consumer countries, taking into account the effectiveness of the mobilization of the resources, including reduction of the expenses for holding Council Session.
231. Mr. Aoyama stated that it was important for ITTO to implement its projects and work programmes effectively and efficiently to achieve its objectives in a steadily manner in order to increase its reliability and openness. He also noted that the expanded mandate and roles of ITTO would become more significant in relation to environmental issues such as climate change, and biodiversity conservation. He believed that ITTO would be able to make worldwide contribution, not only in the area of tropical timber, but also in the global environmental issues. Mr. Aoyama paid tribute to the Executive Director and Staff of the Secretariat for their tireless efforts and support to the Council. He also expressed his sincere gratefulness to the Mayor and Staff of the City of Yokohama for their invaluable support to ITTO. He reiterated Japan's readiness to host the Forty-sixth Session of the ITTC in Yokohama, tentatively from 13 to 18 December 2010. He extended a cordial invitation to all delegations to attend the next Session of the Council in Yokohama, Japan.

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

232. In his closing address to the Council, H.E. Ambassador. Michael Maue noted that the Forty-fifth Session had not been easy and thanked Member Countries for the spirit of cooperation which enabled the Council to achieve some excellent results. He highlighted the decision on the adoption of the BWP 2010-2011 as a major achievement. He noted that it was the fourth time that the Council had undertaken this exercise, however, the Forty-fifth Session was unique due to the transition to the new ITTA and the implementation of work under the pilot Thematic Programmes. He applauded the efforts of Member Countries and the Secretariat in dealing with this unique situation in a collaborative manner. He also noted that in a similar manner the consideration of the Administrative Budget for 2010-2011 was a challenging exercise and was pleased that the Council was able to approve the budget for 2010.
233. H.E. Ambassador. Maue also welcomed the expression of interest by donors in the new Thematic Programmes. He believed that the Thematic Programmes were opening up new opportunities for ITTO and its Members, and expressed his appreciation for the initial funding received for the Thematic Programmes on Community Forest Enterprises and Market Transparency which would allow activities and projects to start under these programmes in the near future. He expressed his gratitude to donors who had contributed to these programmes and to the ongoing TFLET and REDDES programmes and urged all donors to consider providing resources to the remaining approved Thematic Programmes on Industry Development.
234. The Chairperson was hopeful that within the year 2010, the ITTA, 2006 would enter into force and encouraged all governments who had not yet completed the necessary procedures to become parties to the new Agreement to accelerate their efforts. He hoped that the new funding for the Thematic Programmes, projects and activities announced at the Session, would help to reaffirm the relevance of the Organization to all Members and accelerate the rate of ratification.



235. H.E. Ambassador. Maue acknowledged that although the Forty-fifth Session was smooth, the dilemma over the funding of Council Sessions continued to bedevil the Sessions and called for a long-term resolution of the problem for the good of the Organization. He regretted that the Council was not able to resolve the issue at the Forty-fifth Session, and urged Members to continue discussing the issue.
236. On behalf of the Council, H.E. Ambassador. Maue expressed his gratitude and appreciation to the Government of Japan for graciously hosting the Session and for the hospitality enjoyed by delegates. He paid particular tribute to the City of Yokohama for the typical Japanese kindness and generosity. He also thanked the Executive Director and Staff of the Secretariat for their professionalism and support to the Council.
237. In his concluding remarks, Ambassador. Maue stated that it had been a personal honour to serve the Council over the past two years as Vice-Chair and Chair and thanked Members of the Council for their support. He reiterated that although he was not a forester, he had come to understand a lot about forestry during the past two years, especially the dedication of Members who had devoted their lives and careers to sustaining vital forest resources. He pledged to continue to support the work of ITTO, both in PNG and elsewhere and looked forward to meeting many of the friends he had made in ITTO in the coming years. He congratulated Members for the successful conclusion of the Forty-fifth Session and wished all delegations a safe trip back to their various destinations.
238. The Chairperson officially closed the Forty fifth Session of the ITTC.



## **ANNEX I**

### **LIST OF PARTICIPANTS**

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9 – 14 November 2009  
Yokohama, Japan

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Dr. Manoel Sobral Filho	Consultant
Dr. James Turner	Consultant
Dr. Pitman	Market Discussion Speaker
Mr. Somaiya Ramkrishna Tulsidas	Market Discussion Speaker
Dr. Stefan Wille	Market Discussion Speaker
Mr. Shengfu Wu	Market Discussion Speaker

### Earth Negotiations Bulletin - Reporting Staff

Mr. Peter Wood  
Dr. Deborah Davenport  
Mr. Graeme Auld  
Ms. Reem Hajjar

## LANGUAGE TEAM

### Interpreters

Mrs. Odile Bertin-Faull  
Ms. Bernadette Boyde  
Ms. Socorro Botero-Browning  
Mrs. Catherine Pouget  
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## **OFFICERS OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL AND ASSOCIATED COMMITTEES**

### **Council**

Chairperson	H.E. Ambassador. Michael Maue
Vice-Chairperson	Mr. Daniel Birchmeier

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

Chairperson	Ms. Siti Syaliza Mustapha
Vice-Chairperson	Ms. Carla Boonstra

### **Reforestation and Forest Management**

Chairperson	Mr. Hideaki Takai
Vice-Chairperson	Mr. Tabi Agyarko

### **Forestry Industry**

Chairperson	Mr. James Nirmal Singh
Vice-Chairperson	Dr. Im Eun Ho

### **Finance and Administration**

Chairperson	Mr. Ondoua Ekotto Schadrack
Vice-Chairperson	Dr. David Brooks

### **Spokespersons**

Producers	Mr. Martial Me Kouame
Consumers	Dr. James Gasana

## ITTO SECRETARIAT

Mr. Emmanuel Ze Meka  
Executive Director

Mr. Takeichi Ishikawa  
Assistant Director, Forest Industry

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

Dr. Steven E. Johnson  
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

Ms. Frances Marie Maplesden  
Statistician

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

Mr. Edmond Collins Ahadome  
Information Officer

Mr. Ramon Carrillo Arellano  
Projects Manager, Forest Industry

Ms. Celestine Ntsame-Okwo  
Regional Officer, Africa

Prof. Floriano Pastore  
Regional Officer, Latin America

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Mr. Christopher Kossowski  
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Ms. Etsuko Kagawa  
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Mr. Kenneth Sato  
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Secretary

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Finance Assistant

Ms. Yuka Irie  
Accounts Clerk

Ms. Sumire Yokoyama  
Secretary

Ms. Rie Okoso  
Secretary

Mr. Tomoya Inoue  
Driver

\* \* \*





## **ANNEX II**

### **AGENDA**

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



Distr.  
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ITTC(XLV)/1  
29 July 2009

Original:  
ENGLISH

FORTY-FIFTH SESSION  
9 – 14 November 2009  
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 2009
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
12. Proposal for the Establishment of Donors' Coordination Group
13. Entry into force of the ITTA, 2006 – Decisions 3(XLI) and 7(XLIV)
14. ITTO Biennial Work Programme
  - (a) Report on the Implementation of the Biennial Work Programme 2008-2009
  - (b) Biennial Work Programme 2010-2011
15. Proposal for the Establishment of a Private Sector Consultative Board
16. ITTO Objective 2000 – Decision 2(XXIX)
17. ITTO Thematic Programmes
  - (a) Pledges to the ITTO Thematic Programmes
  - (b) Report on the current status of implementation of the ITTO Thematic Programmes

18. 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)
19. ITTO Fellowship Programme – Decision 4(XXVII)
  - (a) Progress Report on the ITTO Fellowship Programme;
  - (b) Report by the Chairperson of the Fellowship Selection Panel
20. Draft Annual Report for 2008
21. Special Account and Bali Partnership Fund
  - (a) Pledges to the Special Account and the Bali Partnership Fund;
  - (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)
22. Reports of the Associated Sessions of the Committees
23. Election of Chairperson and Vice-Chairperson of the Council for 2010
24. Dates and Venues of the Forty-sixth and Forty-seventh Sessions of the Council and the Associated Sessions of the Committees
25. Other Business
26. Decisions and Report of the Session
27. Closing of the Session

## **ANNOTATIONS TO THE AGENDA**

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

The Forty-fifth Session of the Council will be opened by the Chairperson of the Council, H.E. Amb. Michael Maue (Papua New Guinea).

### **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(XLV)/1]

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

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

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

### **Item 5 - Report of the Credentials Committee** [Document ITTC(XLV)/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 2009** [Document ITTC(XLV)/1 Annex]

The proposed distribution of votes for the year 2009, in accordance with Article 10(6) of the ITTA, 1994, is shown in the Annex to this 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 2010.

### **Item 7 - Admission of Observers** [Document ITTC(XLV)/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(XLV)/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-third Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 8 November 2009.

The report of the Twenty-third Meeting of the IAG will be presented by the Chairperson, H.E. Amb. Michael Maue (Papua New Guinea).

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

[Document ITTC(XLV)/5]

- (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 2009**

[Document ITTC(XLV)/6]

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

- (i) Elements for the 2009 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 2009 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 2009 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 - Proposal for the Establishment of Donors' Coordination Group**

The Council will consider a proposal by the Chairperson to establish a more structured Donors' Coordination Group to secure funds for the ITTO Biennial Work Programme, ITTO Thematic Programmes and also for projects, pre-projects approved under the Spring and Autumn Project Cycles.

**Item 13 - Entry into Force of the ITTA, 2006 – Decisions 3(XLI) and 7(XLIV)**

[Document ITTC(XLV)/7]

Pursuant to its Decisions 3(XLI) and 7(XLIV) the Council will review the status of deposits of instruments of ratification, acceptance, approval, or accession to the ITTA, 2006 and consider further steps towards the entry into force of the ITTA, 2006.

**Item 14 - ITTO Biennial Work Programme**

[Documents ITTC(XLV)/8] and ITTC(XLV)/9]

- (a) The Council will receive the report on the implementation of the Biennial Work Programme for 2008 – 2009.
- (b) The Council will consider and approve the Biennial Work Programme for 2010-2011.

**Item 15 - Proposal for the Establishment of a Private Sector Consultative Board**

The Council will receive and consider a proposal by the United States of America for the establishment of a Private Sector Consultative Board (PSCB) that will give consideration to matters related to the International Tropical Timber Agreement, tropical forests and trade in tropical timber.

**Item 16 - ITTO Objective 2000 – Decision 2(XXIX)**

[Documents ITTC(XLV)/10 and ITTC(XLV)/11]

- (a) Pursuant to its Decision 2(XXIX), which requested the Executive Director to render assistance, on request, to producer countries to identify, in each country, those factors which most severely limit progress towards achieving Objective 2000 and sustainable forest management and to formulate an action plan to overcome these, the Council will receive the report on the assistance provided to the Government of Cameroon.
- (b) The Council will receive the report on the review of ITTO diagnostic missions carried out under Decision 2(XXIX).

**Item 17 - ITTO Thematic Programmes**

[Document ITTC(XLV)/12]

- (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 18 - 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)**

[Document ITTC(XLV)/13]

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

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

[Documents ITTC(XLV)/14 and ITTC(XLV)/15]

The Council may consider: (a) the progress report prepared by the Secretariat on implementation of the ITTO Fellowship Programme, as called for in Decision 4(XXVII) [Document ITTC(XLV)/14]; and (b) the report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(XLV)/15]. The Council will announce the final selection of awards based on the Chairperson's report.

**Item 20 - Draft Annual Report for 2008**

[Document ITTC(XLV)/4]

The Secretariat will present to the Council the draft Annual Report for 2008.

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

[Document ITTC(XLV)/16]

- (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(XLV/16)].

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

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

**Item 23 - Election of Chairperson and Vice-Chairperson of the Council for 2010**

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2010. Under Article 8 of the ITTA, 1994, the Council is required to elect a Chairperson and Vice-Chairperson for each calendar year. Under Article 8, paragraph 2, the Chairperson and the Vice-Chairperson, one from among the representatives of producing countries, and the other from among the representatives of the consuming countries, are required to alternate each year between the two categories of Members, provided, however, that this shall not prohibit the re-election to either or both under exceptional circumstances by Special Vote of the Council.

**Item 24 - Dates and Venues of the Forty-sixth and Forty-seventh 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-sixth and Forty-seventh Sessions following the invitation by Guatemala to host the Forty-sixth Session of the Council in Guatemala City, Guatemala, and the Forty-seventh Session in Yokohama, Japan.

**Item 25 - Other Business**

The Council may consider any matters brought under this item.

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

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

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

- (a) The Council will give guidance to the Executive Director through the Council Chairperson on routine or non-controversial matters not having financial implications. This guidance will be included in the Report of the Session, not reflected as decisions of 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 27 - Closing of the Session**

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

**Annex**

**DISTRIBUTION OF VOTES FOR 2008**

	<u>No. of Votes</u>	
	2008	2009 (Proposed)
<b><u>PRODUCING MEMBERS</u></b>		
<b>Africa</b>		
Cameroon	26	27
Central African Republic	25	26
Congo	25	26
Côte d'Ivoire	25	26
Democratic Republic of the Congo	26	26
Gabon	26	27
Ghana	25	26
Liberia	25	26
Nigeria	25	26
Togo	25	26
 <b>Asia &amp; Pacific</b>		
Cambodia	16	16
Fiji	14	14
India	28	28
Indonesia	100	90
Malaysia	122	109
Myanmar	37	44
Papua New Guinea	26	34
Philippines	15	15
Thailand	17	19
Vanuatu	14	13
 <b>Latin America/Caribbean</b>		
Bolivia	25	25
Brazil	147	145
Colombia	24	24
Ecuador	15	15
Guatemala	12	11
Guyana	15	15
Honduras	11	11
Mexico	24	24
Panama	11	12
Peru	29	29
Suriname	14	14
Trinidad and Tobago	10	10
Venezuela	21	21
 <b>Total:</b>		
	1,000	1,000

	<u>No. of Votes</u>	
	2008	2009 (Proposed)
<u>CONSUMING MEMBERS</u>		
Australia	17	16
Canada	16	16
China	226	229
Egypt	17	16
European Community		
Austria	11	11
Belgium/Luxembourg	16	16
Denmark	14	13
Finland	10	10
France	35	38
Germany	19	20
Greece	13	12
Ireland	15	15
Italy	27	32
Netherlands	31	32
Poland	11	11
Portugal	18	18
Spain	28	30
Sweden	11	11
United Kingdom	25	32
Japan	222	190
Nepal	10	10
New Zealand	11	11
Norway	12	12
Republic of Korea	83	82
Switzerland	11	11
United States of America	91	106
Total:	<u>1,000</u>	<u>1,000</u>

\* \* \*



## **ANNEX III**

### **TEXT OF THE DECISIONS**

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

**DOCUMENT: ITTC(XLV)/17**  
**DOCUMENT: ITTC(XLV)/18**  
**DOCUMENT: ITTC(XLV)/19**



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ITTC(XLV)/17  
14 November 2009

Original: ENGLISH

FORTY-FIFTH SESSION  
9 – 14 November 2009  
Yokohama, Japan

## DECISION 1(XLV)

### PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Forty-fifth Session the recommendations of the three Committees on Projects, Pre-projects and Activities, as contained in documents CEM-CFI(XLIII)/11, and CRF(XLIII)/6; and the report of the Fifteenth Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(XLV)/16;

Recalling Decision 6(XLIII) "Meeting on Operational Modalities of Future Work of the International Tropical Timber Council" adopted at the Forty-third Session of the International Tropical Timber Council (ITTC) held in November 2007, which among a number of other issues, decided to maintain the spring project cycle for 2008, by providing for a time-bound electronic no objection procedure to accept Expert Panel Ratings for projects and pre-projects and request the Chairperson's donor consultation group to meet and make proposals on project and pre-project funding and allow the Secretariat to make provisions for immediate implementation of projects and pre-projects.

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 2008, Spring 2009 and Autumn 2009;

1. Decides to:

- (i) Endorse the time-bound electronic no objection approval procedure for the under-listed Projects and Pre-projects and authorize financing for immediate implementation as soon as earmarked funds are available in the Special Account or in the Bali Partnership Fund Account:

(a) Spring project cycle for 2008:

PD 452/07 Rev.2 (F)	Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon - Phase II (Brazil) ITTO Budget: \$865,659.00
PD 454/07 Rev.2 (F)	Community Forest Management: A Sustainable Alternative for The Manaus State Forest, Amazonas State (Brazil) ITTO Budget: \$513,527.00
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 (Philippines) ITTO Budget: \$495,666.00

PD 475/07 Rev.1 (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 493/07 Rev.1 (F)	Strengthening Capacity of Forest Law Enforcement and Governance in Cambodia (Cambodia) ITTO Budget: \$561,195.00
PD 433/06 Rev.3 (I)	Sustainable Model for the Brazilian Wood Flooring Production Chain (Brazil) ITTO Budget: \$516,927.00
PD 461/07 Rev.2 (M)	Research on China's Green Procurement Policy to Promote Market Development of Environmental Friendly Tropical Forest Products (China) ITTO Budget: \$296,590.00
PD 487/07 Rev.1 (M)	Independent Validation of Legal Timber in Ghana (Ghana) ITTO Budget: \$473,040.00

(b) Spring project cycle for 2009:

PD477/07 Rev.3 (F)	Improving Forest Functions in Bengkulu Province through Community Participation in Rehabilitation of Degraded Forest by Using Local Prospective Commodities (Indonesia) ITTO Budget: \$338,256.00
PD492/07 Rev.3 (F)	Participatory Rehabilitation and Management Project for Mangroves and Watersheds in the Coastal Area of the Douala/Edéa Wildlife Reserve ' - "Douala-Edéa Mangrove Project" (Cameroon) ITTO Budget: \$676,231.00
PD519/08 Rev.1 (F)	Tropical Forest Conservation for Reducing Emissions from Deforestation and Forest Degradation and Enhancing Carbon Stocks in Meru Betiri National Park, Indonesia ITTO Budget: \$814,590.00
PD527/08 Rev.1 (F)	Enhance Capacity Building on Assessing Tropical Forest Carbon Stock and its Changes in China ITTO Budget: \$207,065.00
PD528/08 Rev.1 (F)	Towards Sustainable Indigenous Mahogany Timber Production in Ghana: Phase II, Refining the Silvicultural "Tool Kit" and Practical Training for Industrial Foresters and Community Farmers ITTO Budget: \$465,264.00
PD534/08 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 ITTO Budget: \$424,837.00
PD512/08 Rev.2 (I)	Industrial Utilisation and Marketing of Ten Potential Timber Species from Secondary and Residual Primary Forests (Peru) ITTO Budget: \$398,517.00
PD523/08 Rev.1 (I)	Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia ITTO Budget: \$605,094.00



(c) Autumn project cycle for 2009:

PPD 143/09 (F)	Assessment of Mangrove Forest Affected by Cyclone Nargis to Facilitate the Development of an Integrated Mangrove Ecosystem Management in Ayeyarwady Delta (Myanmar) ITTO Budget: \$61,938.00
PD 495/08 Rev.3 (F)	Guatemalan Forest Productivity Information System (Guatemala) ITTO Budget: \$492,588.00
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) ITTO Budget: \$522,312.00
PD 539/09 Rev.1 (F)	Promoting Conservation of Selected Tree Species Currently Threatened by Habitat Disturbance and Population Depletion (Indonesia) ITTO Budget: \$149,710.00
PD 541/09 Rev.1 (F)	Forest Promotion and Development by Native Communities in Peru (Peru) ITTO Budget: \$610,505.00
PD 542/09 Rev.1 (F)	Support to Convene the V Latin American Forestry Congress (Peru) ITTO Budget: \$114,523.00
PD 544/09 Rev.1 (F)	Increased Economic Returns from Forest Management in Permanent Production Forests of Peru (Peru) ITTO Budget: \$592,229.00
PD 552/09 Rev.1 (F)	Encouraging Customary Landowners in the Lowlands of Central Province (Papua New Guinea) to Reforest their Grasslands with High Value Trees (Papua New Guinea) ITTO Budget: \$644,814.00
PD 554/09 Rev.1 (F)	Pilot Sustainable Management Systems for Secondary Forests in the Collective Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia) ITTO Budget: \$453,600.00
PD 520/08 Rev.2 (I)	Promoting of Timber Preservation for Reducing Forest Resource Depletion in Indonesia ITTO Budget: \$454,518.00
PD 522/08 Rev.1 (I)	Properties, Processing and Marketing of Teak Wood Products of Community Teak Plantations in Java and Eastern Indonesia (Indonesia) ITTO Budget: \$452,688.00
PD 540/09 Rev.1 (I)	Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-Added Products (Peru) ITTO Budget: \$505,341.00

- Authorize the amendment in the budget and the release of additional funds for the continued implementation of the following Project which was approved earlier:

PD 288/04 Rev.2 (F)  
Development of Lanjak Entimau Wildlife Sanctuary as a  
Totally Protected Area – Phase IV (Final Phase) (Malaysia)  
Additional Funding: \$56,700.00

- Authorize the amendment in the budget and financing for immediate implementation as soon as earmarked funds are available for the following Project which was approved earlier:

PD 456/07 Rev.2 (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)  
Phase I \$569,689.00  
Phase II \$511,052.00

2. Decides to:

- (i) Authorize the release of \$307,169.00 for the continued implementation of the Freezailah Fellowship Fund;

- (ii) Authorize financing for immediate implementation of the following Projects and Pre-project which were approved in the 2009 project cycles:

PD 539/09 Rev.1 (F) \$149,710.00  
Promoting Conservation of Selected Tree Species  
Currently Threatened by Habitat Disturbance and  
Population Depletion (Indonesia)

PD 552/09 Rev.1 (F) \$644,814.00  
Encouraging Customary Landowners in the Lowlands of  
Papua New Guinea's Central Province to Reforest their  
Grasslands with High Value Trees (Papua New Guinea)

PPD 143/09 (F) \$61,938.00  
Assessment of Mangrove Forest Affected by Cyclone  
Nargis to Facilitate the Development of an Integrated  
Mangrove Ecosystem Management in Ayeyarwady  
Delta, Myanmar (Myanmar)

- (iii) Authorize financing for immediate implementation of the following Projects and Pre-projects which were approved in earlier project cycles:

PD 433/06 Rev.3 (I) \$516,927.00  
Sustainable Model for the Brazilian Wood Flooring  
Production Chain (Brazil)

PD 501/08 Rev.1 (F) \$353,435.00  
Promoting Household Reforestation in the Tropical Zone of  
Southwestern China through Development and Extension  
of Household-oriented Techniques (China)

PD 513/08 Rev.1 (I) \$278,640.00  
Enhancing the Capacity of the Wood Processing Sector to  
Improve Efficiency and Add Value in Guyana (Guyana)

PD 528/08 Rev.1 (F) Towards Sustainable Indigenous Mahogany Timber Production in Ghana: Phase II, Refining the Silvicultural "Tool Kit" and Practical Training for Industrial Foresters and Community Farmers (Ghana)	\$465,264.00
PD 512/08 Rev.2 (I) Industrial Utilisation and Marketing of Ten Potential Timber Species from Secondary and Residual Primary Forests (Peru)	\$398,517.00
PD 523/08 Rev.1 (I) Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia (Indonesia)	\$605,094.00

- (iv) Authorize the amendment in the project proposal including budget and financing for immediate implementation as soon as earmarked funds are available for the following Project which was approved earlier:

PD 457/07 Rev. 3 (I) Establishment of a Supporting System to Develop and Promote Further Processing of Timber in Five Producer Countries of the Congo Basin (Gabon)	\$882,576.00
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- (v) Authorize financing for immediate implementation of the following ITTO Thematic Programmes:

PP-A/44-236 Forest Law Enforcement, Governance and Trade (TFLET) Budget: \$15,000,000.00 Additional Funding:	\$923,000.00
PP-A/44-237 Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES) Budget: \$18,000,000.00 Additional Funding:	\$575,000.00
PP-A/44-238 Community Forest Management and Enterprises (CFE) Budget: \$10,000,000.00 Partial Funding:	\$1,000,000.00
PP-A/44-239 Trade and Market Transparency (TMT) Budget: \$5,000,000.00 Partial Funding:	\$1,000,000.00

- (vi) Authorize financing for immediate implementation of the following Activities which were approved in the Biennial Work Programme for the years 2010-2011:

PP-A/45-241 (BWP Activity: 3) Public relations, education and outreach Budget for 2010: \$175,000.00 Partial Funding:	\$150,000.00
PP-A/45-242 (BWP Activity: 5(d)) Workshop on forest governance, decentralization and REDD in Latin America (Mexico, August 2010)	\$60,000.00
PP-A/45-243 (BWP Activity: 7) Assist producing member countries to prepare baseline and updated national reports on progress towards SFM based on ITTO C&I as inputs for the preparation of SFM Tropics 2010 Budget for 2010: \$150,000.00 Partial Funding:	\$50,000.00
PP-A/45-244 (BWP Activity: 9) First meetings of the Thematic Programme Advisory Committees for the TPs on: community forests and enterprises; trade and market transparency; and industry development and efficiency	\$50,000.00
PP-A/45-245 (BWP Activity: 10) Study the implications of climate change for tropical forests and the contribution of tropical forests to the mitigation of the effects of climate change Budget for 2010: \$275,000.00 Partial Funding:	\$100,000.00
PP-A/45-246 (BWP Activity: 35) Impacts of conservation and protection in transboundary areas in relation to achieving SFM Budget for 2010: \$300,000.00 Partial Funding :	\$100,000.00
PP-A/45-247 (BWP Activity: 41) Strengthen the capacity to promote efficient wood processing technologies in tropical timber producing countries Budget for 2010: \$250,000.00 Partial Funding:	\$100,000.00
PP-A/45-248 (BWP Activity: 50) Application of the <i>ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests</i> Budget for 2010: \$175,000.00 Partial Funding:	\$76,595.00

- (vii) Authorize the release of additional funds for the continued implementation of the following Activities:

PP-A/39-162A (BWP Activity: 51) Provide for enhanced collaboration and synergies between ITTO and CITES (Additional Budget: \$1,500,000.00) Additional Funding:	\$100,000.00
PP-A/43-208 (BWP Activity: 6) Publication of and public relations for the report on the Status of Forest Management (SFM Tropics 2010) Additional Funding:	\$100,000.00
PP-A/43-227 (BWP Activity: 48) Update the <i>ITTO Guidelines for the Sustainable Management of Natural Tropical Forests</i> Budget for 2010: \$130,000.00 Partial Funding:	\$50,000.00

3. Urges Members to consider financing those approved Projects, Pre-projects and Activities for which funds are not immediately available,
4. Appeals to Members to make unearmarked contributions to the Thematic Programmes Account and the Special Account,
5. 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
6. 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.

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## DECISION 2 (XLV)

### ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2010-2011

The International Tropical Timber Council,

Recalling Decision 4(XLIV) on the adoption of the ITTO Action Plan 2008-2011 Transitional Period;

Recalling the successful conclusion on 27 January 2006 of the negotiations on the International Tropical Timber Agreement, 2006 that is expected to enter into force during the biennium;

Appreciating the work of the Secretariat in its proposal to Council on the Biennial Work Programme for the years 2010-2011;

Noting further that activities listed in paragraph 2 below are derived from the following: (a) ITTO Action Plan 2008-2011; (b) the four ITTO Committee Reports to the Forty-fifth Session of Council; and (c) previous Council decisions;

#### Decides to:

1. Adopt the Biennial Work Programme for the years 2010-2011 as contained in the Annex to this Decision, subject to revision as appropriate, should the ITTA, 2006, enter into force provisionally or definitively within this biennial period;
2. Request the Executive Director to implement and/or facilitate the implementation of activities in the approved Biennial Work Programme for the years 2010-2011, as contained in the Annex;
3. Requests the relevant Technical Committee(s) to further consider the scope of work and develop the terms of reference including the expected funding sources to guide the implementation of the activities listed under activities 11, 12 and 13 in the Annex;
4. Authorize the Executive Director to seek voluntary contributions from Member Countries and other funding sources to finance implementation of the activities listed in the Annex. If sufficient contributions are not pledged by 31 January 2010, the Executive Director is requested to finance implementation of the activities listed in the Annex, using:
  - (a) the Unearmarked Funds available in the Special Account or in the Sub-Account B of the Bali Partnership Fund to finance activities for the year 2010 listed under activities 1, 2, 31; and
  - (b) the Programme Support Fund in the Special Account to finance activities for the year 2010 listed under activity 4.
5. Request the Executive Director to report to Council on the progress in implementing the Biennial Work Programme for 2010-2011.

## ANNEX

### BIENNIAL WORK PROGRAMME FOR THE YEARS 2010-2011

#### CORE/COUNCIL ACTIVITIES

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>1. Continue to publish the ITTO quarterly Tropical Forest Update (TFU). [ITTA, 1994, Articles 29, 30] [ITTA, 2006, Articles 27, 28] [ITTO Action Plan 2008-2011, Cross-Cutting Actions (d), (f)]</p>	<p>Regular Sessions' work. Approve and finance two-year extension of Secretariat-implemented project PD 13/99 Rev.2 (M.F.I).  Estimated cost : US\$1,000,000 Expected funding sources: Year 2010 – US\$500,000 Unearmarked funds of Sub-Account B of the BPF/Special Account  Year 2011 – US\$500,000 To be determined</p>	Council
<p>2. Consider advice from and facilitate involvement of the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG). [ITTC Decisions 9(XXVIII), 2(XXXII)] [ITTO Action Plan 2008-2011, Cross-Cutting Action (p)]</p>	<p>Regular Sessions' work.  (a) Review the work of the TAG and CSAG and consider ways to strengthen their contributions and advice to the Council.  (b) Encourage support for the participation of TAG and CSAG members in Council Sessions.  Estimated cost (b): US\$80,000 Expected funding source: Unearmarked funds of Sub-Account B of the BPF/Special Account</p>	Council
<p>3. Further enhance public relations, education and outreach activities to best convey the achievement of the objectives of the Organization. [ITTA, 1994, Article 1] [ITTA, 2006, Article 1] [ITTC Decision 5(XXVII)] [ITTO Action Plan 2008-2011, Cross-Cutting Actions (d), (f)]</p>	<p>Continue to ensure that ITTO reaches as wide an audience as possible by: continuing to improve the ITTO website; editing, publishing and disseminating relevant ITTO reports; producing and disseminating outreach materials; and convening side events and exhibiting ITTO outreach materials at relevant events.  Estimated cost: US\$350,000 Expected funding sources: Year 2010 – US\$175,000 Voluntary earmarked contributions  Year 2011 – US\$175,000 To be determined</p>	Council

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>4. With the assistance of the Expert Panel for Technical Appraisal of Project Proposals, appraise relevant committee project and pre-project proposals submitted by Member countries. [ITTA, 1994, Article 27] [ITTA, 2006, Article 26]</p>	<p>Regular Sessions' work. Convene four meetings of the Expert Panel for Technical Appraisal of Project Proposals.</p> <p>Estimated cost: US\$380,000 Expected funding sources: Year 2010 – US\$190,000 Programme Support Fund in the Special Account Year 2011 – US\$190,000 To be determined</p>	<p>Joint Committee</p>
<p>5. Continue to provide for ITTO's cooperation and consultation with the Collaborative Partnership on Forests (CPF) and support for the United Nations Forum on Forests (UNFF) and other relevant international and regional organizations, institutions and initiatives. [ITTA, 1994, Article 14] [ITTA, 2006, Article 15] [ITTC Decision 7(XXX)] [ITTO Action Plan 2008-2011, Cross-Cutting Action (c)]</p>	<p>Maintain ITTO's active involvement in the CPF:</p> <p>(a) Continue to second a senior official to the UNFF Secretariat in the biennium and regularly review the effectiveness of this secondment.</p> <p>Estimated cost: US\$500,000 Expected funding source: Voluntary earmarked contributions</p> <p>(b) Participate in and co-sponsor events and activities for the implementation of the International Year of Forests (IYF) 2011.</p> <p>Estimated cost: US\$150,000 Expected funding source: Voluntary earmarked contributions</p> <p>(c) Continue to support ITTO participation and contribution to collaborative work with IUFRO</p> <p>Estimated cost: US\$100,000 Expected funding source: Voluntary earmarked contributions</p> <p>(d) Workshop on forest governance, decentralization and REDD in Latin America (Mexico, August 2010)</p> <p>Estimated cost: US\$60,000 Expected funding source: Voluntary earmarked contributions</p>	<p>Council</p>



ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>6. Undertake studies in collaboration with relevant partner organizations to review the achievement of sustainable management of tropical timber producing forests. [ITTA, 1994, Article 29(3)] [ITTA, 2006, Article 28(4a)] [ITTO Action Plan 2008-2011, Cross-Cutting Action (g)]</p>	<p>Additional funding for publication of and public relations for the report on the Status of Forest Management (SFM Tropics 2010).</p> <p>Estimated cost: US\$100,000 Expected funding source: Voluntary earmarked contributions</p>	Council
<p>7. Continue to monitor progress in the application of criteria and indicators for sustainable forest management. [ITTA, 1994, Articles 1(j), (m)] [ITTA, 2006, Article 1(i), (l), (p)] [ITTC Decisions 3(XXXI), 5(XXX), 9(XXX), 4(XXXIV)] [Action Plan 2008-2011, Cross-Cutting Action (g)]</p>	<p>Continue to provide assistance upon request, to a maximum of US\$10,000 per country for producing member countries to prepare baseline and updated national reports on progress towards SFM based on ITTO C&amp;I as inputs for the preparation of SFM Tropics 2010.</p> <p>Estimated cost: US\$150,000 Expected funding source: Voluntary earmarked contributions</p>	Council
<p>8. Support the ITTO Children's Environmental Education Programme on Tropical Forests (CEEP). [ITTA, 1994, Article 1] [ITTA, 2006, Article 1] [ITTC Decision 1(XLIV)] [ITTO Action Plan 2008-2011, Cross-Cutting Action (d)]</p>	<p>Following the approval of the Children's Environmental Education Programme on Tropical Forests (CEEP) at the Forty-fourth session of the ITTC, the Secretariat secured the initial fund to begin the Programme. The first Environmental Education Conference under the CEEP was convened in Yokohama on July 2009. Activities to be undertaken in 2010-2011 include:</p> <ul style="list-style-type: none"> <li>• Creating research-led supplementary teaching materials</li> <li>• Establishing "school forests"</li> <li>• Leading a forest-friendship experience</li> <li>• Setting up a learning network</li> <li>• Organizing a forest education camp</li> <li>• Dispatching lecturers</li> <li>• Convening another environmental education conference</li> </ul> <p>Estimated cost: US\$300,000 Expected funding source: Voluntary earmarked contributions</p>	Council
<p>9. Support to the Thematic Programme Advisory Committees. [ITTA, 2006, Articles 20, 24, 25] [ITTC Decision 9(XLIV), 10(XLIV)]</p>	<p>Regular Sessions' work. Financial provisions for first meetings of the Thematic Programme Advisory Committees (to be established) for the TPs on:</p> <ul style="list-style-type: none"> <li>• Community Forests and Enterprises</li> <li>• Trade and Market Transparency</li> <li>• Industry Development and Efficiency</li> </ul> <p>Estimated cost: US\$50,000 Expected funding source: Voluntary earmarked contributions</p>	Council

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>10. In cooperation with relevant organizations, continue to study the implications of climate change for tropical forests and the contribution of tropical forests to the mitigation of the effects of climate change.</p> <p>[ITTA, 1994, Article 1(f)] [ITTA, 2006, Articles 1(f), (p)] [ITTC Decision 1(XXXVIII)] [Action Plan 2008-2011, Cross-Cutting Actions (c), (o)]</p>	<p>Support is required for ITTO to assist members in formulating and implementing an integrated forest sector response to climate change, and to guarantee an organized participation in the global debate related to the role of tropical forests in climate change mitigation and adaptation, including:</p> <ul style="list-style-type: none"> <li>• Attendance and active participation in UNFCCC meetings where tropical forests will be brought to debate.</li> <li>• Facilitate the participation of ITTO member countries in events where the theme of forests and climate change will be high in the agenda, including actions promoted under the UN-REDD, the FCPF and other similar initiatives to make sure that ITTO producer member countries are well informed, actively involved, and benefit from possible incentives for sustainable forest management in the tropics.</li> <li>• Organization of a side event at UNFCCC COPs on the role of sustainable forest management in the tropics to support climate change mitigation and adaptation, and to restore degraded tropical forests.</li> <li>• Establishment of a web based information platform as well as production of TFU special issue(s) on tropical forests and REDD+ to keep ITTO members and the general public informed on the role of tropical forests in climate change.</li> <li>• Taking into account the CPF Strategic Framework on Forests and Climate Change, participate in CPF related initiatives on forests and climate change (including on definitions) to bring up tropical forest perspectives.</li> <li>• Update the Council on the development of the tropical forest debate under the UNFCCC framework.</li> </ul> <p>Estimated cost: US\$275,000 Expected funding source: Voluntary earmarked contributions</p>	Council
<p>11. Consider impact of the global economic and financial crisis on the tropical timber sector and help countries build resilience to future downturns by understanding timber demand drivers.</p> <p>[ITTA, 1994, Articles 1(c), (d), (e), (f), (i), (k), (n)] [ITTA, 2006, Articles 1(c), (d), (e), (f), (i), (k), (m)] [ITTO Action Plan 2008-2011, Cross-Cutting Action (c), Expected Outcome 3 (G)]</p>	<p>Estimated cost: To be determined with TOR Expected funding source: To be determined</p>	Council

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
12. Analyze the economic impact of governmental procurement policies on tropical timber markets.	Estimated cost: To be determined with TOR Expected funding source: To be determined	CEM
13. Assess resources required to implement sustainable forest management	Estimated cost: To be determined with TOR Expected funding source: To be determined	CRF
14. Consider the progress in the implementation of the ITTO Biennial Work Programme for 2010-2011. [ITTA, 2006, Article 24] [ITTO Action Plan 2008-2011: Delivery, monitoring and evaluation]	Regular Sessions' work.	Council
15. Consider the Draft ITTO Biennial Work Programme for 2012-2013. [ITTC Decisions 7(XV), 2(XXXI), 9(XXXIV)]	Regular Sessions' work.	Council
16. Consider and take measures related to the entry into force of the ITTA, 2006. [ITTA, 2006, Article 26(1)] [ITTC Decision 3(XLI)]	(a) Review the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006, as well as other provisions of ITTC Decision 3(XLI), and the consultations to be undertaken with the Secretary General of the United Nations on this issue.  (b) Determine the functions and scope of the Committees and other subsidiary bodies as established under Article 26(1) of ITTA, 2006, paying special attention to the re-organized Committee on Economics, Statistics and Markets.	Council
17. Decide on eligibility of approved actions, projects and pre-projects for funding out of Sub-account B of the Bali Partnership Fund. [ITTA, 1994, Article 21] [ITTA, 2006, Article 21] [ITTC Decision 4(XXX)]	Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises the Council on eligibility of actions, pre-projects and projects for funding out of Sub-Account B.	Council
18. Decide on project work, including financing, taking into account the recommendations made by the Committees on project proposals and on-going and completed approved projects. [ITTA, 1994, Articles 20, 21, 25] [ITTA, 2006, Articles 20, 21, 25]	Regular Sessions' work.	Council

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>19. Make allocations from unearmarked funds available in the Bali Partnership Fund and/or Special Account to fund implementation of eligible approved actions, projects and pre-projects. [ITTA, 1994, Article 21] [ITTA, 2006, Articles 21] [ITTC Decision 4(XXX)]</p>	<p>Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises Council on Sub-Account B funding.</p>	<p>Council</p>
<p>20. Consider progress in the implementation, monitoring and evaluation of pre-projects, projects and activities under the Thematic Programmes Sub-Account. [ITTA, 2006, Article 20(6)] [ITTC Decision 9(XLIV), 10(XLIV)]</p>	<p>Regular Sessions' work.</p>	<p>Council</p>
<p>21. Undertake the annual/biennial review and assessment of the international timber situation. [ITTA, 1994, Article 30(a)] [ITTA, 2006, Article 28] [ITTO Action Plan 2008-2011, Cross-Cutting Actions (c), (i), Expected Outcome 3 (A)]</p>	<p>Regular Sessions' work.</p>	<p>Council</p>
<p>22. Consider the reports of the Informal Advisory Group (IAG). [ITTC Decisions 3(XXII), 5(XXVI)]</p>	<p>Regular Sessions' work.</p>	<p>Council</p>
<p>23. Ensure effective monitoring and evaluation of approved projects in the relevant Committees. [ITTA, 1994, Article 27] [ITTA, 2006, Article 26]</p>	<p>Regular Sessions' work.</p>	<p>Council</p>
<p>24. Review the results of relevant project and policy work of the Committees. [ITTA, 1994, Articles 24, 27] [ITTA, 2006, Articles 24, 26]</p>	<p>Regular Sessions' work.</p>	<p>Council</p>
<p>25. Approve selected projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII). [ITTC Decision 3(XXVIII)]</p>	<p>Regular Sessions' work.</p>	<p>Council</p>

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
26. Provide guidance to Member countries for the formulation of relevant project proposals which meet the priorities set in the ITTO Action Plan 2008-2011. [ITTA, 1994, Article 27] [ITTA, 2006, Article 26]	Regular Sessions' work.	Council
27. Consider and, if appropriate, take action to disseminate information on project findings and results. [ITTA, 1994, Article 27] [ITTA, 2006, Article 26]	Regular Sessions' work.	Council
28. Encourage and increase the involvement of non-government stakeholders in the activities of the Organization. [ITTA, 1994, Article 1(i)] [ITTA, 2006, Articles 1(c), 1(j), 1(r)] [Action Plan 2008-2011, Cross-Cutting Action (p)]	Regular Sessions' work.	Council
29. Consider further work on civil society/private sector partnerships for sustainable forest management, certification and verification of legality. [ITTA, 1994, Articles 1(d), (e), (k)] [ITTA, 2006, Articles 1(d), (k), (n), (o)] [ITTC Decision 5(XXXII)] [ITTO Action Plan 2008-2011, Cross-Cutting Action (p)]	Regular Sessions' work. Continue to review and evaluate ongoing civil society/private sector partnerships for sustainable forest management.	Council

**COMMITTEE WORK**

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>30. Collaborate with the Trade Advisory Group (TAG) in organizing and holding the ITTO Annual Market Discussion on the world tropical timber trade during Sessions of the ITTC in 2010 and 2011. [ITTA, 1994, Articles 1(e), (h), Article 27(1)] [ITTA, 2006, Articles 1(e), (h)] [ITTO Action Plan 2008-2011, Expected Outcome 3 (B)]</p>	<p>Regular Sessions' work. The themes for the Market Discussion will be determined during the Council Sessions immediately preceding them.</p> <p>Estimated cost: US\$100,000 Expected funding source: Year 2010 – US\$50,000 Voluntary earmarked contributions</p> <p>Year 2011 – US\$50,000 To be determined</p>	CEM
<p>31. Continue to publish the ITTO bi-weekly Market Information Service (MIS). [ITTA, 1994, Articles 29, Article 30] [ITTA, 2006, Articles 27, Article 28] [ITTO Action Plan 2008-2011, Expected Outcome 3 (C)]</p>	<p>Regular Sessions' work. Approve and finance the two-year extension of project PD 16/93 Rev.4 (M) implemented by the Secretariat.</p> <p>Estimated cost : US\$700,000 Expected funding sources: Year 2010 – US\$350,000 Unearmarked funds of Sub-Account B of the BPF/Special Account</p> <p>Year 2011 – US\$350,000 To be determined</p>	CEM
<p>32. Investigate gender equity in relation to forest management and enterprises. [ITTA, 2006, Articles 1(c), (j), (r)] [Action Plan 2008-2011, Expected Outcome 5 (A), (F)]</p>	<p>Develop a global study on gender in relation to tropical forest in order to:</p> <ul style="list-style-type: none"> <li>• Assess the status of gender equity in the tropical forest countries in forest ownership and forest enterprises as a basis for further dialogue and equity.</li> <li>• Provide governments with guidelines for supporting gender inclusive enterprises and new ventures of predominant importance to women.</li> <li>• Establish active dialogue with support networks for second and third tier organizations of women forest producers and forest managers and incorporate their perspectives into the ITTO related activities and projects.</li> </ul> <p>Estimated cost: US\$ 120,000 Expected funding source: Voluntary earmarked contributions</p>	CRF

**TO BE FURTHER DEVELOPED BY THE SECRETARIAT IN THE CONTEXT OF THE THEMATIC PROGRAMMES**

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>33. Disseminate and share information on the outputs, outcomes, impacts and lessons learned from ITTO's project work and its contribution to SFM and sustainable development in member countries, with special focus on community involvement/participation. [ITTA, 2006, Articles 1(c), (r)] [Action Plan 2008-2011, Cross-Cutting Action (f)]</p>	<p>Make provisions for holding of regional workshops in the three tropical timber producing regions with the aim to disseminate and share outputs, outcomes, impacts and lessons learned from ITTO's project work and its contribution to SFM and sustainable development in ITTO member countries.</p> <p>As recommended in Document CRF(XLI)/8 that Regional workshops or equivalent meetings of ITTO project executors for exchange of experiences in SFM should be organized on regular basis, these regional workshops will be attended by ITTO project implementing personnel and selected experts on community participation in SFM in relation to poverty alleviation.</p> <p>Estimated cost: US\$ 300,000 Expected funding source: Voluntary contributions</p>	<p>Council</p>
<p>34. Showcasing improvements of new technology from ITTO projects. [ITTA, 1994, Articles 1(f), (i), (m)] [ITTA, 2006, Articles 1(f), (i), (p)] [ITTO Action Plan 2008-2011, Cross-Cutting Action (a)]</p>	<p>ITTO has financed more than 180 projects in the field of Forest Industry with a value of US\$90.4 million. In order to disseminate the results of these projects, and made available to the end-users (forest industries, research and academic institutions, government agencies, etc.) the information on research, technology and improvements generated for its further application including the development of appropriate policies, and south-south cooperation ITTO will make provisions to:</p> <ul style="list-style-type: none"> <li>• Collect in a web database the information of technology generated by the ITTO projects completed in the last 10 years and make it available through the current website.</li> <li>• Showcase in a relevant industry fair the use of new and/or improved techniques and technology and disseminate research and knowledge available to producer and consumer members.</li> <li>• Host in collaboration with relevant partners a side event in the relevant industry fair on Forest Industry Technology Development, highlighting the contribution of ITTO in the field.</li> </ul> <p>Estimated cost: US\$140,000 Expected funding source: Voluntary contributions</p>	<p>Council</p>

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>35. Consider impacts of conservation and protection in transboundary areas in relation to achieving SFM. [ITTA, 1994, Article 1(f)] [ITTA, 2006, Articles 1(m), (q), (r)] [ITTO Action 2008-2011, Cross-Cutting Actions (e), (f)]</p>	<p>Make provisions for the holding of an international conference on biodiversity conservation in transboundary tropical forests with the aim of promoting the development and implementation of forest policies and practices towards conservation, and sustainable use of biodiversity, taking into account ITTO and partners experience in transboundary conservation areas, as well as the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests.</p> <p>The conference will facilitate the dissemination and sharing of outputs, outcomes, impacts and lessons learned from ITTO's project work in biodiversity conservation in member countries, with special focus on transboundary conservation projects in Cameroon/Gabon, Cambodia/Thailand, Malaysia/Indonesia, Ecuador/Peru and Bolivia/Peru.</p> <p>In close cooperation with relevant international and national environmental organizations and related governments, the conference will be organized in a selected country in Latin America in 2010.</p> <p>Outcomes of the conference will be disseminated at COP 10 of CBD which will take place in Nagoya, Japan, in October 2010.</p> <p>Estimated cost: US\$300,000 Expected funding source: Voluntary contributions</p>	Council
<p>36. Promote accessible financing to small and medium forest enterprises (SMEs). [ITTA, 1994, Article 1(g)] [ITTA, 2006, Article 1(g)] [ITTO Action Plan 2008-2011, Expected Outcome 1 (A)]</p>	<p>In collaboration with relevant partners, make provisions to follow one major recommendation out of the Investment Fora held by ITTO, the promotion of accessible credit lines for SMEs. Placing credit lines in the broader context of financial tools for producers, and noting the most appropriate lines of credit for different activities along the forest chain by conducting a study on successful establishment of credit lines for the forest sector in order to identify the factors, policies and instruments that can be used to multiply the effect in other countries by:</p> <ul style="list-style-type: none"> <li>• Hosting an international conference in order to disseminate the results of the study with the national governments, the development banks, the commercial banking and the forest industry; and</li> <li>• Assist one country per region in order to implement the recommendations of the study and improve its national policy in order to promote accessible credit to the SMEs.</li> </ul> <p>Estimated cost: US\$150,000 Expected funding source: Voluntary contributions</p>	CFI



ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>37. Enhancing African timber and timber products for sustainable intra-African trading. [ITTA, 1994, Articles 1(d), (e), (f), (i), (k)] [ITTA, 2006, Articles 1(d), (f), (h), (i), (k)] [ITTO Action Plan 2008-2011, Expected Outcomes 1 (B), (C), (E)]</p>	<p>In close cooperation with relevant international organizations and ITTO TAG carry out a study on harmonizing nomenclature of trade names of African timber species.</p> <p>Estimated cost: US\$60,000 Expected funding source: Voluntary contributions</p>	CFI
<p>38. Promoting roles of non-timber forest products (NTFPs) and services for sustainable forest management and improved livelihood in tropical countries. [ITTA, 1994, Articles 1(i), (f)] [ITTA, 2006, Articles 1(c), (f), (q)] [ITTO Action Plan 2008-2011, Expected Outcomes 1 (F), (G), (I)]</p>	<p>In close cooperation with FAO, facilitate expert meetings with the objectives:</p> <ul style="list-style-type: none"> <li>To gather information on potential and latest development on NTFPs and draw lesson learnt from the implementation of ITTO NTFPs projects in the participating countries.</li> <li>Analyze elements necessary to establish networking between and among participating countries and identify strategies for interventions for improved processing techniques and marketing.</li> <li>Formulate a regional project proposal focusing on networking establishment to promote added value processing, market and value chains of NTFPs for SFM and improved livelihood.</li> </ul> <p>Estimated cost: US\$130,000 Expected funding source: Voluntary contributions</p>	CFI
<p>39. Promote the adoption of voluntary codes of conduct for forest industry enterprises. [ITTA, 1994, Articles 1(d), (i)] [ITTA, 2006, Articles 1(d), (l), (n), (o)] [ITTO Action Plan 2008-2011, Expected Outcome 1 (H)]</p>	<p>In collaboration with relevant partners, make provisions in order to collect and compile the process of adoption of voluntary codes of conduct in producing member countries and assist selected member countries and their industry associations in adopting such codes of conduct and document the process and lessons learned for further dissemination.</p> <p>Estimated cost: US\$170,000 Expected funding source: Voluntary contributions</p>	CFI
<p>40. Support selected producing member countries to promote wood-based bioenergy using wood residues and waste. [ITTA, 1994, Articles 1(i), Article 27(3b)] [ITTA, 2006, Articles 1(a), (c), (f), (p), (s)] [ITTO Action Plan 2008-2011, Expected Outcome 2 (A)]</p>	<p>Based on the outcomes and recommendations of the International and Regional Fora on Wood-based Bioenergy using wood wastes and residues, the activity aims at further assisting member countries on formulating project proposals to develop wood-based bioenergy by:</p> <ul style="list-style-type: none"> <li>Gathering information on the country's potential to promote wood-based bioenergy using wood residues and wastes (including availability of wood residues and wastes, processing technology, products' markets and human resources).</li> </ul>	CFI

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
	<ul style="list-style-type: none"> <li>Analyzing country's needs and setting up priorities in the promotion of wood-based bioenergy using wood residues and wastes.</li> <li>Formulating a project proposal on wood-based bioenergy using wood residues and wastes to be submitted to ITTO or other potential donors.</li> </ul> <p>Estimated cost: US\$100,000 Expected funding source: Voluntary contributions</p>	
<p>41. Strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries. [ITTA, 1994, Articles 1(c), (f), (i), Article 27(3a)] [ITTA, 2006, Articles 1(f), (i)] [ITTO Action Plan 2008-2011, Expected Outcomes 2 (A), (C)]</p>	<p>This pilot activity will focus in producing member countries in the Africa, Asia Pacific and Latin America and Caribbean Regions in which their forest industries production chains encounter problems of inefficiency and lack of human resource capacity.</p> <p>The scope of the in-house training to be provided to industries in producing member countries, will include strengthening capacity in common problem areas in the wood-based industries, namely: logs stocking and loading, kiln dry and boiler, saw doctoring, finger jointing, laminating, packing, waste control, maintenance and arrangement, safety and mentality.</p> <p>Estimated cost: US\$250,000 Expected funding source: Voluntary contributions</p>	CFI
<p>42. Enhance the technical capacity of member countries, particularly developing member countries, to meet the statistics and reporting requirements. [ITTA, 1994 Article 30(5)] [ITTA, 2006, Article 28(5)] [ITTO Action Plan 2008-2011, Expected Outcome 3 (D)]</p>	<p>Upon request, provide assistance to member countries to strengthen their statistics collection and enhance reporting.</p> <p>Estimated cost: US\$100,000 Expected funding source: Voluntary contributions</p>	CEM
<p>43. Enhancement of statistical work and databases on statistics. [ITTA, 1994, Article 29] [ITTA, 2006, Article 27] [ITTO Action Plan 2008-2011, Expected Outcome 3 (D), (E)]</p>	<p>The Committee will make provisions for and consider the results of activities to improve statistical databases, maintain access to international forest products trade databases and to maintain involvement in the Intersecretariat Working Group on Forest Statistics and Joint Forest Sector Questionnaire Process.</p> <p>Estimated cost: US\$100,000 Expected funding source: Voluntary contributions Year 2010 – US\$50,000</p> <p>To be determined Year 2011 – US\$50,000</p>	CEM

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>44. Review of the timber market in two significant tropical timber importing countries. [ITTA, 1994, Article 1(e), Article 27(1)] [ITTA, 2006, Article 1(e), (h)] [ITTO Action Plan 2008-2011, Expected Outcome 3 (F)]</p>	<p>Regular Sessions' work. Provisions for the studies and markets to be covered may be proposed by the Committee.</p> <p>Estimated cost: US\$200,000 Expected funding source: Voluntary contributions Year 2010 – US\$100,000 Year 2011 – US\$100,000</p>	CEM
<p>45. Continue to promote improvement in forest law enforcement. [ITTA, 1994, Article 1(c), (d)] [ITTA, 2006, Article 1(n)] [ITTC Decision 6(XXXI)] [ITTO Action Plan 2008-2011, Expected Outcome 4 (A)]</p>	<p>In cooperation with FAO, continue, as necessary and upon request, to disseminate and promote use of "Best Practices for Improving Law Enforcement in the Forest Sector", developed jointly by ITTO and FAO, and provide for feedback from the workshops. The cooperation will include developing a compendium of the current state of national technologies for monitoring illegal logging and related trade for consideration and approval of the Council (unfunded in 2008-2009 BWP).</p> <p>Estimated cost: US\$200,000 Expected funding source: Voluntary contributions</p>	CEM
<p>46. Promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources. [ITTA, 1994, Articles 1(d), (e), (k)] [ITTA, 2006, Articles 1(d), (k), (n), (o)] [ITTO Action Plan 2008-2011, Expected Outcome 4 (A), (B)]</p>	<p>(a) Further support development of innovative timber tracking systems and dissemination of information on timber produced under timber tracking systems using funds from the 2008-2009 BWP.</p> <p>(b) Further promote the development and implementation of web-based information systems designed and operated to make sound data and information available to assist consumers in identifying/purchasing legally/sustainably produced timber, in cooperation with governments and public-private partnerships.</p> <p>Estimated cost (b): US\$300,000 Expected funding source: Voluntary contributions</p>	CEM

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>47. Organize an International Conference on Forest Tenure, Governance and Small and Medium Forest Enterprises with focus in the Asia-Pacific. [ITTA, 2006, Articles 1(c), (j), (r)] [Action Plan 2008-2011, Expected Outcome 5 (A), (F)]</p>	<p>Based on the recommendations of the International Conference on Tropical Forest Tenure, Governance and Enterprise, held in Yaoundé, Cameroon, from 25 to 29 May 2009; based on the results obtaining from the Conference on Community Forestry and Enterprises held in Rio Branco, Brazil in 2007; in partnership with relevant organizations and in collaboration with CSAG, organize an International Conference on Forest Tenure, Governance and Small and Medium Forest Enterprises with focus in the Asia-Pacific region to share experiences and learn from each other.</p> <p>Estimated cost: US\$ 300,000 Expected funding source: Voluntary contributions</p>	CRF
<p>48. Review and update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to take into account recent developments in tropical forestry. [ITTA, 1994, Articles 1(c), (j)] [ITTA, 2006, Articles 1(c), (f), (p), (p)] [Action Plan 2008-2011, Expected Outcome 6 (B)]</p>	<p>In cooperation with relevant partners, make provisions to update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests.</p> <p>While this activity has been initiated during 2008-2009 with partial funding, additional resources are required in order to carry out field-testing of the draft revised guidelines in each of the three tropical regions and to convene a final expert meeting.</p> <p>Estimated cost: US\$130,000 Expected funding source: Voluntary contributions</p>	CRF
<p>49. Promote the implementation of guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land. [ITTA, 1994, Article 1(j)] [ITTA, 2006, Articles 1(j), (m)] [ITTC Decisions 1(XXXV), 4(XXXV)] [Action Plan 2008-2011, Expected Outcome 6 (B)]</p>	<p>Make provisions for ITTO, in collaboration with the Global Partnership on Forest Landscape Restoration (GPFLR) and national institutions to establish and consolidate a learning network of forest landscape restoration model sites for demonstration, exchange of experience and dissemination of best practices.</p> <p>Estimated cost: US\$120,000 Expected funding source: Voluntary contributions</p>	CRF

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>50. Facilitate the application of the <i>ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests</i>.  <i>[ITTA, 1994, Article 1(l)]</i>  <i>[ITTA, 2006, Articles 1(m), (r)]</i>  <i>[ITTC Decision 6(XLV)]</i>  <i>[Action Plan 2008-2011, Expected Outcomes 6 (B), (G)]</i></p>	<p>Pursuant to Decision 6(XLV), ITTO is required to promote the application of Biodiversity Guidelines at a range of scales in partnership with forest operators, local communities and other stakeholders in cooperation with other international organizations, civil society organizations and others by encouraging members to adapt and make use of the <i>ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests</i> wherever appropriate in their work, including in ITTO project proposals and reporting, facilitating the application of the Guidelines at a range of scales in partnership with forest operators, local communities and other stakeholders in cooperation with other international organizations, civil society organizations and others.</p> <p>Support will be provided to interested member countries and forest concessionaires to adapt and implement the Guidelines at forest management unit level, as well as for the dissemination and adoption of the Guidelines in other forest biodiversity related projects e.g. from the CBD, the GEF, and others.</p> <p>Estimated cost: US\$175,000  Expected funding source: Voluntary contributions</p>	<p>CRF</p>
<p>51. Enhance cooperation between ITTO and CITES.  <i>[ITTA, 1994, Article 14]</i>  <i>[ITTA, 2006, Article 15]</i>  <i>[ITTC Decisions 3(XVI), 7(XXXIV), 2(XXXVII)]</i>  <i>[ITTO Action Plan 2008-2011, Cross-Cutting Action (n)]</i></p>	<p>(a) Continue to assist Members to implement CITES listings of timber species (additional funding for 2008-2009 BWP activity).</p> <p>Estimated cost: US\$1,500,000  Expected funding source: Voluntary contributions</p> <p>(b) Make provisions for and consider the results of a review of current management status, production levels and trade volumes of internationally traded tropical timber species included in the IUCN Red List of Threatened Species (unfunded in 2008-2009 BWP).</p> <p>Estimated cost: US\$50,000  Expected funding source: Voluntary contributions</p>	<p>Council</p>

## **FINANCIAL AND ADMINISTRATIVE ACTIVITIES**

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
52. Review the independent audited statements for the 2009 and 2010 financial years. [ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]	Regular Sessions' work.	CFA
53. Make recommendations to Council on the appointment of auditors for a three-year term for the purpose of auditing the accounts of the Organization for the 2010, 2011 and 2012 financial years. [ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]	Regular Sessions' work.	CFA
54. Review and make recommendations to Council, as necessary, regarding the Organization's administrative budget for the year 2011 of the biennial administrative budget for the years 2010-2011. [ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]	Regular Sessions' work.	CFA
55. Examine and make recommendations to Council, regarding the approval of the Organization's biennial administrative budget proposals for the financial years 2012-2013. [ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]	Regular Sessions' work.	CFA
56. Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work. [ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]	Regular Sessions' work.	CFA
57. Examine and make recommendations to Council, on the budgetary implications of the Organization's work programme, and the actions that might be taken to secure the resources needed to implement it. [ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]	Regular Sessions' work.	CFA

## SECRETARIAT

The Secretariat, under the Executive Director, is responsible for the day-to-day running and administration of the Organization and for preparation for meetings. The Secretariat will also implement (or as appropriate arrange for implementation of), pre-projects, projects and activities placed under the Secretariat's responsibility by Council, including:

ACTIVITY	
<b>SUPPORT TO COUNCIL AND COMMITTEE SESSIONS</b>	
A.	Preparation for Sessions of Council and Committees, including the drafting and arrangements for translation and distribution of necessary documents.
B.	Service Council and Committees during Sessions scheduled in 2010-2011.
C.	Prepare draft 2009 and 2010 Annual Reports and Annual Reviews of the Organization.
D.	Develop a Draft ITTO Biennial Work Programme for 2012-2013.
E.	Prepare a proposal for the administrative budget for the Biennium 2012-2013.
<b>PROJECT SUPPORT</b>	
F.	Organize and provide assistance to four meetings of the Expert Panel for Technical Appraisal of Project Proposals in 2010-2011.
G.	Appraise proposals to the Thematic Programmes with the support of the Thematic Programme Advisory Committees, make decisions on funding and manage the programmes.
H.	Carry out project monitoring and evaluation work needed to assist the ITTO Committees' task of ensuring appropriate monitoring/evaluation of ITTO financed pre-projects and projects.
I.	Implement (or as appropriate arrange for implementation of), pre-projects, projects and activities placed under the Secretariat's responsibility by Council, including:
I.	ITTO Fellowship Programme (Freezailah Fellowship Fund)
II.	Project PD 73/89 (M,F,I): Assistance for Project Identification and Formulation
III.	Project PD 13/99 Rev.2 (M,F,I): ITTO Information Network and Project Support
IV.	Project PD 16/93 Rev.4 (M) Phase IV: Market Information Service for Tropical Timber and Timber Products
V.	Pre-Project PPD 14/00 (M): Strengthening the Annual Market Discussion
VI.	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
VII.	RED-A 004/09 Rev.1 (F): Building a Voluntary Carbon Marketing Scheme to Promote Sustainable Forest Management





**TERMS OF REFERENCE FOR THE ACTIVITIES  
CONTAINED IN THE  
BIENNIAL WORK PROGRAMME  
FOR THE YEARS 2010-2011**

15  
6  
8  
9  
10

Activity No. 1

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

*[ITTA, 1994, Articles 29, Article 30]*

*[ITTA, 2006, Articles 27, Article 28]*

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

**I. Background**

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

**II. Description**

The activity will allow for production and distribution of 4 issues of the TFU in ITTO's three working languages in both 2010 and 2011. Each issue of the TFU will be distributed to a combined mailing list of 15,000 people and will also be posted on the ITTO website.

**III. Expected Outputs**

Eight issues of TFU in three of the ITTO working languages in hard copy and electronic versions

**IV. Target Countries** Global

**V. Duration & Timing** 24 months

**VI. Budget** \$1,000,000 (Four issues per year for two years)

Activity No. 2

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

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

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

**I. Background**

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

**II. Description**

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

**III. Expected Outputs**

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

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

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

Activity No. 3

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

*[ITTA, 1994, Article 1]*

*[ITTA, 2006, Article 1]*

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

**I. Background**

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

**II. Description**

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

**III. Expected Outputs**

- a) At least 4 new Technical Series documents or other official publications;
- b) Side events/information booths at relevant fora (e.g. CBD, COP, COFO, FAO Regional Forestry meetings, UNFF meetings, UNFCCC meetings, Commonwealth Forestry Congress, IUFRO Congress, etc.);
- c) Regularly updated/improved website in the three working languages and also in Japanese;
- d) ITTO Annual Reports for 2010-2011;
- e) Enhanced photo database; and
- f) Various outreach materials (e.g. brochures, posters, calendars, bags, folders, etc).

**IV. Target Countries**    Global

**V. Duration & Timing**    24 months

**VI. Budget**            \$350,000

Activity No. 5(a)

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

**(A) CONTINUE TO SECOND A SENIOR OFFICIAL TO THE UNFF SECRETARIAT IN THE  
BIENNIUM AND REGULARLY REVIEW THE EFFECTIVENESS OF THIS SECONDMENT**

*[ITTA, 1994, Article 14]*

*[ITTA, 2006, Article 15]*

*[ITTC Decision 7(XXX)]*

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

**I. Background**

As a founding member of the CPF, ITTO has established, maintained and strengthened cooperation with the UNFF since its establishment in 2000. One of the significant activities reflecting the continuing cooperation between ITTO and UNFF is the practice of seconding a senior ITTO official to the UNFF Secretariat. The primary purpose of the secondment is to ensure that the perspective of tropical forests and timber is adequately presented in the documentation and deliberation of forest issues by the UNFF, considering that most, if not all, of these issues have a heavy focus on tropical forests and timber. The secondment also serves to enhance the role of ITTO in relevant regional and international fora as mandated by the ITTC, extend ITTO's outreach, communication and interaction with relevant organizations and stakeholders at the international and regional levels, keep ITTO abreast with and getting involved in major and emerging issues, knowledge, approaches and initiatives relating to forests, assist in the implementation of some of ITTO work, programmes, and activities requiring collaboration and partnership with relevant organizations, parties and stakeholders, and enhance synergy, efficiency and effectiveness through cooperation, collaboration, coordination, sharing of experiences and pooling of resources and expertise.

**II. Description**

The senior ITTO official is seconded to serve in the Secretariat of UNFF. The official will be responsible to the Director of the UNFF Secretariat but will also report and maintain liaison with the Executive Director of ITTO on developments in the work and activities of the UNFF and other related fora. Specifically, the duties of the official include:

- a) Assisting the Director of UNFF Secretariat as directed, particularly in various fields related to the activities and mandate of ITTO;
- b) Submitting a report every six months to the Executive Director of ITTO on developments and progress in international dialogue on forestry under the UNFF, with recommendations on strengthening ITTO's role and support for relevant initiative as necessary; and
- c) Visiting the ITTO Secretariat for consultations or attend ITTO related meetings and make presentations as required.

**III. Expected Outputs**

- a) Representation of ITTO at UNFF Secretariat extended;
- b) Cooperation between ITTO and UNFF maintained and strengthened;
- c) ITTO's outreach, communication and interaction at international and regional levels extended;
- d) Perspective of tropical forests and timber adequately presented in UNFF documents and deliberations;
- e) ITTO's knowledge and awareness of major and emerging forest issues and developments at the international and regional level updated and enhanced; and
- f) Efficiency and effectiveness of ITTO's work requiring collaboration at the international level enhanced.

**IV. Target Countries**      Global

**V. Duration & Timing**      24 months

**VI. Budget**      US\$500,000

Activity No. 5(b)

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

**(B) PARTICIPATE IN AND CO-SPONSOR EVENTS AND ACTIVITIES FOR THE  
IMPLEMENTATION OF THE INTERNATIONAL YEAR OF FORESTS (IYF) 2011**

*[ITTA, 1994, Article 14]*

*[ITTA, 2006, Article 15]*

*[ITTC Decision 7(XXX)]*

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

**I. Background**

On 20 December 2006, the United Nations General Assembly at its Sixty-first Session adopted Resolution 61/193 declaring the year 2011 as the International Year of Forests (IYF). The primary purpose of IYF is to raise awareness at all levels with a view to strengthening efforts toward the sustainable management, conservation and development of all types of forests for the benefit of the present and future generations.

In this connection, the UNFF Secretariat will serve as the focal point for the implementation of IYF in collaboration with governments, CPF and other organizations, processes and groups. These entities have been called upon to support the implementation of IYF through specific activities drawn up for the event and by linking their relevant activities to IYF. A website for IYF has been established within the UNFF website.

**II. Description**

The IYF provides a strategic opportunity for ITTO to showcase its work and achievements in pursuit of its overarching objective of promoting the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and the sustainable management of tropical timber producing forests. This sub strategic policy activity is to enable ITTO to be involved in the planning and implementation of some of the series of events and activities for IYF to be drawn up in due course by the UNFF Secretariat in collaboration with the CPF of which ITTO is a member.

ITTO will liaise with the UNFF Secretariat which also serves the CPF in the planning and execution of a series of events and activities specifically for the implementation of IYF. ITTO will in due course identify and select those events and activities which it will co-sponsor and participate in.

**III. Expected Outputs**

- a) ITTO's involvement and participation in IYF secured.
- b) ITTO's work and achievements effectively showcased in IYF activities.
- c) ITTO's cooperation and collaboration with UNFF and CPF enhanced.
- d) ITTO's outreach, communication and interaction at international level extended.

**IV. Target Countries**      Global

**V. Duration & Timing**      12 months in 2011

**VI. Budget**      US\$150,000

Activity No. 5(c)

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

**(C) CONTINUE TO SUPPORT ITTO PARTICIPATION AND CONTRIBUTION TO  
COLLABORATIVE WORK WITH IUFRO**

*[ITTA, 1994, Article 14]*

*[ITTA, 2006, Article 15]*

*[ITTC Decision 7(XXX)]*

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

**I. Background**

Over the years, ITTO and IUFRO have cooperated and collaborated in areas of mutual interest. Cooperation between the two organizations has been formalized and cemented following the signing of an 'umbrella' memorandum of understanding (MOU) on 29 September 2007 aimed at strengthening cooperation and partnership through joint collaborative work within the scope of sustainable management and conservation of natural resources particularly forests.

In the past three years, ITTO has provided funding under its Biennial Work Programmes 2006-2007 and 2008-2009 to IUFRO for the development and expansion in ITTO developing member countries of the Global Forest Information Service (GFIS), a joint initiative under the CPF of which both ITTO and IUFRO are members.

**II. Description**

Pursuant to the MOU and building on the previous and on-going cooperation between the organizations, this sub strategic policy activity is aimed at strengthening the capacity of ITTO producer member countries in generating new scientific information on REDD and enhancement of environmental services in tropical forests in Africa. The objectives of this collaborative work are to:

- a) Support thematic networking among forest scientists of the Forestry Research Network of Sub-Saharan Africa (FORNESSA) to produce value-added scientific publications in the field of REDD and environmental services from tropical forests;
- b) Assist FORNESSA in communicating the scientific results to policy makers and stake-holders principally through the internet-based FORNESSA Information Service (FORNIS); and
- c) Assist in building capacity of forest scientists in Africa in networking and research cooperation through the convening of a one-week training workshop to be held in conjunction with XXIII IUFRO World Congress in Seoul, Rep. of South Korea, in August 2010.

**III. Expected Outputs**

- a) Comprehensive review of knowledge on environmental services including REDD achieved through thematic networking;
- b) Research results disseminated through upgraded FORNIS;
- c) Selected scientists from ITTO member countries in Africa trained in thematic networking and interacting on research results on climate change, environmental services and related issues; and
- d) Cooperation between ITTO and IUFRO further enhanced.

**IV. Target Countries** ITTO member countries in Africa

**V. Duration & Timing** 24 months

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



Activity No. 5(d)

**CONTINUE TO PROVIDE FOR ITTO'S COOPERATION AND CONSULTATION WITH THE CPF AND  
SUPPORT OF UNFF AND OTHER RELEVANT INTERNATIONAL AND REGIONAL ORGANIZATIONS,  
INSTITUTIONS AND INITIATIVES**

**(D) WORKSHOP ON FOREST GOVERNANCE, DECENTRALIZATION AND REDD IN LATIN AMERICA  
(MEXICO, AUGUST 2010)**

*[ITTA, 1994, Article 14]*

*[ITTA, 2006, Article 15]*

*[ITTC Decision 7(XXX)]*

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

**I. Background**

In 2004, ITTO co-organized Switzerland's and Indonesia's jointly organized the Interlaken Workshop on Decentralization in Forestry as a country-led initiative in support of the United Nations Forum on Forests (UNFF). The purpose of that workshop was to capture the global situation in the interplay between forest governance and decentralization. The Interlaken workshop was followed by regional workshops on Forest Governance and Decentralization in Asia and the Pacific (Yogyakarta, Indonesia, 2006) and Africa (Durban, South Africa, 2008).

The Mexico Workshop, which will also be organized as a country-led Initiative in support of UNFF, will serve as the Latin American chapter of this series of discussions on decentralization and forest governance. These workshops have a dual focus. Each workshop gives special attention to regional realities. The series of workshops also aims to better our understanding of how decentralization and broader forest governance reforms contribute to sustainable management of forests (SFM), as well as to the improvement of living conditions for people who depend on forests. In Mexico, a study of Latin American specifics will provide a regional perspective and build on findings from other regions and previous workshops. In addition, with the increased attention on the role forests play in climate change, the Latin American workshop discussions will also consider the linkages among forest governance, SFM and the increasing role of forests in climate change mitigation and adaptation.

Participants will include governments (both central and decentralized government units), development and environmental NGOs, local and indigenous peoples representatives, private sector representatives, regional organizations, and other relevant stakeholders from Latin America and other regions, global organizations such as UNFF, ITTO, FAO, UNFCCC, and representatives of governments from Indonesia, South Africa, India, Russia and China.

The conference is organized by the Comisión Nacional Forestal (CONAFOR) Comisión Nacional Forestal, the Federal Office for the Environment (FOEN) of the Swiss Government, the Center for International Forestry Research (CIFOR), Intercooperation, the Swiss Foundation for development and international cooperation, DFID, UNFF and ITTO. The total budget is US\$ 565,000 to which ITTO should contribute with US\$ 60,000. The ITTO contribution is to assure that ITTO's experience is brought into the workshop deliberations and for sponsoring a number of participants from ITTO member countries to attend the workshop.

**II. Description**

The workshop will contribute to improved understanding at the global level of forest governance, SFM and reducing emissions from deforestation and forest degradation (REDD). The results from the Mexico Workshop are expected to directly feed into the Forty-sixth session of the ITTC and the ninth session of UNFF.

Several factors underscore the relevance of discussing the relationships among SFM, forest governance, REDD and livelihoods. Forests in Latin America are home to tens of millions of people who depend directly on forest resources for their livelihoods. Current deforestation rates and their external drivers deprive these people of the primary resource they depend on. At the same time and in many places, deforestation and forest degradation is driven by poverty: Poor communities change the land use to improve their lives. The conditions of forest governance will determine whether REDD strategies, projects and schemes can realize their potential to preserve forests and to reduce degradation. These conditions will also determine whether

REDD can bring real benefits to poor people who depend on forests and who often already serve as their traditional safeguards or whether those potential benefits are channeled to other stakeholders.

### **III. Expected Outputs**

The workshop will:

- a) Identify trends, facilitate the sharing of experience and distil lessons learnt on SFM, forest governance and decentralization;
- b) Explore synergies with emerging REDD/REDD+ strategies and SFM;
- c) Identify opportunities and threats to livelihoods and poor people;
- d) Inform the 46th session of the ITTC and the ninth session of UNFF; and
- e) Inform pre-2012 discussions on REDD/REDD+ and its post-2012 design.

**IV. Target Countries** Latin American and Caribbean countries

**V. Duration & Timing** 9 months, 1 March 2010 – 30 November 2010

**VI. Budget** US\$ 60,000

Activity No. 6

**UNDERTAKE STUDIES IN COLLABORATION WITH RELEVANT PARTNER ORGANIZATIONS TO  
REVIEW THE ACHIEVEMENT OF SUSTAINABLE MANAGEMENT OF  
TROPICAL TIMBER PRODUCING FORESTS**

*[ITTA, 1994, Article 29(3)]*

*[ITTA, 2006, Article 28(4a)]*

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

**I. Background**

ITTO published its first SFM Tropics report in 2005. The 2008-2009 BWP provided funds to update/revise the report for 2010.

**II. Description**

The activity seeks additional funding for the SFM Tropics 2010 report provided for in the 2008-2009 BWP. The additional funding will be used to help defray translation and production costs of the report, as well as to retain public relations consultants to assist with its launch in late 2010. This activity will take place in 2010, primarily in the second half.

**III. Expected Outputs**

- a) SFM Tropics report in the three working languages of ITTO; and
- b) Publicity campaign and launching event.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 12 months in 2010

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

Activity No. 7

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

*[ITTA, 1994, Articles 1(j), (m)]*  
*[ITTA, 2006, Article 1(i), (l), (p)]*  
*[ITTC Decisions 3(XXVI), 5(XXX), 9(XXX), 4(XXXIV)]*  
*[Action Plan 2008-2011, Cross-Cutting Action (g)]*

**I. Background**

ITTO has provided limited assistance to countries to report on progress towards SFM for its SFM Tropics 2010 report. Funds made available for this purpose under earlier BWPs have been almost exhausted.

**II. Description**

The activity seeks additional funding to continue ITTO's support to producing member countries to report on progress towards SFM using the ITTO criteria and indicators reporting format. A maximum of \$10,000 per country will be provided to assist countries in compiling their reports which will be used as primary information sources for the SFM Tropics 2010 report. The activity will occur during the first half of 2010.

**III. Expected Outputs**

At least 15 country reports on progress towards SFM using the ITTO C&I reporting format.

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

**V. Duration & Timing** 6 months in first half of 2010

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

Activity No. 8

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

*[ITTA, 1994, Article 1]*

*[ITTA, 2006, Article 1]*

*[ITTC Decision 1(XLIV)]*

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

**I. Background**

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

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

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

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

Since the Secretariat secured the initial fund to begin with the CEEP, the Environmental Education Conference under the CEEP has been convened in Yokohama on 10 July 2009 with the participation of the 800 international students from 40 countries. The Crown Prince and Crown Princess of Japan and other high level dignitaries including the Mayor of the City of Yokohama participated in the conference. The activities mentioned in the BWP 2010-2011 are part of the second and third year programme under the CEEP.

**II. Description**

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

**III. Expected Outputs**

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

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

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

Activity No. 10

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

[ITTA, 1994, Article 1(f)]  
[ITTA, 2006, Articles 1(f), (p)]  
[ITTC Decision 1(XXXVIII)]  
[Action Plan 2008-2011, Cross-Cutting Actions (c), (o)]

**I. Background**

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

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

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

**II. Description**

Support is required for ITTO to continue assisting members in implementing sustainable forest management as an integrated forest sector response to climate change, and to guarantee an organized participation in the global debate related to the role of tropical forests in climate change mitigation and adaptation. Activities to be developed include:

- a) Promote the role of sustainable forest management in the tropics to support climate change mitigation and adaptation through major regional and international forums;
- b) Establishment of a web based information platform as well as production of a TFU issue on tropical forests and REDD+ to keep ITTO members and the general public informed on the role of tropical forests in climate change;
- c) Taking into account the CPF Strategic Framework on Forests and Climate Change, participate in CPF related initiatives on forests and climate change (including on definitions) to bring up tropical forest perspectives;
- d) Attendance of UNFCCC meetings where tropical forests will be brought to debate and organization of a side event at UNFCCC COPs;

- f) Facilitate the participation of ITTO producer member countries in events where the theme of forests and climate change will be high in the agenda to make sure that ITTO producer member countries are well informed, actively involved, and benefit from possible incentives for sustainable forest management in the tropics; and
- g) Update the Forty-sixth and Forty-seventh ITTC on the development of the tropical forest debate under the UNFCCC framework.

**III. Expected Outputs**

- a) ITTO producer member countries informed and supported on their initiatives to relate sustainable forest management and climate change, including project development and policy reforms;
- b) Relevant literature and statistical data on tropical forests and climate change available and regularly updated in the ITTO web page and through its other communications means, including TFU;
- c) ITTC Document on *"Developments in UNFCCC/IPCC Discussions regarding Reducing Emissions from Forest Degradation and Deforestation and Implications for Tropical Forests and Tropical Timber Producers"* updated to keep informed the Forty-sixth and Forty-seventh ITTC;
- d) The role of SFM in the tropics debated and disseminated in relevant international fora, including the UNFCCC COPs, through purpose-made information events; and
- e) Active ITTO participation in the CPF initiatives related to forests and climate change, including the initiative on measuring and assessment forest degradation.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$275,000

Activity No. 30

**COLLABORATE WITH THE TRADE ADVISORY GROUP (TAG) IN ORGANIZING AND HOLDING THE  
ITTO ANNUAL MARKET DISCUSSION ON THE WORLD TROPICAL TIMBER TRADE DURING  
SESSIONS OF THE ITTC IN 2010 AND 2011**

*[ITTA, 1994, Articles 1(e), (h), Article 27(1)]*  
*[ITTA, 2006, Articles 1(e), (h)]*  
*[ITTO Action Plan 2008-2011, Expected Outcome 3 (B)]*

**I. Background**

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

**II. Description**

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

**III. Expected Outputs**

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

**IV. Target Countries**      ITTO member countries

**V. Duration & Timing**      24 months

**VI. Budget**      US\$100,000



Activity No. 31

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

*[ITTA, 1994, Articles 29, Article 30]  
[ITTA, 2006, Articles 27, Article 28]  
[ITTO Action Plan 2008-2011, Expected Outcome 3 (C)]*

**I. Background**

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

**II. Description**

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

**III. Expected Outputs**

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

**IV. Target Countries**      Global

**V. Duration & Timing**      24 months

**VI. Budget**              US\$700,000

Activity No. 32

**INVESTIGATE GENDER EQUITY IN  
RELATION TO FOREST MANAGEMENT AND ENTERPRISES**

*[ITTA, 2006, Articles 1(c), (j), (r)]  
[Action Plan 2008-2011, Expected Outcome 5 (A), (F)]*

**I. Background**

The international conference on forest tenure, governance and enterprises carried out in Yaoundé (Cameroon) in May 2009, recognized as a key challenge for sustainable forest management the need to recognize and address the gender dimensions in tropical forestry. Women in forestry face particular challenges due to lack of property ownership; lack of access to finance, markets and technology; unfavorable laws relative to access and ownership; and lack of information on laws and regulations. The conference requested ITTO to develop an agenda to promote gender equity within forestry and forest based enterprises, aiming at equitable sharing of responsibilities and benefits towards sustainable livelihoods.

**II. Description**

In close collaboration with ITTO's Civil Society Advisory Group (CSAG), a study is proposed to:

- a) Assess the status of gender equity in the tropical forest countries in forest ownership and forest enterprises as a basis for further dialogue and equity; and
- b) Establish active dialogue with support networks for second and third tier organizations of women forest producers and forest managers and evaluate their perspectives in relation to the ITTO activities and projects.

An international consultant will be hired and be operational according to the following brief terms of reference:

- a) Prepare a background paper documenting the role of women in sustainable forest management in the tropics;
- b) Participate in an experts meeting to review and validate the background paper;
- c) Prepare a policy brief to inform government about gender issues in forest management and enterprises.

**III. Expected Outputs**

Validated policy brief on gender equity in relation to forest management and forest based enterprises in the tropics.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 12 months in 2010

**VI. Budget** US\$120,000

Activity No. 33

**DISSEMINATE AND SHARE INFORMATION ON THE OUTPUTS, OUTCOMES, IMPACTS AND LESSONS LEARNED FROM ITTO'S PROJECT WORK AND ITS CONTRIBUTION TO SFM AND SUSTAINABLE DEVELOPMENT IN MEMBER COUNTRIES**

*[ITTA, 2006, Articles 1(c), (r)]  
[Action Plan 2008-2011, Cross-Cutting Action (f)]*

**I. Background**

The aim of this Activity is to organize regional workshops in order to disseminate and share outputs, outcomes, impacts and lessons learned from ITTO's project work and its contribution to SFM and sustainable development in ITTO member countries. The workshops will allow for exchange of experiences on the implementation of sustainable forest management (SFM) through ITTO supported projects and activities, such as the application of C&I at national and FMU levels.

**II. Description**

The holding of regional workshops will be a good opportunity for exchange of experiences on different aspects of the SFM implementation in ITTO member countries through the following strategy:

- a) Number of 3-day workshops: three workshops, one in each ITTO tropical timber producing region (Africa, Asia-Pacific and Latin America);
- b) Venue: in a selected country within each region. The selection process will take into account: the extent of forest resources, number of ITTO supported projects focusing on sustainable forest management, and the proposed contribution of the country for the organization of the workshop and communication facilities; and
- c) Number of participants: 40-50, including ITTO focal points and executing agencies implementing ITTO projects focusing on sustainable forest management. Such projects will be selected taking into account the following priority areas:
  - Policy development
  - Reduced impact logging
  - Forest Management/inventory
  - Community participation in forest management
  - Demonstration areas
  - Forest Rehabilitation
  - Plantation establishment
  - Silviculture of natural forests
  - Environmental services
  - Forests and Climate Change
  - Specialty forests (mangroves, bamboo, rattan, etc.)

An international consultant will be selected for the overall coordination and facilitation of the workshops. His/her terms of reference will include the following specific tasks:

- a) Refine, in consultation with ITTO the criteria for the selection of the workshop host country;
- b) Develop in consultation with ITTO a grid for the assessment of experience generated from ITTO supported projects with the view to facilitate comparison and discussion;
- c) Develop in consultation with ITTO and focal points a format for national papers and reports presented by focal points and papers to be presented by Executing Agencies at the workshop;
- d) Assist the regional consultants in planning and organizing the regional workshops;
- e) Moderate the workshops in cooperation with the regional consultants; and
- f) Provide during the workshops an overview of sustainable tropical forest management status and challenges, including clarifying the overall framework for implementing sustainable forest management and linkages with criteria and indicators.

Three regional consultants, one from each tropical timber producing region, will be selected to facilitate the organization of the regional workshops. Their terms of reference will include the following specific tasks:

- a) In consultation with the international consultant, national ITTO focal points and ITTO refine the criteria for the selection of projects to be presented at the regional workshop;
- b) Propose to ITTO the projects to be presented at the regional workshop;
- c) Assist Executing Agencies and focal points in preparing papers and reports to be presented at the workshops;
- d) Assist the host country in the organization of the workshop;
- e) Assist the international consultant in facilitating the workshop; and
- f) Prepare the report of the workshop for submission to ITTO.

**III. Expected Outputs**

- a) Implementation of ITTO SFM Projects and Activities improved in member countries through the exchange of experiences among participants attending the regional workshops; and
- b) Proceedings of the regional workshops prepared and disseminated by the ITTO Secretariat.

**IV. Target Countries      ITTO member countries**

**V. Duration & Timing      24 months**

**VI. VI. Budget      US\$300,000**

Activity No. 34

**SHOWCASING IMPROVEMENTS OF NEW TECHNOLOGY FROM ITTO PROJECTS**

*[ITTA, 1994, Articles 1(f), (i), (m)]*  
*[ITTA, 2006, Articles 1(f), (i), (p)]*  
*[ITTO Action Plan 2008-2011, Cross-Cutting Action (a)]*

**I. Background**

ITTO has financed more than 180 projects in the field of Forest Industry with a value of US\$90.4 million. Many of these projects have done extensive research and development or improved technology for forestry operations, such as, primary and secondary wood processing, RIL, increasing efficiency in the use of wood and wood residues, wood properties, end-use requirements, LUS, collection and transformation of NTFPs, bioenergy, among others.

**II. Description**

In order to widely disseminate the results of these projects, and made available to the end-users (forest industries, research and academic institutions, government agencies, etc.) the information on research, technology and improvements generated for its further application including the development of appropriate policies, and south-south cooperation ITTO proposes to:

- a) Collect in a web database the information of technology generated by the ITTO projects completed in the last 10 years in the fields of Primary and Secondary Wood Processing (PSWP) and Lesser-Used Species (LUS) and make it available through the current website;
- b) Showcase in a relevant wood industry fair the use of new and/or improved techniques and technology and disseminate research and knowledge available to producer and consumer members.
- c) Host in collaboration with relevant partners a side event on Forest Industry Technology Development, highlighting the contribution of ITTO in the field and promoting south to south cooperation in the field of transfer of technology.

A Data-Base consultant will be engaged in order to collect the relevant information on technologies and researches developed by the ITTO projects and develop and implement the DB.

**III. Expected Outputs**

- a) A web-base Data-Base on the improvements of technology and research and development conducted by ITTO projects in the field of PSWP and LUS;
- b) Relevant technologies and research disseminated; and
- c) Improved awareness in the south to south cooperation in the field of transfer of technology for PSWP and LUS.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

**VI. Budget** US\$140,000

Activity No. 35

**CONSIDER IMPACTS OF CONSERVATION AND PROTECTION IN TRANSBOUNDARY AREAS  
IN RELATION TO ACHIEVING SFM**

*[ITTA, 1994, Article 1(l)]*  
*[ITTA, 2006, Articles 1(m), (q), (r)]*  
*[ITTO Action 2008-2011, Cross-Cutting Actions (e), (f)]*

**I. Background**

One of ITTO's strategies to help conserve large areas of tropical forests involves the establishment of transboundary conservation areas (TBCA) between two or more countries. ITTO provides funding for their administration, maintenance and management, and in some cases support to the local population living in or around the reserves to assist them with income generating activities in order to maintain conservation areas and discourage illegal activities across the borders, while at the same time assuring a firm commitment by the Governments towards these areas. ITTO supports almost 10 million hectares of transboundary conservation areas in the management and conservation of ecologically important areas.

Since tropical forests and forest-dependant people are highly vulnerable to climate change, there is the need to identify opportunities and constraints in promoting the contribution of conservation and sustainable use of transboundary tropical forests to climate mitigation and adaptation measures through the organization of an International Conference on Biodiversity Conservation in Transboundary Tropical Forests. The proposed Conference will be a follow-up to the ITTO/IUCN International Workshop on Increasing the Effectiveness of Transboundary Conservation Areas in Tropical Forests which was held on 17-21 February 2003, Ubon Ratchathani, Thailand.

**II. Description**

In close cooperation with relevant international, regional and national conservation organizations, the Conference will be organized with the aim of promoting the effective conservation and sustainable use of biodiversity in transboundary tropical forests. To this end, specifically the Conference intends

- a) To evaluate the contribution of transboundary tropical forests to biodiversity conservation, climate change and poverty alleviation;
- b) To identify the political, managerial and technical issues in biodiversity conservation at the landscape level for effective management of TBCA;
- c) To raise the profile of TBCA, highlighting major issues and challenges as an input to COP 10 of CBD which will take place in October 2010 in Nagoya, Japan; and
- d) To make recommendations for improving formulation and management of TBCA projects.

**III. Expected Outputs**

The Conference will contribute to facilitating the dissemination and sharing of outputs, outcomes, impacts and lessons learned from ITTO project work in biodiversity conservation in member countries with focus on transboundary conservation projects in Cameroon/Gabon, Cambodia/Thailand, Malaysia/Indonesia, Ecuador/Peru, and Bolivia/Peru.

It will also allow for the presentation of other experiences from partner organizations, namely IUCN and the CBD.

The expected outputs of the Conference include:

- a) Publication of Conference materials (e.g. papers, PowerPoint presentations, photos) on the ITTO website and associated compact disk;
- b) Materials and messages to be presented at the COP 10 of CBD regarding the role of TBCA in tropical forest conservation;
- c) Recommendations for the improved cooperation and management of TBCA projects; and
- d) Networking between ITTO-supported TBCA project staff, and other experts and practitioners engaged in biodiversity conservation.
- e) Distribute findings of the Conference at the subsequent ITTC Session.

- IV. Target Countries** ITTO member countries
- V. Duration & Timing** 12 months in 2010
- VI. Budget** US\$300,000

Activity No. 36

**PROMOTE ACCESSIBLE FINANCING TO SMALL AND MEDIUM FOREST ENTERPRISES (SMEs)**

*[ITTA, 1994, Article 1(g)]*

*[ITTA, 2006, Article 1(g)]*

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

**I. Background**

ITTO has convened in cooperation with relevant partners such as FAO, investment fora at international, regional and national levels. The different fora have concluded that current levels of financing in the tropical forest sector fall short of ensuring their sustainable forest management, but have also pointed opportunities to attract further investment that can be aligned with SFM and poverty alleviation if the proper incentives and conditions are into place. One of these conditions is the existence of accessible credit lines for small/medium-sized forest enterprises

**II. Description**

Support the development of accessible credit lines for small/medium-sized forest enterprises in producing member countries by placing credit lines in the context of other financial tools for producers, conduct a study on successful establishment of credit lines for the forest sector in order to identify the factors, policies and instruments supporting a favorable environment for forest financing that can be used to multiply the effect in other countries by:

- a) Hosting an international workshop in order to disseminate and validate the results of the study with the national governments, the development banks, the commercial banking and the forest owners and the private sector; and
- b) Assisting one country per region in implementing the recommendations of the study by improving its national policy and frameworks in order to establish adequate and accessible credit to the SMEs.

An international consultant will be engaged in order to develop the study and prepare and facilitate the international workshop. For assisting the producing member countries ITTO will provide financial assistance in order to engage a national consultant who will review the recommendations of the study and adapt to the local conditions, liaise with the relevant stakeholder at national level (government, financial sector, development and commercial banking sectors, private sector, and forest owners) in order to identify and validate the changes in policy and frameworks to establish an accessible credit line fro SFM, and identify the roadmap and sources of funding.

**III. Expected Outputs**

- a) A published study on Factors, Policy and Instruments for establishing accessible credit lines for the forest sector; and
- b) Three national road maps for establishing accessible credit lines to the SMEs in the forest sectors.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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



Activity No. 37

**ENHANCING AFRICAN TIMBER AND TIMBER PRODUCTS FOR  
SUSTAINABLE INTRA-AFRICAN TRADING**

*[ITTA, 1994, Articles 1(d), (e), (f), (i), (k)]*

*[ITTA, 2006, Articles 1(d), (f), (h), (i), (k)]*

*[ITTO Action Plan 2008-2011, Expected Outcomes 1 (B), (C), (E)]*

**I. Background**

The ITTO International Conference on the Promotion of the Intra-African Trade in Timber and Timber Products, held in Accra, Ghana, from 30 June to 2 July 2009, concluded with the Action Plan to make use of the significant opportunities offered by African markets and to remove constraints in further processing and trade development. Most African countries are already net importers of timber and timber products, and the available supply will not be sufficient to meet the regional demand without concerted efforts in sustainable management of natural production forests and major investment in the establishment of planted forests and processing of timber.

In the private sector, the main constraints include lack of market information, weak marketing capability, limited secondary processing capacity, low quality and design competitiveness of further processed products, and intense competition from outside the region. Among the buyers in importing countries, there is limited knowledge on African timbers and suppliers among potential buyers due to lack of necessary promotional activities and the image of African suppliers as reliable trading partners also needs improvement. An important step toward the enhancement of African timber and timber products can be initiated through compiling African commercial tree species (harmonizing nomenclature of trade names).

**II. Description**

In close cooperation with relevant international organizations and ITTO Trade Advisory Group carry out a study on harmonizing nomenclature of trade names of African timber species.

**III. Expected Outputs**

The expected output of this activity is a harmonized nomenclature of trade names of African timber species.

**IV. Target Countries** Global

**V. Duration and Timing** 12 months in 2010

**VI. Budget** US\$60,000

## **PROMOTING ROLES OF NON-TIMBER FOREST PRODUCTS (NTFP) FOR SUSTAINABLE FOREST MANAGEMENT AND IMPROVED LIVELIHOOD IN TROPICAL COUNTRIES**

*[ITTA, 1994, Articles 1(i), (f)]*

*[ITTA, 2006, Articles 1(c), (f), (q)]*

*[ITTO Action Plan 2008-2011, Expected Outcomes 1 (F), (G), (I)]*

### **I. Background**

The International Conference on the Sustainable Development of Non-Timber Forest Products and Services was held in Beijing, China, during 26-28 September 2007. The Conference was organized in collaboration with the Chinese Academy of Forestry, the International Network for Bamboo and Rattan, the International Centre for Bamboo and Rattan (ICBR), and FAO. The main findings and recommendations of the Conference include, among others: (1) NTFPs and forest services are important to many communities, particularly the rural poor and among women; (2) For many NTFPs and forest services, the value chain is not well developed. More value-adding at the local level could provide forest-based communities with significant benefits; (3) A lack of clear resource tenure, access and rights inhibits the development of small-scale and community-based forest enterprises, which could be important actors in NTFP value-adding and marketing; (4) Governments and the international community should encourage the production and marketing of NTFPs and forest services by communities and the private sectors.

Some ITTO producing member countries have benefited from the implementation of ITTO's NTFP projects in their respective countries through which potential, enhanced processing techniques and capacity building have been promoted. However, there are still some weaknesses as far as international market's requirements on products quality and markets' sustainability are concerned.

Following-up on the recommendations of the ITTO International Conference on NTFPs and Services, and experiences from the implementation of ITTO's NTFPs projects, there is a need to further assist member countries to develop collaborative activities oriented toward establishment of NTFPs networks among suitable countries in the same region, focusing on potential, added value processing techniques and marketing.

### **II. Description**

In close cooperation with FAO and other international/regional organizations, organize expert meetings with the objectives to:

- a) Gather information on potential and latest development on NTFPs and draw lesson learnt from the implementation of ITTO NTFPs projects in the participating countries;
- b) Analyze elements necessary to establish networking between and among participating countries and identify strategies for interventions for improved processing techniques and marketing; and
- c) Formulate a regional project proposal focusing on networking establishment to promote added value processing, market and value chains of NTFPs for SFM and improved livelihood.

An international consultant will be engaged for overall coordination and facilitation of the activities and finalization on the formulated project proposal. The international consultant will also assist the regional consultant in planning and organizing the regional expert meetings.

A regional consultant from each region to be engaged to facilitate the organization of the workshop. The specific tasks will include collecting necessary data and information of NTFPs, together with the international consultant prepare a discussion paper, identify key stakeholders for the NTFPs sector development, organize and facilitate the meeting, and finalize the draft project proposal.

### **III. Expected Outputs**

The expected outputs of this activity are updated information on NTFP potential in the participating countries, three regional project proposals to be submitted to ITTO on the establishment of regional networking to promote roles of NTFPs for SFM and improved livelihood.

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

### **V. Duration and Timing** 24 months

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

Activity No. 39

**PROMOTE THE ADOPTION OF VOLUNTARY CODES OF CONDUCT FOR  
FOREST INDUSTRY ENTERPRISES**

*[ITTA, 1994, Articles 1(d), (i)]*  
*[ITTA, 2006, Articles 1(d), (l), (n), (o)]*  
*[ITTO Action Plan 2008-2011, Expected Outcome 1 (H)]*

**I. Background**

As result of further awareness of the critical role that tropical forest play in mitigating the effects of climate change and ecological wellbeing, poverty alleviation, and sustainable livelihoods, the existence of forest industries is linked to its image in the eyes of the public and of the principles, values, standards and ethics used in conducting their business practices from the harvesting, processing and marketing of forest and forest products.

**II. Description**

In cooperation with relevant partners, ITTO will enhance the capacity of the tropical forest industries, (in particular SMEs) by collecting and compiling the work of other initiatives in the past in order to draw major recommendations that can be adapted and piloted in selected tropical producing countries and its industry associations in adopting voluntary codes of conduct for forest harvesting and processing. The activity will include:

- a) A study collecting, compiling and comparing previous initiatives in voluntary codes of conduct, identifying major recommendations that can be piloted in selected producing countries;
- b) Identify a suitable forest industry association in a producing member country willing to take on the recommendations from the above study, in order to develop and adopt a voluntary code of conduct (with assistance of a national consultant);
- c) Compile the lessons learned in the process for further dissemination.

**III. Expected Outputs**

- a) A study on previous experiences on voluntary codes of conduct in the forest industry; and
- b) 6 voluntary codes of conduct formulated in producing member countries and ready for adoption.

**IV. Target Countries** ITTO Producer Member Countries

**V. Duration and Timing** 24 months

**VI. Budget** US\$170,000

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

*[ITTA, 1994, Articles 1(i), Article 27(3b)]*  
*[ITTA, 2006, Articles 1(a), (c), (f), (p), (s)]*  
*[ITTO Action Plan 2008-2011, Expected Outcome 2 (A)]*

**I. Background**

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

**II. Description**

In partnership with FAO, support the selected member countries in formulating project proposals through workshops which include relevant stakeholders in the field of wood-based bioenergy development. The objectives of the workshop are:

- a) To gather information on the country's potential to promote wood-based bioenergy using wood residues and wastes (including availability of wood residues and wastes, processing technology, products' markets and human resources);
- b) Analyze country's needs and setting up priorities in the promotion of wood-based bioenergy using wood residues and wastes; and
- c) Formulate a project proposal on wood-based bioenergy using wood residues and wastes to be submitted to ITTO or other potential donors.

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

**III. Expected Outputs**

- a) Draft policy papers of country's development on the promotion of wood-based bioenergy using wood residues and wastes.
- b) Three project proposals of three countries from different regions on the promotion of wood-based bioenergy using wood residues and wastes.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity No. 41

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

*[ITTA, 1994, Articles 1(c), (f), (i), Article 27(3a)]*

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

*[ITTO Action Plan 2008-2011, Expected Outcomes 2 (A), (C)]*

**I. Background**

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

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

**II. Description**

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

The scope of the in-house training will include strengthening capacity in common problem areas in the wood-based industries, namely: logs stocking and loading, kiln dry and boiler, saw doctoring, finger joint-ing, laminating, packing, waste control, maintenance and arrangement, safety and mentality.

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

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

**III. Expected Outputs**

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

**IV. Target Countries** Selected ITTO producing member countries in the three regions

**V. Duration and Timing** 24 months

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

Activity No. 42

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

*[ITTA, 1994 Article 30(5)]*

*[ITTA, 2006, Article 28(5)]*

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

**I. Background**

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

**II. Description**

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

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

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

**III. Expected Outputs**

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

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

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

Activity No. 43

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

*[ITTA, 1994, Article 29]*

*[ITTA, 2006, Article 27]*

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

**I. Background**

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

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

**II. Description**

This strategic policy activity is aimed at:

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

**III. Expected Outputs**

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

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

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

Activity No. 44

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

*[ITTA, 1994, Article 1(e), Article 27(1)]*

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

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

**I. Background**

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

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

**II. Description**

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

**III. Expected Outputs**

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

**IV. Target Countries**      Global

**V. Duration & Timing**      24 months

**VI. Budget**      US\$200,000



Activity No. 45

**CONTINUE TO PROMOTE IMPROVEMENT IN FOREST LAW ENFORCEMENT**

*[ITTA, 1994, Article 1(c), (d)]*

*[ITTA, 2006, Article 1(n)]*

*[ITTC Decision 6(XXXI)]*

*[ITTO Action Plan 2008-2011, Expected Outcome 4 (A)]*

**I. Background**

This activity was modified from the activity approved but unfunded in the ITTO Biennial Work Programme 2008-2009. Its purposes are to collect the information obtained through the experiences of application in member countries and to catalogue the rapidly growing number of technologies to monitor illegal logging operations for further innovation of the technologies and for sharing the information among the members to better application.

**II. Description**

The activity will fund:

- a) Consultants (one from a consumer country and one from a producer country) to produce a compendium of technologies currently being used by countries to monitor illegal logging and trade. It will involve a survey of all member countries and visits to selected countries in each tropical region, as well as liaison with commercial providers of forest monitoring technologies; and
- b) Regional Workshops to collect information obtained from the field practices inviting the operators and managers who operate the monitoring systems of logging operations.

The activity will be carried out in collaboration with FAO. It will have a total duration of 12 months and should occur in 2010 if funding is made available.

**III. Expected Outputs**

- a) Compendium of technologies currently being used by countries to monitor illegal logging and trade; and
- b) Compiled information and recommendations based on the experiences and lessons as well as discussions shared and exchanged in the Workshops.

The progress and the results will be reported to the Forty-sixth and Forty-seventh Sessions of the ITTC.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 12 months in second half of 2010 and first half of 2011

**VI. Budget** \$200,000

Activity No. 46(b)

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

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

*[ITTA, 1994, Articles 1(d), (e), (k)]*

*[ITTA, 2006, Articles 1(d), (k), (n), (o)]*

*[ITTO Action Plan 2008-2011, Expected Outcome 4 (A), (B)]*

**I. Background**

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

Following contacts made with non-governmental organizations, the Tropical Forest Trust (TFT) was selected to receive ITTO financial support to the amount of US\$265,000.00 for the designing, development and implementation of the web-based information system entitled 'A Web-based Information System to Support the Development of a Sustainable Tropical Timber Trade' within a period of one year commencing from June 2009 involving four phases namely consultation, design, testing and launching.

After strategic policy activity 13(b) is fully implemented as planned, there is the need to provide for the continuation of the web-based information system beyond June 2010 and throughout the period of the ITTO Biennial Work Programme 2010-2011 under strategic policy activity 17(b) with a view to maintaining, improving and refining the system. Without the provision, it will not be possible for the activity to be implemented beyond its initial 12-month period. The ITTO Secretariat will explore all possible cost effective options for the web-based information system to be continued beyond 2011.

**II. Description**

In anticipation of the full and successful implementation of strategic policy activity 13(b) during the initial 12-month period under the ITTO Biennial Work Programme 2008-2009, the ITTO Secretariat will invite TFT to submit a complete proposal for the continued implementation of the web-based information system under strategic policy activity 17(b) of the ITTO Biennial Work Programme 2010-2011 from July 2010 to December 2011 with a view to consolidating, improving and refining the system and its operationalization.

**III. Expected Outputs**

- a) A web-based information system on legally and sustainably produced timber consolidated, improved, refined and maintained till December 2011.
- b) Consumers better informed of updated and disseminated information on legally and sustainably produced timber.
- c) Increased purchase and trade in legally and sustainably produced timber.

**IV. Target Countries**      Global

**V. Duration & Timing**      18 months from second half of 2010

**VI. Budget:**      US\$300,000

Activity No. 47

**ORGANIZE AN INTERNATIONAL CONFERENCE ON FOREST TENURE, GOVERNANCE  
AND SMALL AND MEDIUM FOREST ENTERPRISES WITH FOCUS IN THE ASIA-PACIFIC**

*[ITTA, 2006, Articles 1(c), (j), (r)]*  
*[Action Plan 2008-2011, Expected Outcome 5 (A), (F)]*

**I. Background**

In cooperation with relevant partners, provisions will be made to organize an international conference on forest tenure, governance and small and medium forest enterprises with focus in the Asian-Pacific region. As a follow-up of the previous international conferences held in Acre (Brazil), in July 2007, and in Yaoundé (Cameroon), in May 2009, this third international conference intends to share experiences and to learn from each other on the weak governance and insecure natural resources tenure rights, such as overlapping or conflicting claims, inequity in the allocation of rights, or a lack of recognition and acknowledgement of customary ownership, which could undermine the contributions of forestry to local, national and regional livelihoods and economies, as well as to the health of the global environment. As in the previous conferences, the activity is to be developed in close collaboration with ITTO's Civil Society Advisory Group (CSAG).

**II. Description**

This international conference will be an opportunity to clarify and recognize that forest tenure and the rights to access forest resources could open up opportunities and options for all stakeholders to invest and engage in the sustainable use and conservation of the forests, as well as in the adequate, long term development of forest-based business initiatives.

Participants will share experiences in securing tenure rights, including the relationship between tenure reform and other goals such as uplifting livelihoods, securing investment, spurring small scale enterprises, and addressing climate change. The new initiatives emanating from this conference should help strengthen the impact of other key initiatives particularly on forest tenure, law enforcement and governance.

Master tasks regarding the implementation of this Activity are as follows:

- a) Selection a country in the Asia-Pacific for the holding of the international conference;
- b) Preparation of technical, administrative and logistical aspects for a smooth implementation of the international conference;
- c) Development of a background technical document, by an international consultant, to be circulated prior to the holding of the international conference;
- d) Convening of the international conference on forest tenure, governance and small and medium forest enterprises in a selected Asian country;
- e) Dissemination of the conference proceedings in ITTO working languages; and
- f) Report to the ITTC session.

An international consultant will be hired and be operational according to the following brief terms of reference:

- a) Prepare a background document discussion paper reflecting developments and experiences in the Three Tropical Timber Producing regions;
- b) Attend the international conference as technical expert and prepare its proceedings to be disseminated to member countries; and
- c) Prepare a summary on the findings and recommendations of the international conference to be presented to the Council or Committee as appropriate.

**III. Expected Outputs**

- a) ITTO member countries in the Asia-Pacific sensitized and informed on the tenure of forests and forest resources, governance and small- and medium-sized forest enterprises in relation to SFM purposes;
- b) Proceedings of the international conference prepared and disseminated by the ITTO Secretariat; and
- c) A policy brief to inform decision makers and industry of the multiple forest and forest resource tenure issues to be considered in support of SFM and to assist SMEs with their efforts to verify the legal origins of their resources.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 12 months in 2011

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

Activity No. 48

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

[ITTA, 1994, Articles 1(c), (l)]  
[ITTA, 2006, Articles 1(c), (f), (p), (p)]  
[Action Plan 2008-2011, Expected Outcome 6 (B)]

**I. Background**

The ITTO document "Policy Development Series 1 - *ITTO Guidelines for the Sustainable Management of Natural Tropical Forests*" published in 1992, initiated the series of the ITTC approved policy documents that provide guidance for the implementation of the Agreement in member countries. While all the 41 principles stated in the Policy Document 1 continue to be valid and extremely important for the achievement of ITTO's Objective 2000, the Guidelines can benefit from an update to include new perspectives and issues that evolved in the global forest debate in the last 15 years, with special reference to the enlarged scope of benefits from tropical forests, including non-timber forest products and the provision of environmental services.

The Biennial Work Programme for 2008-2009 approved by the Forty-third Session of the ITTC in November 2007 recognized the importance of this action in line with the upcoming entry into force of ITTA 2006, and included an activity to promote this update and field testing with a proposed budget of US\$ 300,000. However, only during the Forty-fourth Session of the ITTC in November 2008, the activity received partial funding of US\$ 170,000, and complemented later on with further a US\$ 34,000.

Activities have initiated in 2009 and the update of the ITTO's Policy Document Series 1 is advancing very well, generating much interest from the Organization's members and partners. However, further funding in the range of US\$ 130,000 is still required to allow for the conclusion of the activity and the achievement of its expected results.

**II. Description**

Support is required for ITTO to continue and complete the review and update the *ITTO Guidelines for the Sustainable Management of Natural Tropical Forests* to take into account recent developments in tropical forestry. Activities to be developed include:

- a) Preparation of commented draft with proposed changes and additions;
- b) Preparation of an Annex on "Incorporating the climate change perspective in forest management plans;
- c) Preparation of a short document to link the ITTO Criteria and Indicators (2004) with the SFM Guidelines;
- d) Expert panel meetings to review abovementioned documents;
- e) Field testing of the Guidelines in the three tropical regions; and
- f) Preparation of final drafts and submission to the Forty-sixth Session of the ITTC.

**III. Expected Outputs**

- a) Commented draft proposing the updates needed for the *ITTO Guidelines for the Sustainable Management of Natural Tropical Forests* (ITTO Policy Development Series 1, Yokohama, 1992);
- b) Annex on "Incorporating Climate Change Perspective in Forest Management Plans in the Tropics";
- c) Annex on "Linking the ITTO Guidelines with the processes of Criteria and Indicators (C&I) in the Tropics";
- d) Proceedings of two expert meetings to (1) debate and (2) review the draft updated guidelines and annexes;
- e) Results of field testing in Africa, Asia and Latin America; and
- f) Final Draft Guidelines for submission to the Forty-sixth Session of the ITTC (November 2010).

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 12 months in 2010

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

Activity No. 49

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

*[ITTA, 1994, Article 1(j)]*  
*[ITTA, 2006, Articles 1(j), (m)]*  
*[ITTC Decisions 1(XXXV), 4(XXXV)]*  
*[Action Plan 2008-2011, Expected Outcome 6 (B)]*

**I. Background**

Degraded forests form a substantial part of the accessible areas in the tropics. Estimates indicate that around 850,000,000 ha of tropical forests are actually in some stage of degradation<sup>1</sup>. In the last few years ITTO has been actively participating in the Global Partnership on Forest Landscape Restoration (GPFLR), to promote forest restoration and rehabilitation of degraded forests in the tropics. A series of national workshops have been organized in ITTO producer member countries to disseminate and promote the application of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests. Projects have been developed and a substantial knowledge is being generated, which can now be compiled and disseminated to scale up tropical forest restoration and rehabilitation.

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

**II. Description**

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

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

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

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

**III. Expected Outputs**

- a) Network of learning sites established;
- b) Documentation related to the restoration and rehabilitation of degraded forests in the learning sites systematized, assessed and made available to the public;

<sup>1</sup> ITTO, Policy Development Series 13, Yokohama, 2002

- c) Web page of the Learning Sites Network established and gradually updated by GPFLR with links to relevant partners websites; and
- d) A community of practice established for knowledge management and information dissemination on forest landscape restoration, directly involved institutions and experts of ITTO producer member countries.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$120,000

Activity No. 50

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

*[ITTA, 1994, Article 1(l)]*  
*[ITTA, 2006, Articles 1(m), (r)]*  
*[ITTC Decision 6(XLIV)]*  
*[Action Plan 2008-2011, Expected Outcomes 6 (B), (G)]*

**I. Background**

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

**II. Description**

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

- a) Support interested member countries in developing project proposals for the implementation of the ITTO/IUCN biodiversity guidelines. Consultants will be engaged for the formulation of six proposals (two per tropical timber producing region) to be submitted to ITTO. The consultants should visit selected countries for the stakeholders' analysis and problem identification, as well as for the analysis required for the project formulation in each country;
- b) Dissemination and adoption of the biodiversity guidelines amongst the international community through special events to be held in Nagoya during the 10th Conference of Parties to the Convention on Biological Diversity (CBD), and in Seoul during the IUFRO World Congress in August 2010; and
- c) Promoting the use of the ITTO/IUCN Guidelines by partner institutions supporting biodiversity conservation projects in forestry, including GEF, FAO and the CBD Secretariat.

Consultants to be involved in the implementation of the activity at forest management unit level shall develop the following tasks:

- a) Provide technical assistance to the forest concessionaries, local forestry authorities and local communities for the adaptation and implementation of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests;
- b) Assist the parties in establishing a monitoring system to evaluate the results upon guidelines adaptation and implementation at forest management unit level;
- c) Assist in establishing a reporting system to the relevant interested parties at local, national and international level to demonstrate the potential of biodiversity conservation in production forests in the tropics; and
- d) Assist concessionaires in identifying benefits for the implementation of the guidelines to increase the results of multi-purpose management of tropical forests.

**III. Expected Outputs**

- a) At least six project proposals (two per each of the three tropical regions) formulated and submitted to ITTO for implementation of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests. Project proposals shall include close involvement of forest concessionaires and local communities in its implementation.
- b) Wider use of the ITTO/IUCN Guidelines for the conservation and sustainable use of biodiversity in tropical timber production forests by other institutions, including CPF partners and academia.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 24 months

**VI. Budget** US\$175,000



Activity No. 51(a)

**ENHANCE COOPERATION BETWEEN ITTO AND CITES**

**(A) CONTINUE TO ASSIST MEMBERS TO IMPLEMENT CITES LISTING OF TIMBER SPECIES**

*[ITTA, 1994, Article 14]*

*[ITTA, 2006, Article 15]*

*[ITTC Decisions 3(XVI), 7(XXXIV), 2(XXXVII)]*

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

**I. Background**

ITTO and CITES have increasingly strengthened collaborative activities to improve implementation of timber listing requirements over the past 15 year. This collaboration culminated in the large capacity building program first proposed in the 2006-2007 BWP that will continue with funding from the EC, the US and other donors until mid-2010.

**II. Description**

The activity will allow for continuation of ITTO's CITES capacity building programme through 2011. The programme will continue to be implemented in a country-driven manner as under the 2008-2009 BWP, but with an expansion in scope of species covered to include non-timber trees listed in CITES and a possible widening of coverage to additional range states of species of concern. The activity will be overseen by an advisory committee made up of representatives of donors, target countries and ITTO/CITES secretariats. Regional coordinators recruited in the initial phase of this program will be retained on a half-time basis to assist with activity formulation, implementation and monitoring in target countries. A programme assistant will be retained at ITTO Headquarters to assist in overseeing implementation of this activity. Currently more than 10 country activities with budgets totaling over \$1 million are pending additional funding through this programme.

**III. Expected Outputs**

- a) At least 3 countries with improved inventories or inventory designs for CITES listed timber species;
- b) At least 3 tracking/monitoring systems in place for CITES listed timber species;
- c) At least 3 regional training/experience exchange workshops;
- d) An international workshop to disseminate outcomes of ITTO work to strengthen capacity to implement CITES listings of timber species; and
- e) Attendance and participation of ITTO in relevant CITES meetings and for a.

**IV. Target countries** ITTO member countries

**V. Duration & Timing** 24 months

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

Activity No. 51(b)

**ENHANCE COOPERATION BETWEEN ITTO AND CITES**

**(B) MAKE PROVISIONS FOR AND CONSIDER THE RESULTS OF A REVIEW OF  
CURRENT MANAGEMENT STATUS, PRODUCTION LEVELS AND TRADE VOLUMES OF  
INTERNATIONALLY TRADED TROPICAL TIMBER SPECIES INCLUDED IN  
THE IUCN RED LIST OF THREATENED SPECIES**

*[ITTA, 1994, Article 14]*

*[ITTA, 2006, Article 15]*

*[ITTC Decisions 3(XVI), 7(XXXIV), 2(XXXVII)]*

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

**I. Background**

The activity, originally proposed by the TAG, was approved but unfunded in the 2008-09 BWP. Concern has been expressed about the process for inclusion and review of species on the IUCN Red List, given that the Red List serves as a key reference for CITES listing proposals and other conservation efforts.

**II. Description**

The activity will fund a consultancy to liaise with IUCN, with experts responsible for the IUCN Red Listed timber species and with representatives of the trade knowledgeable about the status of these species. It will result in a report summarizing the tropical timber species currently on the IUCN red list, as well as their management status, production levels and trade volumes in range states. The procedures for including/removing species from the list will also be included in the report, together with any recommendations for tropical timber species and/or ITTO. The activity will have a total duration of 6 months and should occur in 2010 if funding is made available.

**III. Expected Outputs**

- a) List of tropical timber species on IUCN Red List with date of listing and available information on management status, production and trade in range states; and
- b) Description of procedure(s) for including or removing species from the IUCN Red List.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 6 months in second half of 2010

**VI. Budget** \$50,000

Distr.  
GENERAL

ITTC(XLV)/19  
16 November 2009

Original: ENGLISH

FORTY-FIFTH SESSION  
9 – 14 November 2009  
Yokohama, Japan

**DECISION 3 (XLV)**  
**ENTRY INTO FORCE OF THE**  
**INTERNATIONAL TROPICAL TIMBER AGREEMENT, 2006**

The International Tropical Timber Council,

Recalling its Decisions 3(XLI) of 11 November 2006 and 7(XLIV) of 8 November 2008, which decided to extend the International Tropical Timber Agreement, 1994, until the entry into force of the International Tropical Timber Agreement, 2006;

Having reviewed the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006 as contained in document ITTC(XLV)/7;

Welcoming that many Governments have taken the necessary measures to become parties to the ITTA, 2006 since last Session of the Council in November 2008;

Recognizing, however, that further efforts by other Governments should be made to accelerate and complete their national procedures to become parties to the ITTA, 2006;

Confirms its intention to maintain the extension of the ITTA, 1994 beyond 2009;

Urges all Governments who have not yet completed the necessary national procedures to become parties to the ITTA, 2006 to do so expeditiously;

Decides to:

1. Request the Executive Director to prepare a report on the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006, with the total votes of producer members to the Agreement as set out in Annex A to the Agreement and the total import volume of tropical timber of consumer members to the Agreement in the reference year 2005, and to circulate the report to all Governments no later than the end of September 2010; and
2. Review, at the next Session of the Council, the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006 to consider whether to maintain the extension of the ITTA, 1994 beyond 2010, and what steps to be further taken towards the entry into force of the ITTA, 2006.

\* \* \*



## **ANNEX IV**

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

**Documents:   CEM-CFI(XLIII)/11**

**CRF(XLIII)/6**

**CFA(XXIV)/10**



Distr.  
GENERAL

CEM-CFI(XLIII)/11  
14 November 2009

Original: ENGLISH

FORTY-THIRD SESSION  
9 – 14 November 2009  
Yokohama, Japan

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

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

#### **Table of Contents**

#### **Report**

**Appendix A: Report on the ITTO Annual Market Discussion – 2009**

**Appendix B: Statement of the Trade Advisory Group (TAG)**





## REPORT

### 1. Opening of the Session

The Forty-third Session of the Committees was opened on 10 November 2009 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. Siti Syaliza binti Mustapha (Malaysia), Chairperson of CEM and Mr. James Nirmal Singh (Guyana), Chairperson of CFI. The Chairperson of CEM chaired the Joint Session of All Committees on 10 November 2009 which considered items 3, 4, 5 and 8A of the Agenda. The Chairperson of CEM also chaired the Joint Session of the Technical Committees on 11 November 2009 which considered item 6 of the Agenda. The list of participants is presented in document ITTC(XLV)/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(XLIII)/1 Rev.1, CFA(XXIV)/1 Rev.1 and CRF(XLIII)/1 Rev.2 was duly adopted.

### 3. Admission of Observers

The Committees admitted the observers listed in document ITTC(XLV)/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 Mr. Hideaki Takai (Japan), Chairman of the Expert Panel for Technical Appraisal of Project Proposals at its Thirty-seventh and Thirty-eighth meetings held on 2-6 February and 3-7 August 2009 in Yokohama, Japan as contained in documents ITTC/EP-37 and ITTC/EP-38, respectively. In summary, the report of the Expert Panel indicated:

- (i) a total number of 29 and 31 proposals were appraised at its Thirty-seventh and Thirty-eighth meetings respectively;
- (ii) a total number of 9 proposals (32% of proposals evaluated) comprising 9 projects were accorded category 1 rating at the Thirty-seventh meeting and a total number of 10 proposals (34% of proposals evaluated) comprising 10 projects were accorded category 1 rating at the Thirty-eighth meeting;
- (iii) three (3) out of the 9 proposals accorded category 1 rating during the Thirty-seventh meeting and 3 out of the 10 proposals accorded category 1 rating at the Thirty-eighth meeting were revised proposals;
- (iv) ten (10) proposals appraised during the Thirty-seventh meeting and 14 proposals during the Thirty-eighth meeting were sent back to proponents for revision and nine (9) proposals appraised during the Thirty-seventh meeting and 5 proposals during the Thirty-eighth meeting were recommended not to be approved by the Committees.

Mr. Takai presented the general comments made by the Expert Panel at its Thirty-seventh and Thirty-eighth meetings including:

- Conventional weaknesses are still common, including illogical problem analyses and problem trees, weak logical frameworks with immeasurable indicators, and unclear presentations of sustainability.
- Utilization and application of the relevant ITTO policy documents is often insufficient.
- There is insufficient consideration of the recommendations of relevant past projects, ex-post evaluation reports, ITTO diagnostic missions and Expert Panels.
- The new format of the third edition of the Manual enables clear understanding of the contents of the project but many projects indicate a lack of understanding of the instructions of the Manual.
- Some proposals are clear, unambiguous and logical, demonstrating a clear understanding of the Manual.

Mr. Takai informed the Committees that the new scoring system had assisted panel members in assessing proposals, reduced subjectivity in assessments, facilitated comparisons between evaluations, improved the weighting of different elements of project proposals and assisted the ITTO Secretariat in writing recommendations for the projects' proponents. Mr. Takai noted that although the system was operational, it was subject to further fine tuning. He also pointed out that the system

was merely a tool for assisting in final decision making. The Panel's suggestions for proponents were to ensure stakeholder participation in project formulation, to focus the scope of the project along with the capacity, time and budget available, to follow the new Manual more precisely and to use and provide feed-back on the ITTO Pro-Tool. Member countries were advised to provide full support for ensuring sustainability of the projects after completion, to limit new proposals to three or less per cycle, to develop a mechanism for pre-screening and monitoring proposals and to establish a national training mechanism on project formulation. The Secretariat was advised to continue conducting training workshops on project formulation, provide relevant documents for Panel members and to refine and maintain the ITTO Pro-Tool.

The delegation of Switzerland expressed appreciation of the work of the Expert Panel and noted that the new tools and scoring system had improved the project appraisal process considerably. The delegation of the USA reiterated these comments, and expressed an overall positive reaction to the tools developed. The new scoring system had resulted in more structured and objective assessments of project proposals. The delegation also hoped that the revised Manual would contribute to more successful projects on the ground. The need for active focal points in producer member countries was acknowledged and the Secretariat was urged to engage focal points in producer countries to improve the quality of proposals. The delegation of Cameroon noted that there was a great deal of work still to be done to improve the Manual and stressed the need to increase the level of training at country level to be able to pre-select and improve the quality of project proposals. The delegation of China fully supported the conclusions of the Expert Panel and the adoption of the new scoring system. The delegation further supported the need for training at the country level to improve the quality of proposals. The delegation of Indonesia urged the continued use of project tools which were still not considered user friendly in some respects.

#### 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-seventh and Thirty-eighth Meetings as follows:

<b>Committee on Economic Information and Market Intelligence</b>		
None.		
<b>Committee on Forest Industry</b>		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 512/08 Rev.2 (I)	Industrial Utilisation and Marketing of Ten Potential Timber Species from Secondary and Residual Primary Forests	Peru
PD 520/08 Rev.2 (I)*	Promoting Timber Preservation for Reducing Forest Resource Depletion in Indonesia	Indonesia
PD 522/08 Rev.2 (I)	Properties, Processing and Marketing of Teak Wood Products of Community Teak Plantations in Java and Eastern Indonesia	Indonesia
PD 523/08 Rev.1 (I)	Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia	Indonesia
PD 540/09 Rev.1 (I)	Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products	Peru

\* The project received an objection under the time bound electronic no-objection procedure and has been revised accordingly to be considered under the procedure together with those proposals appraised by the Expert Panel at its Thirty-eighth Meeting.

6. ITTO Annual Market Discussion – 2009

The Committees noted the summary of the ITTO Annual Market Discussion – 2009, held in the Joint Session of the Technical Committees on 11 November 2009, as contained in Appendix A. The theme of the Market Discussion was “Tropical Timber Markets at a Crossroads: Buyers Perspectives”. Ms. Siti Syaliza binti Mustapha (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:

Mr. Andy Pitman, TRADA	The View from UK/Europe
Mr. Wu Shengfu, National Forest Products Association	China's Perspective
Mr. Ramkrishna Somaiya, Indian Timber Importers Association	The View from India
Mr. Yasuhiro Ohashi, Japan Lumber Importers Association	Commentary from Japan
Mr. Stefan Wille, AKTRIN Group	A View from the US

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(XLIII)/2 as follows:

**Committee on Economic Information and Market Intelligence**

PD 192/03 Rev.3 (M)	A Comprehensive Information System for Sustainability of the Wooden Furniture Industry in Malaysia
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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 tangible outputs of the project were being disseminated to beneficiaries and interested parties, with the Comprehensive Information System (CIS) being offered for adoption by the industry and relevant governmental developments. Arrangements for the continued maintenance, updating and refinement of the CIS were being undertaken.

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

PD 264/04 Rev.3 (M,I)	Timbers of Tropical Africa Part 1: Group 7(1) within the PROTA Programme (Ghana)
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The Secretariat reported on the implementation of the project, accomplished on time and without any extension of its duration or additional ITTO funding. All of the planned outputs were achieved and contributed to the realization of the project's development and specific objectives. The key project deliverable, Timbers of Tropical Africa Part 1: Group 7(1) was being disseminated in various forms for education, extension, research industry and policy-making to a wide range of targeted beneficiaries.

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 295/04 Rev.2 (M)	Creating and Sustaining a Market for Environmental Services from China's Tropical Forests
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The Secretariat reported on the implementation of the project which resulted in the achievement of all of the planned project outputs. However, while the relevant outputs had contributed to the realization of the first specific objective of the project, the contribution of relevant outputs towards initiating a marketing process of China's tropical forest environmental services under the second specific objective of the project was less pronounced due to the complexities, uncertainties and constraints associated with the actual establishment and operation of the market. On the query from the delegation of Switzerland regarding the impact of the project, the delegation of China informed that the administrative procedure for the setting up of the forest environmental trade agent had been established and that the project had

contributed directly towards nurturing and promoting the marketing of tropical forest environmental services in China.

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

PD 338/05 Rev.1 (M,I)                      Promotion of Guatemalan Certified Timber and Timber Products Trade

The Secretariat reported on the implementation of the project which was delayed by a new law forbidding government agencies from administering international funds. Following the resolution of the problem, the implementation of the project proceeded satisfactorily, resulting in the achievement of its outputs as well as its development and specific objectives.

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

PD 415/06 Rev.2 (M)                      Systematisation and Modelling of Economic and Technical Information to Train Professionals Related to the Production, Processing and Marketing of Timber Products – Phase II (Colombia)

The delegation of Colombia reported on the implementation of the project which was completed on time and within its planned duration, leading to the achievement of its outputs as well as its development and specific objectives. 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 8/98 Rev.1 (M)                      Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)

The Secretariat reported on the implementation of the pre-project which was seriously delayed by institutional changes in Ecuador. Following the changes, the pre-project was implemented fully, resulting in the formulation of a project proposal, PD 406/06 Rev.1 (M), which had subsequently been approved and funded and was being implemented. The Committees noted that the completion and financial audit report of the project had been submitted to the Secretariat and requested that the remaining unspent ITTO funds be returned to the Secretariat. The Committees duly declared the pre-project complete.

### **Committee on Forest Industry**

PD 73/01 Rev.5 (I,M)                      Promotion of Tropical Non-wood Forest Products (NWFPs) in Guangxi Autonomous Region, China Based on Sustainable Community Development

The Secretariat reported on the implementation of the project. The Committees noted that the project had been completed in 52 months and within budget, achieving the expected outputs, namely:

- Output 1: Document on Resource, Production, Utilization and Market of Tropical NWFPs (3,000 copies printed both in English and Chinese);
- Output 2: Establishment of 500 mu of sustainable production and management demonstration bases for star aniseed, cinnamon and rosin respectively;
- Output 3: Training courses on management technique and marketing of such NWFPs;
- Output 4: Tree community-based farmer's field schools established; and
- Output 5: Information website about sustainable development of NWFPs in Guangxi set up. ([www.nwfps.com.cn](http://www.nwfps.com.cn))

The Committees noted that according to the completion report, activities such as seedling breeding and maintaining demonstration plots would be sustainable.

The Secretariat informed that the completion report, the technical reports and the final financial audit had been delivered to the Secretariat by the executing agency in accordance with the Project Agreement. The Committees duly declared the project complete.

PD 103/01 Rev.4 (I)

### Demonstration of Rubberwood Processing Technology and Promotion of Sustainable Development in China and other Asian Countries (China)

The delegation of China reported on the successful completion of the project's activities. The Committees noted that the project's outputs had been achieved. The project's outputs included: 1) A model factory selected and modified for the demonstration of rubberwood processing technology at the factory level; 2) Factory laboratory established and inspectors trained in experimental and laboratory skills for the quality control; 3) A model production trial conducted for the demonstration; 4) A research report on the characteristics of rubberwood from the demonstration production in comparison with other wood available in the local market; 5) A processing manual on rubberwood sawing, preservation and drying at the factory level; 6) Personnel of the local rubberwood industry trained for improved skills in rubberwood processing; 7) A report on sustainable development strategy for Chinese rubberwood industry; 8) Proceedings of a workshop/seminar on promoting the utilization of rubberwood in the domestic market; 9) Dissemination of project information and results to other Asian countries.

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

PD 268/04 Rev.3 (I)

### The International Conference on Innovation in Tropical Forestry and Forest Products Industries (Innovations for Tropical Timber) (Côte d'Ivoire)

The Secretariat provided an overview of the implementation of the project. The Committees noted that the project had been executed in the planned period of 12 months and that all outputs had been achieved, with an international workshop having taken place in Abidjan on 22-25 September 2008. The Committees noted that five technical reports had been delivered to the Secretariat and that the counterpart contribution of the Government of Côte d'Ivoire had been increased to US\$88,000.00 compared with the original estimate of US\$40,244.00.

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

The delegation of Côte d'Ivoire thanked ITTO and the donors for their support and noted the positive impacts that had resulted from the workshop, including the import of technology, civil society-private sector partnerships, and new units for further processing of timber. The Committees duly declared the project complete.

PD 286/04 Rev.1 (I)

### Strengthening the Capacity to Promote Efficient Wood Processing Technologies in Indonesia

The delegation of Indonesia provided an overview of the implementation of the project. The Committees noted that all the project's outputs had been achieved. The project had positive impacts on individual mills and on the wood industry as a whole including: 1) Improved understanding of owners, executives, managers, supervisors and operators on the critical role processing efficiency and product quality play in determining production cost and profitability and in shaping competitiveness of a company; 2) Increased wood recovery and reduced wood wastes; 3) Reduced lumber defects following kiln-drying; 4) Better management of inventory, both raw material and wood products; 5) Shortened product flow time indicating higher productivity and less inputs; 6) Improved working environment through enhanced communication between owners, executives, and employees, better cleanliness of mill floor, improved lightning system, etc.; 7) Enhanced human resource management through internal training, dialogues and meetings; 8) Heightened discipline of employees in performing jobs; and 9) Willingness of owners to improve processing efficiency and product quality by making the necessary investment proposed by executives, managers or operators.

The Secretariat informed that the completion report, the technical reports and the final financial audit have been delivered by the executing agency in accordance with the Project Agreement. The Committees declared the project complete.

PD 416/06 (I)

Regional Workshop on Processing, Marketing and Trade of Quality Wood Products of Teak Plantations (India)

The Secretariat notified the Committees that this project had been removed from agenda item 9 to agenda item 7.

The Secretariat reported on the implementation of the project. The Committees noted that the Regional Workshop took place in Peechi, India on 25-28 September 2008, providing a clear understanding of national policies and programmes in promoting further processing, marketing and trade of teak products; and identification of relevant areas of research and development.

The Committees also noted that a regional project proposal had been produced and submitted to the Expert Panel for Technical Appraisal of Project and Pre-project Proposals at its Thirty-seventh meeting, receiving a category 4 assessment.

The Secretariat informed that the completion report, the technical reports and the final financial audit had been delivered by the executing agency in accordance with the project agreement. The Committees declared the project duly complete.

PPD 117/05 Rev.2 (I,M)

Development of a Local Forest Industry Based on Sustainable Forest Management in the South-West Sector of the Lacandon Highlands National Park within the Mayan Biosphere Reserve, Peten, Guatemala

The Secretariat reported on the implementation of the pre-project, which had been completed in 6 months and below the approved budget. The Committees noted that the pre-project had been aimed at identifying options for effective integration of sustainable forest management and local industry development for fourteen community cooperatives within the target area.

The Committees noted that as a result of the pre-project, a full project proposal had been formulated and submitted to the Expert Panel for Technical Appraisal of Project and Pre-project Proposals at its Thirty-seventh meeting, receiving a category 2 assessment.

The Secretariat informed that the completion report, the technical reports and the final financial audit have been delivered by the executing agency in accordance with the 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(XLIII)/3.

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

PD 194/03 Rev.2 (M)

Expanding and Improving Global Mangrove Database and Information System (GLOMIS) and its Networking (Japan/Global)

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

In his evaluation, the implementation of the project resulted in a comprehensive and updated database on mangroves. However, the impact of the project was not sufficiently clear due to the lack of analysis of GLOMIS users and the lack of evidence and sound indicators with regard to the update of the information by policy-makers and other targeted beneficiaries. The sustainability of the project was also doubtful due to the high costs of maintaining and refining the database and the reliance on a single funding source. In spite of its flawed design and shaky logical framework, the project produced some positive results through a dedicated and efficient project team, sound organization and budget control.

Some of the lessons learned from the implementation of the project included the effects of a weak project design on the full achievement of its outputs, measuring project impact, involvement and uptake by end-users and incorporation of new IT technologies and search engines. The project had not benefited from inputs from end-users due to the absence of consultation with these targeted groups.

Mr. Lammerts van Bueren proposed a number of recommendations including the following:

- (i) Formulations of similar projects should adhere to the guidance provided in the revised ITTO Manual for Project Formulation (3rd Edition)
- (ii) There should be sound user analysis and communication in all stages of project formulation and implementation.
- (iii) GLOMIS should be operated with funding from its host and where possible its users.

The delegation of Japan thanked Mr. Lammerts van Bueren for his report on the ex-post evaluation of the project which would be taken into due account by ISME in planning for the maintenance and updating of GLOMIS.

The Committees commended the consultant for his report and presentation.

An oral report was made by the Secretariat on the progress in the implementation of the ex-post evaluation of the following completed projects:

PD 41/99 Rev.4 (M)	Development and Implementation of the Pilot Project of the Forestry Statistics Information System (FSIS) (Philippines)
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PD 133/02 Rev.3 (M)	Timber and Timber Products Trade Flow Study in the Philippines
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The Committees noted that a consultant had been identified to undertake the ex-post evaluation of these projects with a view to presenting the report at the next Session of the Committees.

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

PD 34/99 Rev.2 (I)	Development and Implementation of Stress Grading Rules for Tropical Timber in the Philippines
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A presentation before the Committees was made by the consultant, Dr. Hiras Sidabutar (Indonesia), in respect of his ex-post evaluation report on the project. The consultant reported all aspects of Project PD 34/99 Rev.2 (I) from its inception to completion, covering administrative and financial matters, organization, communication, consultation and cooperation, technical matters, effectiveness and impact, and relevance to ITTO.

The development objective of the project was to develop and implement stress grading rules for timber used for construction in the Philippines. The project required an extension of 34 months to facilitate the completion of the activities and reporting.

The consultant highlighted several findings. The project was built on a completed pre-project. During implementation of the pre-project, the executing agency conducted sufficient stakeholder consultations. Consequently, the aspiration of the beneficiaries had been well captured in the formulated machine graded lumber (MGL) project. This had created ownership and thus the full support of the beneficiaries to the implementation of the project.

Formulation of the project did not fully adhere to the ITTO Manual for Project Formulation and had resulted in a weak vertical logic of the project and consequently a weak logical framework matrix. Based on the lack of measurable indicators in the logical framework matrix, the consultant was unable to assess the impacts of the project. In this case, the consultant used the intended situation after project completion as presented in the project document as a qualitative assessment tool.

While the project was weak in its design, it was satisfactorily implemented and completed, delivering all its planned outputs and achieving its overall objectives. The key success factors included timely supply of inputs in terms of quantity and quality, effective operational management, prudent financial management, and full support by beneficiaries.

The project had generated impact by creating awareness of the presence of MGL technologies. However, the absence of a clear exit strategy was considered to jeopardize the sustainability of the project's impact. Further threats to the project's sustainability included the lack of interest in investing in MGL production due to the undeveloped market for MGL, competition from substitute construction materials and the absence of a legal framework for use of MGL in the construction sector.

The Committees commended the consultant for his report and presentation.

PD 35/99 Rev.4 (I)                      Performance Evaluation of Export Wood Furniture in Relation to Strength and End-use Applications Using Established Test Standard (Philippines)

A presentation before the Committees was made by the consultant, Dr. Hiras Sidabutar (Indonesia), in respect of his ex-post evaluation report on the project PD 35/99 Rev.4 (I). The development objective was to generate data and information on the strength and performance of furniture from tropical timber by employing established test standards and to promote the standardization of performance tests for wood furniture to enhance their competitiveness in the global market. The project required an extension of 24 months to facilitate the completion of activities and reporting.

The consultant reported that the project had significantly contributed to the achievement of ITTA, 1994 and ITTO priorities by achieving its overall objective which was to enhance the quality of wood furniture exports and improve competitiveness of the furniture industry.

The overall objective was achieved through deliverance of the outputs defined. This was possible due to the fact that the project was well implemented and successfully completed. The successful completion of the project was attributable to the timely supply of inputs in terms of quantity and quality, capable management of operations and financial resource, and support by target beneficiaries. The project results have been widely disseminated to target beneficiaries and created awareness of the need to perform quality testing of furniture products before placing them in domestic or export markets. Furniture producers and exporters have continuously sent samples of furniture to FFTC for testing and design and construction modifications. FFTC has been established by FPRDI and tasked to sustain the positive impact of the project by providing test services on a day to day basis at affordable cost. There is a growing need for producers and exporters of wood furniture to conduct tests other than the structural tests the FFTC is currently capable of servicing. In this light, FFTC will have to equip itself with additional machinery and equipment.

The Committees commended the consultant for his report and presentation.

PD 94/90 Rev.3 (I)                      The Integration of Forest-Based Development in the Western Amazon - Phase II – Technology for Sustainable Utilization of Raw Forest Materials (Brazil)

A presentation before the Committees was made by the consultant, Mrs. Erika del Rocio Lopez Rojas (Mexico), covering aspects such as project identification, outputs planned versus realized, impacts of the project, post-project situation, project design, sustainability, and lessons learned.

The presentation highlighted that the project was completed within 128 months, and had realized 90% of the envisaged outputs. The situation after project completion was favourable as the local community had increased its income and was now aware of the economic opportunities of sustainable forest management.

As for project design, the consultant pointed out that the project document lacked a post-project perspective, risk mitigation measures, involvement of beneficiaries, and precise indicators in the logical framework matrix.

The project has been sustainable, as the Government of the State of Acre has undertaken management of the project through the Technological Foundation for the State of Acre (FUNTAC).

Following the presentation, the delegate of Brazil took the floor to inform that the project has had a positive impact in Brazil, and that the observations and recommendations on project design are also valid for other ITTO proposals, and for appraisal of proposals by the Expert Panel.

The Committees commended the consultant for her report and presentation.



PD 46/97 Rev.3 (I)

#### Community Forest Product Processing in the Puerto Dias Extractive Reserve (Brazil)

A presentation before the Committees was made by the consultant, Mrs. Erika del Rocio Lopez Rojas (Mexico), covering aspects such as project identification, outputs planned versus realized, impacts of the project, post-project situation, project design, sustainability, and lessons learned.

The actual duration of the project was 31 months compared with the 12 months originally envisaged but the project had been completed within budget. It was also noted that although the outputs had been achieved, adjustments in the project design had been made, in particular to the pre-fabricated wood housing processing component.

As for project design, the presentation pointed out that the project did not have a sound strategy and lacked a problem tree, baseline information, identification of risks, means of verification and involvement of stakeholders.

Regarding implementation, the project followed the community's pace in absorbing innovations followed by collective agreements.

The delegation of Brazil indicated that the project had a positive impact in Brazil, and that the observations and recommendations on project design were also valid for other ITTO proposals, and for appraisal of proposals by the Expert Panel.

The Committees commended the consultant for her report and presentation.

PD 68/01 Rev.2 (I)

#### Training in Reduced Impact Logging in Guyana

A presentation before the Committees was made by the consultant, Mrs. Erika del Rocio Lopez Rojas (Mexico), covering aspects such as project identification, outputs planned versus realized, impacts of the project, project design, sustainability, and lessons learned.

The actual duration of the project was 38 months compared with the 24 months originally envisaged and within a higher budget. The project was successful in achieving its intended outputs and had made a positive contribution towards the introduction of reduced impact logging (RIL) techniques locally and regionally by delivering practical hands-on training on RIL operations and managerial skills to personnel at all levels in the forest sector.

The project design was consistent and well captured in the logical framework matrix, although more intensive consultations may have prevented unforeseen situations, in particular regarding the willingness of the private sector to pay for training in RIL.

The project had been sustainable as the Guyana Forestry Commission supports the operations of the Forestry Training Centre Incorporated (FTCI).

After the presentation, the delegation of Guyana expressed gratitude to the donors, and emphasised that the Government of Guyana recognized the importance of RIL and that FTCI had been successful in providing training and currently fully booked until 2010.

The Committees commended the consultant for her report and presentation.

PD 146/02 Rev.1 (I)

#### Promoting Sustainable Utilization of Bamboo through Community Participation in Sustainable Forest Management (Myanmar)

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 bamboo in Myanmar, where bamboo resources are quite abundant, but their management and utilization are very limited. The project strategy was anchored on the active involvement of rural communities in sustainable forest management (SFM), including the use of bamboo resources to enhance their socio-economic benefits and alleviate poverty incidence of forest communities. The project's duration was 48 months, and had been extended for three months with no additional ITTO funds.

The project produced a wealth of information and data on bamboo resources, including 29 technical papers/reports. However, none of the reports had been published in international journals, periodicals and newsletters (e.g. INBAR) for wider distribution and utility. Bamboo demonstration areas of the project had expanded in three (3) sites from 100 hectares to 150 hectares, with 26 component bamboo species planted, exceeding the planned 10-15 species. The project strategy was sound and selected outputs appropriate. A significant number of additional activities were achieved at the level of outputs than originally envisaged. The project had been found successful in improving the conditions of target beneficiary groups in a cost-effective manner.

The Committees commended the consultant for his report 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 264/04 Rev.3 (M,I)	Timbers of Tropical Africa Part 1: Group 7(1) within the PROTA Programme (Ghana)
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### **Committee on Forest Industry**

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

PD 108/01 Rev.3 (I)	Development of Sustainable Rattan Production and Utilization through Participation of Rattan Small Holders and Industry in Indonesia
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)
PD 286/04 Rev.1 (I)	Strengthening the Capacity to Promote Efficient Wood Processing Technologies in Indonesia

## **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(XLIII)/4 and took note of progress in the implementation of the following projects and pre-projects:

### **(A) Projects and Pre-projects under implementation**

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

1. PD 16/93 Rev.4 (M) Phase IV, 2009	Market Information Service for Tropical Timber and Timber Products, Phase IV, 2009 (Global)
2. PD 124/01 Rev.2 (M) Phase II Stage 2	Promotion of Sustainable Management of African Forests (Africa)
3. PD 168/02 Rev.1 (M)	Establishment of a National System of Collection, Entry, Processing and Dissemination of Forestry and Timber Statistical Data in Togo
4. 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)

5. PD 196/03 Rev.1 (M) Upgrading and Strengthening of the National Forest Statistical Information System in Venezuela
6. 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
7. PD 340/05 Rev.2 (M,F,I) National Forest Statistical Information System in Guatemala
8. PD 353/05 Rev.2 (M,F,I) Adoption and Implementation of the Forestry Information System (FIS) for the Philippines
9. PD 391/06 Rev.2 (M) Promoting and Creating Market Demand for Certified Tropical Wood and Verified Legal Tropical Wood (Japan)
10. PD 406/06 Rev.1 (M) Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)
11. 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
12. PD 443/07 Rev.1 (M) Strengthening of the Forest Statistics and Information Center – CIEF (Honduras)
13. PD 449/07 Rev.2 (M) Enhancing Forest Law Enforcement in Papua New Guinea
14. PD 479/07 Rev.2 (M) Timbers of Tropical Africa Part 2: Group 7(2) within the PROTA Programme (Ghana)
15. PD 480/07 Rev.2 (M) Demand and Supply of Tropical Wood Products in China Towards 2020
16. PPD 14/00 (M) Strengthening the Market Discussion (Global)
17. PPD 45/02 Rev.3 (M) Technical Assistance of the Formulation of a Project Aimed at Capacity Strengthening for the Sustainable Management of Natural and Planted Forests in Panama
18. PPD 62/02 Rev.1 (M) Establishing a Forest Statistics Management System in the Democratic Republic of Congo
19. PPD 138/07 Rev.1 (M) Verifying the Legality of Timber Forest Products in Peru

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

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 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)
5. PD 13/99 Rev.2 (M,F,I) ITTO Information Network and Project Support (Phase II) (Global)

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| 6. PD 40/00 Rev.4 (I)     | Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)   |
| 7. PD 65/01 Rev.2 (I)     | Training in Reduced Impact Logging in Cambodia  |
| 8. 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)  |
| 9. PD 100/01 Rev.3 (I)    | Capacity Building for the Development of a Sustainable Rattan Sector in China Based on Plantation Sources   |
| 10. PD 131/02 Rev.4 (I)   | Training of Forest Practitioners for the Improvement of Forest Industry in Cambodia   |
| 11. PD 233/03 Rev.2 (I)   | Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)   |
| 12. PD 275/04 Rev.3 (I)   | Improvement of the Sustainable Management and Utilization of Non-Timber Forest Products (NTFPs) in Cambodia   |
| 13. PD 306/04 Rev.1 (I)   | Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia   |
| 14. PD 318/04 Rev.2 (I)   | Quality Control and Standardization of Ghanaian Wood Products   |
| 15. 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   |
| 16. PD 334/05 Rev.2 (I)   | Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (Philippines)                               |
| 17. PD 347/05 Rev.2 (I)   | Promoting Access to the Forest Sector Activities by Gabonese Nationals through the Development of the SME Forest Partnership  |
| 18. 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) |
| 19. PD 384/05 Rev.3 (I)   | Testing Laboratory for the Development of Quality Standards for Mexican Primary and Processed Tropical Forest Products  |
| 20. PD 385/05 Rev.4 (I,F) | Industrialisation, Marketing and Sustainable Management of Ten Mexican Native Species   |
| 21. PD 397/06 Rev.3 (I)   | Sustainable Development of the Wood-Based Industries in South Kalimantan (Indonesia)  |
| 22. PD 398/06 Rev.2 (I)   | Promoting the Utilization of Plantation Timber Resources by Extending Environmentally Sound Preservation Technology (China)   |
| 23. PD 401/06 Rev.2 (I)   | Value Adding and Kiln Drying of Commercial Timbers by Small Scale Community Saw Millers in Guyana   |
| 24. PD 425/06 Rev.1 (I)   | Production and Utilization Technology for Sustainable Development of Eaglewood (Gaharu) in Indonesia  |
| 25. PD 431/06 Rev.1 (I)   | Processing and Utilization of Trees on Farmlands and Logging Residues through Collaboration with Local Communities (Ghana)  |

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| 26. 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) |
| 27. PD 506/08 Rev.1 (I)  | Reviving Forestry Education in Liberia   |
| 28. PPD 5/00 Rev.1 (I)   | Sustainable Management of Non-timber Forest Produce (NTFP) in Maharashtra State of India   |
| 29. PPD 68/03 Rev.2 (I)  | Study on Utilization of Plantation Teak (Myanmar)  |
| 30. PPD 97/04 Rev.1 (I)  | Improve Strategies and Assess Training Needs to Achieve SFM in Suriname  |
| 31. PPD 125/06 Rev.2 (I) | National Training Program to Promote the Adoption of Reduced Impact Logging (RIL) in Papua New Guinea  |
| 32. PPD 133/07 Rev.1 (I) | Training Needs Analysis for the Builders' Woodworks Industry in the Philippines  |

**(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) |
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**Committee on Forest Industry**

None

**(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 | <u>Promotion of Sustainable Management of African Forests (Africa)</u>   |
| 2. PD 461/07 Rev.2 (M)              | Research on China's Green Public Procurement Policy to Promote Market Development of Environment Friendly Tropical Forest Products |

**Committee on Forest Industry**

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| 1. PD 433/06 Rev.3 (I) | Sustainable Model for the Brazilian Wood Flooring Production Chain   |
| 2. PD 457/07 Rev.3 (I) | Establishment of a Supporting System to Develop and Promote the Further Processing of Timber in Five Producer Countries of the Congo Basin (Gabon) |
| 3. PD 512/08 Rev.2 (I) | Industrial Utilisation and Marketing of Ten Potential Timber Species from Secondary and Residual Primary Forests (Peru)                            |
| 4. PD 513/08 Rev.1 (I) | Enhancing the Capacity of the Wood Processing Sector to Improve Efficiency and Add Value in Guyana   |
| 5. PD 518/08 Rev.1 (I) | Energetic Valorization of Wood Residues by Compaction Process (Brazil)   |
| 6. PD 520/08 Rev.2 (I) | Promoting Timber Preservation for Reducing Forest Resource Depletion in Indonesia  |

7. PD 522/08 Rev.2 (I) Properties, Processing and Marketing of Teak Wood Products of Community Teak Plantations in Java and Eastern Indonesia
8. PD 523/08 Rev.1 (I) Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia
9. PD 540/09 Rev.1 (I) Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products

The Committees noted that a budget revision and change of title has been submitted for project PD 457/07 Rev.3 (I) after submission for consideration to the CFC. The Committees approved the changes.

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

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

##### **PD 182/03 Rev.2 (M) Enhancement of the Forest Statistics Information and Management System (STATFOR) Through the Integration of a Computer Module for Processed Log Management (Gabon)**

The Committees took note of the report from the delegation of Gabon explaining the reasons for the delay in implementing this project. The delegation of Gabon indicated that the project would be implemented as originally approved by the Committee under the new Ministry in charge of forests in his country and that an upcoming monitoring mission by the Secretariat would be welcomed. The Committees urged the Government of Gabon to collaborate with the Secretariat to ensure that project implementation would be expedited and significant progress could be reported at the next session.

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

In the absence of the delegation of Venezuela, the Secretariat reported on the implementation of the project which had been delayed by 39 months principally due to administrative changes in the Ministry of Environment and Natural Resources and unavailability of the project coordinator. Appropriate actions had been taken to put the implementation of the project back on track and the duration of the project had been extended without additional ITTO funding. According to the latest progress report submitted by the implementing agency, all project activities were expected to be completed in November 2009.

##### **PD 291/04 Rev.2 (M) Establishment of a Network to Facilitate Collection, Processing and Dissemination of Statistics Pertaining to Tropical Timber and Other Forestry Parameters in India**

The Committee took note of the delay in the final reporting on this project. The delegation of India informed the Committees that the final report and financial audit would be submitted soon. The Committees urged the Secretariat to ensure that all relevant reports be submitted by India to enable this project to be declared complete at the next session.

##### **PD 443/07 Rev.1 (M) Strengthening of the Forest Statistics and Information Center – CIEF (Honduras)**

The Committees took note of the report from the Secretariat that the implementing agency had submitted an updated progress report during a monitoring mission in September 2009. The Secretariat further noted that the project was on track and that linkages with a related IDB project had been established.

##### **PPD 45/02 Rev.3 (M) Technical Assistance of the Formulation of a Project Aimed at Capacity Strengthening for the Sustainable Management of Natural and Planted Forests in Panama**

In the absence of the delegation of Panama, the Secretariat reported on the implementation of the pre-project which was delayed by 23 months due to the problem of selecting the international

consultant, changing budgetary requirements and lack of participation of the forest sector. The implementation of all pre-project activities had been completed and the completion report had been submitted to the Secretariat. The implementing agency had been requested to submit the financial audit report of the pre-project to the Secretariat.

**PPD 62/02 Rev.1 (M)**

**Establishing a Forest Statistics Management System in the Democratic Republic of Congo**

The Committees took note of the delay in the final reporting on this pre-project. It also noted that this situation had persisted for several years despite efforts of the Secretariat to resolve it. The Committees recommended that Council suspend implementation of this pre-project and that the Secretariat inform the government of DRC in accordance with ITTO's rules and procedures related to projects.

**Committee on Forest Industry**

**PD 39/93 Rev.4 (I)**

**Research and Development in Energy Alternative from Biomass (Wood and Agricultural Residues) through Briquetting, Gasification and Direct Combustion (Malaysia and Cameroon)**

The Committees noted that the project was funded by the Common Fund for Commodities (CFC) and commenced in 1997, with the aim of introducing and transferring biomass energy technologies to the commercial sector in Malaysia and Cameroon. On 27 June 2008, the Minister of Forests and Wildlife of Cameroon gave his concurrence to the report and recommendations of the Mission and on 31 October 2008, the Managing Director of CFC agreed with the proposal to resume the implementation of the Cameroonian component of the project with the following conditions: (i) Financial Audit Report for IRGM Energy Research Laboratory (Cameroonian component) to be made available to CFC; (2) Confirmation that equipments procured by CFC would be handed over to the new project executing agency; (3) IRGM to account fully all expenditures in line with CFC reporting requirements; (4) FRIM outstanding reporting to be submitted to ITTO/CFC (including completion report, technical reports, financial statement and final financial audit). The Ministry of Forests and Wildlife of Cameroon had fulfilled the above conditions. The delegation of Malaysia confirmed their commitment to submit the outstanding reports (the completion and the final financial audit report) within one week of this session.

**PD 46/96 Rev.2 (I)**

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

The Secretariat reported that in the previous session, the Committees noted that the project's reports were in progress to be submitted to the Secretariat by the end of 2008. The Committees noted that the project would be declared complete at this session of the Committee. However, the revised completion report, technical reports, and final financial audit report have not been submitted to the Secretariat. The Secretariat will request the executing agency to accelerate the completion process of the project. The Committees noted that the project would be declared complete at the next session of the Committees.

**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 reported that in the last session, the delegation of Ghana reported that finalization of the project's reports was in progress to be submitted to the Secretariat by the end of 2008. The Committees noted that the project would be declared complete at this session of the Committee. However, the revised completion report, technical reports, and final financial audit report had not been submitted to the Secretariat. The executing agency has been consulted and requested to submit the outstanding reports as soon as possible. The Committees noted that the project would be declared complete at the next session of the Committees.

**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 on the implementation of the project and informed the Committees that the project had an extension until December 2008. However the executing agency has been unable to complete the project due to delay in the disbursement of the counterpart funds. Counterpart funds for 2008 were released in 2009. The Secretariat also notified the Committees that the executing agency had failed to submit annual financial audits and that during the year of 2009, a planned PSC meeting had not been scheduled by the executing agency.

The delegate of Cameroon informed the Committees that in spite of the delay in the disbursements of the counterpart contribution, the implementation of the project had achieved outputs and that the Government of Cameroon will follow-up in order to bring the project to completion.

The delegate of Switzerland expressed that when visiting the project site, he had observed good results in implementation of the project. He also pointed out that the ITTO Mission to Cameroon had observed the problems of lack of equipment and motivation of the staff at the Forestry School, and he expressed his concern that a second phase project proposal has been submitted to ITTO without completion of the current project, and without an assessment or midterm evaluation of the current situation.

The delegate of Japan supported the comments of the delegate from Switzerland. He noted that no funds for a mid-term evaluation are available. After consultations with the donors, the Secretariat will monitor completion of the project at a scheduled Project Steering Committee meeting in 2010.

**PD 233/03 Rev.2 (I)**

**Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)**

The Secretariat reported on the implementation of the project and the Committees noted the progress of the project in the number of loans granted to forest concessionaires for the acquisition of intermediate technology (ten out of fourteen); the completion of seven business plans for forest concessionaires, and the completion of the "Manual for Monitoring and Repayment of the credit granted by the revolving fund".

The Secretariat also informed the Committees that the Executing Agency through the Ministry of Agriculture of Peru submitted a request for an additional extension of the project without additional funds for the completion of the project until June 2010. The extension is due to the delays in the approval of the recent credit applications, the lack of stock of portable sawn-mills by local suppliers and the end of the harvesting season in the Amazon forests of Peru.

The Committees approved the Extension request without additional funds until June 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 reported on the implementation of the project. The Committees noted that a Project Steering Committee meeting was held on May 2009 when the executing agency presented all the outputs to the members of the Steering Committee.

The Secretariat informed that the executing agency had only requested the first instalment of funds and would like to present a proposal to the Committee for the use of unspent funds. The Secretariat also notified that the executing agency had not submitted progress reports or the annual financial audit.

A representative of the Government of Guyana apologized for the delays in submitting the reports, and confirmed that the outputs had been achieved and that the Forest Training Centre Incorporated, the executing agency, is fully booked to provide training to 2010. The representative also presented before the Committees a proposal for the use of unspent funds amounting to US\$167,000.00 for acquiring capital equipment, including a vehicle, computers, laptops, diesel generator, printing and video.

The delegation of Japan congratulated the executing agency and the Government of Guyana for conducting implementation below the budget. After consultations, the delegations of Japan and the USA



expressed no objection to the proposal of the executing agency to use the unspent funds, subject to the confirmation of the Government of France, who is the other donor of the project.

**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 informed the Committees that the executing agency has failed to submit progress reports and an annual financial audit.

The delegation of Gabon informed the Committees that the project had started on track; however activities had halted before execution of the last project activity, the Mission to South Africa, due to internal problems in scheduling the mission. He further requested an extension of 6 months without additional funds, and that such request may follow with the submission of a work plan to the Secretariat.

The delegation of the USA considered the extension acceptable, and proposed that a request for extension be accompanied with a progress report highlighting the achievements of the project to date. The proposal was accepted by the delegation of Gabon and by the Committees.

**PPD 5/00 Rev.1 (I)**

**Sustainable Management of Non-timber Forest Produce  
(NTFP) in Maharashtra State of India**

The Secretariat reported that the pre-project's activities had been completed. However, the completion report and final financial audit for the pre-project had not been submitted to the Secretariat.

The delegation of India reported that the executing agency has resolved problems in the financial auditing process and that the pre-project's final reports will be submitted by January 2010. The Committees noted that the pre-project would be declared complete at the next session of the Committees.

**PPD 97/04 Rev.1 (I)**

**Improve Strategies and Assess Training Needs to Achieve  
SFM in Suriname**

The Secretariat reported on implementation of the pre-project, which has been in progress for 38 months. The executing agency has submitted the main outputs, namely a "Strategic Action Plan to achieve SFM in Suriname", "Training Needs Assessment", and a full project proposal entitled "Strengthening the capacity of the public and private forest sectors of Suriname to achieve Sustainable Forest Management". In spite of the submission of the project proposal, it could not be considered by the Expert Panel for Technical Appraisal of Projects and Pre-project proposals based on ITTC Decision 7 (XXXIII).

The Secretariat informed that the executing agency submitted a completion report on October 2009 and that the Final Financial Audit was still pending.

The Committees requested the Secretariat to follow-up with the Government of Suriname in order to declare the pre-project duly complete at its next session.

10. Policy Work

Three issues and ten strategic policy activities under the CEM and five strategic policy activities under the CFI were discussed by the Committees.

**Committee on Economic Information and Market Intelligence**

(i) **Market Access**

The Committees noted that the global economic crisis had seriously impacted the tropical timber sector. Both producers and consumers had been affected by declining trade in both primary and secondary processed wood products and consequently market access issues had become more significant. The Committees also noted that market access could be affected by slow progress of the on-going WTO Doha multilateral trade negotiations, new developments in international environmental regimes as well as regional and national initiatives, such as negotiations on Voluntary Partnership Agreements (VPAs) between the European Union and a number of ITTO producing member countries under the EU Forest

Law Enforcement Governance and Trade (FLEGT) Action Plan, the proposed Due Diligence Regulation to avoid the imports of illegally sourced timber into the EU, amendments to the US Lacey Act and strengthened public procurement policies and certification instruments.

(ii) Forest and Timber Certification

The Committees noted that forest and timber certification has become increasingly important for maintaining access to tropical timber markets. Current developments in certification policies and schemes have created both opportunities and challenges for ITTO member countries, especially ITTO producer members. The Committees also noted that the Report on the Comparability and Acceptance of Forest Certification Systems, published and disseminated as ITTO Technical Series No. 29, had given valuable assistance to member countries in understanding this complex and evolving issue.

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

Dr. James Turner (New Zealand), consultant, reported on the use of ITTO Annual Review production, consumption, trade and price data for developing forecasts of the trade in tropical timber products. Dr. Turner described modifications that had been made to the Global Forest Products Model (GFPM) to model four components of the sector – demand, supply, manufacture and trade. He described the GFPM as an economic model of the global forest sector, which integrates the four major components of the sector; wood supply, wood processing, product demand, and trade. Forest products are interrelated by supply and demand equations, and manufacturing input-output coefficients and costs. Countries are linked by trade. The modifications made to the GFPM had enabled forecasts to be made of the tropical timber trade. It would also be possible to update the model with new ITTO and other data as it became available and importantly, to quantitatively analyse issues affecting the tropical sector such as illegal logging policies, the global economic crisis and the Russian log export tax and other trade restrictions.

The Committees thanked Dr. Turner for his excellent presentation.

(iv) Review of the Timber Market in Two Significant Tropical Timber Importing Countries [PP-A/36-149]

The assigned consultant, Dr. Michael Adams (United Kingdom) presented the draft report on the 'Review of the UK Timber Market' as contained in document CEM-CFI(XLIII)/5 which was undertaken jointly with Mr. Alhassan Attah (Ghana).

He indicated that data collection and interviews with traders, manufacturers and end-users in the UK was undertaken in November 2008 and at that time the full extent of the financial and economic crisis in the UK had not emerged. However it was now apparent that the UK timber sector was facing the worst economic downturn since the 1970's oil shock and that in the UK and across the wider EU imports of sawnwood, veneers and plywood as well as processed wood products were at unprecedented lows.

The consultant pointed out that the UK remains a major importer of wood products and a significant market for tropical timber and wood products from tropical countries. He highlighted the trends in demand for tropical roundwood, sawnwood, plywood, builders' woodwork and furniture. He noted that opportunities for tropical log exports to the UK will remain poor but on the other hand, the UK was heavily dependent on sawnwood imports and tropical sawnwood imports which exceeded the average for the EU27. Up to 2007 there was a steady growth in tropical sawnwood imports but this was reversed by the economic recession in the country. It became apparent during the work in the UK that the future success of tropical timber in this market would hinge on the provision of verified legal and sustainable timber in the short term and the provision of certified timber in the longer term particularly for public sector procurement and increasingly for purchases by the major importers

In terms of processed products, he indicated that imports and consumption of builders' woodwork are a small part of total consumption as most builders' woodwork is produced domestically. The main products imported are doors and windows and products falling within the HS category 'others'. The consultant suggested that work was required to expand the HS classification of builders' woodwork to bring greater transparency to the "Others" group

The consultant also identified that furniture imports were a growing proportion of total consumption in the UK and that around 50% of furniture imports came from the EU27, with another 40-45% coming from Asia. UK imports from China continued to grow and Chinese made furniture dominated many segments

of the market.

Opportunities in the UK market were brought to the attention of the Committees. The sustainability credentials and thermal properties of wood compared to competitors were being successfully promoted and many in the UK trade were anticipating that the UK Code for Sustainable homes would revive fortunes for wood in buildings. However, prevailing market conditions in the UK were tough even as it seemed the economy had now turned the corner. Housing starts, a driver of wood product consumption, were forecast to be down about 50% for 2009. Consumer and business credit would remain tight; making it tough for companies to finance their businesses and also affecting the buying public who were delaying purchases. Overall, consumer confidence was low and is being further undermined by high unemployment in the country.

The consultant noted that when economic recovery in the UK became self sustaining and market demand picks up, exporters of processed products should see expanded market opportunities to fill in for the lost domestic output but commodity suppliers trading sawnwood and wood-based panels to the UK will face difficult market conditions in the short term.

The delegation of Malaysia asked if there were any economic stimulus measures to assist the domestic wood product manufacturers in the UK. The consultant responded that while there were no specific measures targeting the sector, the general economic stimulus package introduced by the Government should stimulate the economy and that the reduction in value-added tax was intended to encourage household spending. The delegation of the UK confirmed that there were no specific measures to assist manufacturers but that the increases in Government spending on construction projects would have the affect of increasing demand for wood products.

The Committees thanked the consultant for his excellent presentation. The Committees requested the consultants to finalise the report, taking into account the comments that had been made.

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

The Secretariat reported that this activity covered access to international forest products trade and market databases, such as the World Trade Atlas, publications to supplement the information and analysis in the Annual Review, and maintaining ITTO's involvement in the Intersecretariat Working Group on Forest Statistics and Joint Forest Sector Questionnaire process. The IWG is a collaboration between FAO, UNECE, ITTO and Eurostat. The Secretariat participated in the annual IWG meeting in Moscow in February 2009, and would also be attending the next meeting in Rome in 2010. In 2009, the IWG continued to standardise and improve the quality and methodologies for data collection on forest sector statistics, including such issues as product classifications, data validation, data exchanges and conversion factors.

(vi) Collaborate with the Trade Advisory Group (TAG) in Organizing and Holding the ITTO Annual Market Discussions on the World Tropical Timber Trade during Sessions of the ITTC, in 2008 and 2009

The Secretariat informed the Committees of its collaboration with TAG in the organizing and holding of the ITTO Annual Market Discussions for 2008 and 2009 in the context of the implementation of the ITTO Biennial Work Programme for 2008 and 2009. The collaboration would be continued for the organization of the ITTO Annual Market Discussion 2010 based on the theme 'Innovations and Technologies in Wood-based Industries' that had been selected by the TAG.

(vii) Monitor Developments and Progress in Timber Procurement Policies [PP-A/43-220]

The consultant, Dr. Markku Simula (Finland) made a presentation of the draft report on 'Developments and Progress in Timber Procurement Policies on Tools to Promote Sustainable Management of Tropical Forests' as contained in document CEM-CFI(XLIII)/6. In his presentation, Dr. Simula, *inter alia*, highlighted the underlying and direct key drivers of timber procurement policies; germane issues ranging from proliferation of requirements to application of social criteria, differences in recognition of forest certification systems, implications of trade regulations in EU and USA, green building initiatives and private sector policies; capacity and constraints of tropical timber producers in achieving and demonstrating legality and sustainability; options available to tropical timber producers under government and private sector implemented systems; and other positive, negative and mixed impacts of timber procurement policies.

The study concluded that free riding on illegal logging and trade could not continue; timber procurement policies represented a compromise between market pressures and what could be achieved in practice; there was a need for improvement in definition, procurement criteria, time schedules and implementation arrangements, producer countries needed to strengthen governance, legality assurance systems, management and information systems and retooling of the industry; impacts could be drastic and mitigation would need external support; and the community forests and SMEs as the most vulnerable informal sector would require particular attention.

Dr. Simula offered a list of recommendations to ITTO, ITTO member governments in producing and consuming countries and forest industry and trade. Recommendations to ITTO included monitoring demand, supply and trade of certified/verified legal timber; promoting commonalities/harmonization of timber procurement policies and related instruments; exploring feasibility of common standard/guideline for legality and its verification, assisting in the assessment of strategic options and impacts in tropical timber producing countries, supporting capacity building particularly for community forestry and SMEs and developing tools for risk assessment.

In its intervention, the delegation of the EC provided comments ranging from the need to address the over-arching EC policies on public procurement to a heavy bias on EU schemes; the underlying principles on which timber procurement policies were based, the lack of analysis of procurement policies in countries that did not have timber procurement policies at the level of Central Government, the increasing convergence among the proliferating standards and policies, the reasons for a less distinct process of convergence among legality requirements; the sensitivity analysis showing that timber procurement policies should be of considerable interest to most producer countries; a suggested table outlining the share of individual consumer countries in terms of the international market for tropical timber products; the need to keep the term 'Timber Legality Assurance System' (LTAS) exclusively to FLEGT VPA countries; and concern over the recommendation that consumer countries should facilitate effective participation of tropical timber producers in the design of their policies. The delegation would provide its detailed comments in writing to the consultant.

The delegation of Switzerland thanked the consultant for his presentation and supported his recommendations particularly on facilitation. The delegation of Brazil proposed amendments on page (iv) concerning key drivers to include strengthening forest governance at all levels and on page 66, paragraph 9.2.2, item 2(ii) to insert the word 'voluntary'. The delegation of USA congratulated the consultant for his thorough report and clarified that the Amended Lacey Act did not require any verification of legality and sustainability. The delegation also expressed reservation over the recommendation for harmonization of timber procurement policies, underlining that the definition of legality was an issue of sovereignty in producer countries.

The Committees commended the consultant for his excellent presentations and requested that the comments made be taken into account in the finalization of the report.

(viii) Review of the Long-term Outlook for Tropical Timber [PP-A/43-221]

Consultant Dr. James Turner (New Zealand) presented an interim report on the Long-term Outlook for the Tropical Timber Market as contained in document CEM-CFI (XLIII)/7. The purpose of the study was to identify long-term trends and drivers of change, and their impact on tropical timber markets and forests. The study had utilized scenario planning methodology to develop four distinct plausible pictures of the world in which the tropical forest industry may operate in 2020. The first two scenarios, Tropical Timber – Symbol of Tropical Forest Livelihoods and Tropical Forests – Tackling Climate Change, have similar outcomes and are predicated on a strong recovery from the global economic crisis. They differ, however, in their key drivers. The former is driven by recognition of the role of tropical timber in forest protection and community livelihoods, the latter by the role of tropical forests in mitigating climate change. The other two scenarios are variants on a retraction of the market for tropical timber, precipitated by a weak recovery from the global economic crisis. The first, North & South, is based on an alignment of the BRIC and developing economies as a new political bloc. The second, Tropical Timber – Symbol of Tropical Forest Destruction, is based on a declining global acceptance of tropical timber products, driven by increasing trade protectionism couched in environmentalism. Critical uncertainties for the tropical timber trade which had been identified by the study included the strength of recovery from the global economic crisis, perceptions of "tropical" in BRIC and emerging economies and the investment environment for ITTO producer countries.

Quantitative predictions of forest resources and wood products consumption, production, trade and prices to 2020 under the four scenarios were made using a modified version of the Global Forest

Products incorporating tropical timber products, which had been described in an earlier presentation to the Committee. The consultant reported that the next steps were to incorporate secondary processed wood products and more country detail in the forecasts for the four scenarios. A final element would be to draw potential policy conclusions for the tropical timber trade. A final report will be submitted by the consultant to the ITTO Secretariat at the end of February 2010 and will be considered by the CEM-CFI at its Forty-fourth session.

The delegation of Switzerland requested that the predictions take into account country specific challenges, including issues such as future supplies from natural compared to plantation forests, sustainability of supply from tropical forests and the need for food security. The delegation of Malaysia congratulated the speaker on the excellent presentation and report. She also commended the use of scenario planning to provide insights into the future for the tropical timber trade and suggested that the model be developed to include other products. A later intervention from the delegation of Malaysia queried the trend towards negative perceptions of tropical wood products from plantation forests which was described on page 50 of the report. The consultant responded that although the trend identified was not widespread, it had been identified in a number of NGO reports. The delegation of the USA also commended the report and the consultant's presentation and requested that the consultant indicate how the scenarios can be used and to further identify the scenario which had the greatest likelihood of unfolding. She also pointed out that a comment made on page 38 of the report which stated "the European Union and the United States considering bans and boycotts of certain countries' certification marks due to known illegal practices" was not accurate for the USA. The consultant responded that the final report would provide information on how the scenarios could be used by individual ITTO member countries. He also noted that all the scenarios should be considered possible. The error identified in the report by the US delegation would be corrected in the final report. In response to a request from Mr. James Cunningham concerning the consultant's awareness of the forecasts provided by the UNECE Timber Committee, the consultant responded that he was aware of this work, but the essential difference in the forecasts provided in this study where that they used econometric forecasts which enabled all the elements to be internally consistent. The delegation of the EC noted that their comments will be provided to the consultant in writing.

The Committees commended the consultant for his excellent presentation and requested the comments made be taken into account in the finalization of the report.

(ix) Monitor the Competitiveness of Tropical Wood Products Compared with Other Materials  
[PP-A/43-222]

The leading consultant, Mr. Rupert Oliver (United Kingdom), presented the draft report on Monitoring the Competitiveness of Tropical Timber as contained in document CEM-CFI(XLVIII)/8. The study's aim was to evaluate the competitive position of tropical wood products compared with other products and materials in selected markets and to provide information to assist in development of effective market development strategies. Overall the prognosis for tropical hardwoods was not a positive one, tropical wood products in key market niches being threatened by a wide and increasing range of innovative products, declining price expectations and falling raw material quality, a significant image problem and being squeezed by a number of policy measures. Innovations impacting on the competitiveness of tropical hardwoods included engineered wood products, heat treatment, acetylation, impregnation, surface technologies and wood plastic composites.

Among the comprehensive list of recommendations of the study, key recommendations were for ITTO to facilitate an industry-wide, design-led generic marketing campaign for tropical hardwoods, for ITTO producer countries to undertake more detailed reviews of the global positioning and competitiveness of their national wood products industries with a view to developing realistic long-term strategies, for ITTO consumer countries to ensure that tropical hardwood products can be compared on a level playing field with other wood products and alternative materials, and that the tropical wood industries develop opportunities that exist in higher value niche markets.

The delegation of Brazil requested an amendment to page 19 of the report, specifically to rephrase the reference to the need for forest law reform in tropical countries, which was not considered to be necessary in all producer countries. The delegation of Switzerland commended the consultant on the excellent presentation and report. The delegation supported the recommendations in the report, particularly supporting producer country efforts to achieve internationally recognized certification standards and in facilitating research on the carbon implications of sustainable forest management. The Malaysian delegation requested an additional recommendation to promote efforts at the international level by product application rather than by species.

The delegation of the EC thanked the consultant for a thorough and interesting report. The results were worrying as tropical timber was losing significant market share. The delegation queried whether tropical timber was at the crossroads, with tropical producers facing a strategic option to either produce low value, high volume plantation softwoods or serve high value niche markets with products with high environmental credentials. The consultant responded that the long-term future was in high value niche markets, not low value high volume markets. There was a strong case for log exports at an early stage of export market development as there have been examples of premature development of secondary processed wood product industries. The delegation of the EC also requested whether producer countries could work together with competitors. The consultant considered that producers had many commonalities in supplying tropical timbers and there were common and similar messages to be made in promotional campaigns. The challenge was to put the structures in place to allow this to happen. A further query from the EC regarding the implications of increasing urbanisation on tropical wood products, the consultant pointed out that there is a trend in the design community to use wood in urban environments to bring a more natural environment back to urban environments.

The Committees commended the consultant for his excellent presentation and requested that the comments made be taken into account in the finalization of the report.

- (x) Assist Market Remuneration for Environmental Services Provided by Tropical Forests in Three Producing Regions [PP-A/43-223]

The Secretariat informed the Committees that one project proposal on forest environmental services had been formulated for the Peruvian Government and submitted for approval and funding under the ITTO Thematic Programme on REDDES. A similar project proposal was being developed for the Government of Liberia.

### **Committee on Forest Industry**

- (i) Strengthen Policies and Opportunities for Forest Investment [PP-A/43-206]

The Secretariat informed the Committees that the policy activity was carried out in cooperation with national governments, and in some cases with FAO. Four national workshops to Strengthen Policies and Opportunities for Forest Investment were held in Bolivia, Congo, Philippines and Ecuador.

The fora gathered a total of 385 participants from the private sector, civil society, commercial and development banks, forest owners, governments and donors. Each workshop developed an analysis of the current country's situation on investment and financing, as well as action plan in order to overcome barriers and boost investment and financing in the country. Proceedings, presentations, and actions plans are available at the ITTO website <http://www.itto.int/en/workshop/>

The delegation of the USA enquired whether collaboration with the UNFF, with whom ITTO had jointly organized a Country Led Initiative in Suriname in September 2008, had taken place in the implementation of this policy activity. The Secretariat informed that ITTO collaborated with UNFF in the Country Led Initiative, and that in the case of this particular policy activity, collaboration took place with FAO, the World Bank, African Development Bank, and Inter-American Development Bank. Although the proceedings are available on the website, the Secretariat will make available the recommendations and actions plans to UNFF.

- (ii) Study the Technical and Environmental Standards of Tropical Timber Products in International Markets [PP-A/43-230]

The Committees were informed by the Secretariat that the draft report of this activity has been provided by the consultant. The Secretariat informed the member countries to submit their comments to finalize the draft report by end of 2009 at the latest.

- (iii) Promote Wood-based Bioenergy Using Wood Residues and Wastes in Tropical Countries [PP-A/43-231]

The Committees were briefed by the Secretariat on the implementation of the activity. Three regional fora on promoting woodbased bioenergy using wood residues and wastes were successfully held in Douala, Cameroon (3-5 September 2008) for the African Region, in Jakarta, Indonesia (14-17 October 2008) for the Asia-Pacific Region, and in Manaus, Amazonas, Brazil (13-16 July 2009) for the Latin-America and Caribbean Region.

The delegation of Thailand acknowledged the report and its follow-up action taken by the Secretariat as outlined in Activity 36 of the Biennial Work Programme 2010-2011. The delegation of Thailand expressed its willingness to participate in the said activity of the Biennial Work Programme 2010-2011.

The delegation of the USA acknowledged the importance of the results of the activity and suggested to extend the follow up actions of this activity by the Secretariat into the ITTO Thematic Programme, projects and pre-projects activities.

- (iv) Promote Further Processing of Tropical Timber [PP-A/43-232]

The Secretariat reported that this policy activity was carried out in cooperation with FAO, and had led to the implementation of four case studies, instead of three as originally planned. The case studies focused on the improvement of timber and NTFPs processing. The case studies are:

- Enhancing of management, production and marketing capabilities of Cooperfloresta (Brazil);
- Enterprise development assistance to emerging community-based NTFPs enterprises in Northern Cambodia;
- Small scale timber processing enterprise in Bolivia; and
- Production and commercialization of wood charcoal in metallic ovens in Cote d'Ivoire.

The Secretariat also informed that the case studies have been completed, except for the case of Brazil, which is scheduled for completion at the end of November 2009.

The representative of the Executing Agency of the case study in Cote d'Ivoire, Mrs. Delphine AHOUSI presented before the Committees the results and lessons learned from the implementation of the case study.

The representative of Togo requested further clarification regarding the increase of yield in the production of wood charcoal, specifically whether the case study referred to an increased in the volume of production in yield from the transformation of the wood into charcoal. A representative from SODEFOR (Cote d'Ivoire) responded that the increase was in the volume of production of charcoal from MALEBI.

The Committees commended Mrs. Ahoussi for her presentation.

## 11. Biennial Work Programme of the Committees 2010-2011

The Committees considered proposed activities 32 to 44 for CEM and CFI under the Draft ITTO Biennial Work Programme for 2010-2011 as contained in document ITTC(XLV)/9 Rev.2. While assigning first priority to all of these activities, the Committees agreed that the terms of reference (TORs) for activities 32, 35 and 37 be revised and that the possibility of combining activities 32 and 35 be explored. The Committees further agreed to explore the possibility of activity 38 to be shifted as a cross-cutting action and shifting activities 43 and 44 to TFLET and reducing the budget for activity 43. These comments and proposals were duly conveyed to the Contact Group Meeting and the Chairperson's Open-Ended Drafting Group Meeting. Delegations proposing the changes were requested to participate in the meeting to ensure that the changes were taken into consideration by the Drafting Group Meeting.

12. Election of Chairpersons and Vice-Chairpersons for 2010

Following the usual consultations undertaken by the producer and consumer groups, Ms. Carla Boonstra (the Netherlands) was elected Chairperson of the CEM and Mr. Carlos E. Gonzalez Vicente (Mexico) was elected Vice-chair for 2010. Dr. Kug-Bo Shim (Republic of Korea) was elected Chairperson of the CFI and Dr. Samuel Ebia Ndongo (Cameroon) was elected Vice-chair for 2010.

13. Dates and Venues of the Forty-fourth and Forty-fifth Sessions of the Committees

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

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

14. Other Business

The Coordinator of TAG presented the Statement of the TAG to the Committees. The Statement is attached in Appendix B of this report.

15. 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 2009:

**Committee on Forest Industry**

PD 512/08 Rev.2 (I)	Industrial Utilisation and Marketing of Ten Potential Timber Species from Secondary and Residual Primary Forests (Peru) [US\$398,517]
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 523/08 Rev.1 (I)	Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia [US\$605,094]
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]

- (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]
PD 461/07 Rev.2 (M)	Research on China's Green Public Procurement Policy to Promote Market Development of Environment Friendly Tropical Forest Products [US\$296,590]



**Committee on Forest Industry**

PD 433/06 Rev.3 (I)	Sustainable Model for the Brazilian Wood Flooring Production Chain [US\$516,927]
PD 457/07 Rev.3 (I)	Establishment of a Supporting System to Develop and Promote the Further Processing of Timber in Five Producer Countries of the Congo Basin (Gabon) [US\$882,576]
PD 513/08 Rev.1 (I)	Enhancing the Capacity of the Wood Processing Sector to Improve Efficiency and Add Value in Guyana [US\$278,640]
PD 518/08 Rev.1 (I)	Energetic Valorization of Wood Residues by Compaction Process (Brazil) [US\$491,941]

(iii) The Committees recommended that the following pre-project be suspended:

**Committee on Economic Information and Market Intelligence**

PPD 62/02 Rev.1 (M)	Establishing a Forest Statistics Management System in the Democratic Republic of Congo
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16. 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 - 2009 11 November 2009, Yokohama, Japan

The ITTO Annual Market Discussion 2009 was held on 11 November 2009 with the theme 'Tropical Timber at a crossroads – Buyers Perspective'. Presentations were made by five speakers, Dr. Andrew Pitman (TRADA UK), Mr. Shengfu Wu (China National Forest Products Association), Mr. Ramkrishna Somaiya, (Indian Timber Importers Association), Mr. Y. Ohashi, (Secretary General of the Japan Lumber Importers Association) and Dr Stefan Wille, (AKTRIN Group, Canada). The Chairperson for the session was Ms. Siti Syaliza binti Mustapha (Chairperson of CEM) and Mr. Barney Chan, (Trade Advisory Group TAG Coordinator) moderated the session.

In his opening statement Mr. Chan said that the any recovery from the current downturn in the tropical timber trade will be demand led and it was with this in mind that the focus of the Market Discussion will be on the consumer country perspectives of the state of the trade. He said producers are looking for signals from the market to encourage them in these difficult times. The Moderator also alluded to the difficulty faced by ITTO in securing responses to the Joint Questionnaire and urged Member countries to fulfill their obligation in this respect.

Dr Pitman provided an overview of the trends drivers of timber consumption in the UK and the wider EU. He reported that EU demand for tropical hardwood logs had fallen by 27%, for sawnwood by 23%, for veneers by 11% and for plywood by 14%. He reported that the UK Timber Trade Federation had projected further declines in UK demand for 2009.

With respect to the drivers of demand for tropical timber products he highlighted trends in the construction sector and the growing requirement for 'responsibly sourced' timber. He noted that competitors to timber (notably steel and concrete), especially in the construction sector, are actively promoting the environmental credentials of their products. Dr Pitman also explained the EU Construction Products Directive and how CE Marking opens the way for products to be traded freely within the EU.

Market requirements in the UK and EU are changing said Dr. Pitman. The UK government has a timber procurement policy and this was elaborated, as was the EU FLEGT and the associated Action Plan. In terms of the private sector he informed the meeting of the UK Timber Trade Federation's new 'Code of Conduct' and how this is influencing the purchasing behavior of the private sector.

Dr Pitman concluded his presentation with an informative overview of the growing competition faced by tropical timber products from a suite of new chemically and physically 'modified' wood products.

Mr. Wu of the China National Forest Products Association provided a detailed analysis of China's wood products industry and the outlook for the immediate future. He also explained how China hopes to meet its rapidly growing domestic demand for wood products and is finding ways to substitute for imported tropical timber.

Mr. Wu reported that the Chinese economy had rebounded from the declines seen in 2008 and that domestic demand for wood products had strengthened, driven largely by construction investments and the rise in house building. In terms of imports, he indicated that China's log imports are beginning to decline and the proportion of tropical logs in total imports also appears to be declining. On the other hand imports of sawnwood are increasing he said.

In respect of exports, Mr. Wu provided details of the direction of trade in furniture and some data on the number and capacity of wood processing mills in China. He explained how mills in China have become more efficient, having adopted the latest technologies. In the plywood sector Mr. Wu informed that this change to advanced technology had allowed mills to profitably process small sized logs, especially plantation grown logs. The expansion of plantation log production in China has, said Mr. Wu, much to do with the expansion of farm forests where Poplar and other species have been planted extensively. He also explained the success China has achieved in processing bamboo for the production of industrial products (plywood and flooring for example) which compete with wood products

Mr. Wu then went on to outline the policy direction of the government especially as it relates to forest tenure, forest industrial policy and how these have been translated into National forestry programmes and legislation.

China is currently developing its National Forest Certification Scheme and will eventually be seeking endorsement/mutual recognition from other international initiatives.

Mr. Wu concluded with some feedback he received from industry in China. He reported that there has been a surge in investment in wood product processing capacity and investors see that domestic market growth are very favorable and that opportunities in the international market will soon return. He indicated that China's woodworking capacity would be 15% higher next year (2010) and that this will present opportunities for tropical timber producers.

A lively and off-the-cuff presentation was made by Mr. Ramkrishna Somaiya who shared his 60 years of experienced of the Indian timber trade with the meeting. In sharp contrast to the demand situation in the EU and in N. America, Indian imports of wood products continue to grow.

Mr. Somaiya reported that imports in 2008 were up about 10% and that exports were up about 15%. He advised the meeting that timber consumption in India is growing fast and as the economy strengthens and as income levels rise, so does the demand for wood products. He indicated that India imports annually around 16 mil cubic metres of wood but that it requires some 85 mil. cubic metres to satisfy demand. Domestic resources, he said, are hard pressed to satisfy the balance and that India is always seeking new sources of wood products.

Mr. Somaiya informed the meeting that Teak is in high demand in India and that this has driven the expansion of imports of plantation teak. Much of this, he reported, was of very poor quality but that Indian mills had developed processing techniques to squeeze the very best possible from the low grade material available. Mr. Somaiya shared his views on the extensive planting of teak around the world and in an entertaining manner challenged growers to think again on the way teak plantations are established and to look at how teak grows in its natural environment in his words "to understand the psychology of teak" so as to find ways to improve the wood quality

In concluding his presentation Mr. Somaiya said India needs wood and more wood and will even manage, reluctantly, with the low quality material that is available as domestic demand is so strong.

Mr. Yasuhiro Ohashi, Executive Director, Japan Lumber Importers' Association (JLIA), provided a very detailed analysis of trends in Japan's consumption and imports of logs, sawnwood and plywood. He provided statistic to show the clear link between trends in housing starts in Japan and timber imports. He noted that the recent fall in housing starts had driven down consumption and that this was being reflected in declining imports.

The excellent statistics compiled by the JLIA and presented by Mr. Ohashi spanned the period 1990 – 2009. The impact on imports and consumption of the Asian Financial Crisis was clearly visible in the data provided, as was the impact of the June 2007 Japan Building Standard Law Amendment. Both events caused a significant downturn in consumption and consequently reduced imports.

Mr. Ohashi explained the changes that have taken place in the timber sector in Japan. In the past Japan was a major importer of tropical hardwoods and tropical hardwood plywood production was high. In a relatively short time there has been a shift to greater imports of softwood logs and a decline in imports of tropical logs.

The data presented revealed trends in Japan's hardwood and softwood trade with N. America and Europe and tropical countries and illustrated the significant changes in the Japanese timber sector. The overall decline in wood product consumption has been affected by depressed global economy and its impact in the economy of Japan said Mr. Ohashi. However it has also been affected by the decline in wood consumption in housing over the past 20 years. Mr. Ohashi provide data to show that wood consumption in an average house in 1991 was some 50 cubic metres but that this had dropped to just 35 cubic metres in 2008/9

Mr. Ohashi continued with an illuminating description of the Green Purchasing Law in Japan, the purpose of which is to promote public sector purchasing of eco-friendly goods and instilling the concept of sustainability in society. He explained there was Cabinet Decision on this in February 2006 which targeted wood products amongst others. The wood products included are; paper, furniture and office items, stationery, interior fixtures and bed frames, and a group comprising construction materials for public works. Mr. Ohashi informed that the definition of legality and sustainability had been established as had means of verification, assessment and review. Mr. Ohashi ended with an overview of the legality certification in Japan. Further work he explained is to be carried out on LCA and the concept of Carbon Footprint.

Dr. Stefan Wille presented an overview of the state of the US economy, the characteristics of the wood and wood products markets and American standards and procurement issues. He reported that residential housing construction, remodeling accounts for about 40% of US lumber consumption. However, he said, market prospects have been affected by the large number of foreclosures and the huge inventory of unsold houses on the market.

He said the US economy has now entered a recovery phase, but it will be slow and while the multi-family housing market is still declining, single family housing is now showing some modest growth.

Dr Wille indicated that the American potential for imports is huge. Total imports he said are around US\$ 30 billion annually or 17% of world trade in forest products. He pointed out that the US is the largest furniture importer and that the penetration by imports is high (Wooden Household Furniture: 56%, Outdoor Furniture: 45%, Office Furniture: 39%, Upholstered Furniture: 34% Fitted Kitchen Cabinets: 27%).

The US has a huge trade deficit in furniture, said Dr. Wille, and protectionism is rising. He recommended that exporters pay close attention and adhere to American legislated and voluntary Standards and Certification Programs. He said there are literally hundreds of Standard in the USA, and the System is confusing and while most Standards are voluntary they are of relevance incase of litigation which must be avoided at all costs.

## APPENDIX B

### STATEMENT OF THE TRADE ADVISORY GROUP By Barney Chan, TAG Coordinator

Chairman  
Ladies and Gentlemen

I thank you all on behalf of the Trade Advisory Group (TAG) to allow us time to make a short and important Trade Statement.

It is common knowledge that the whole world suffered this past year from the economic crisis which first started in the financial sector. But what is important for us in ITTO, is to focus on the brutal fallout in the tropical timber trade.

Market conditions in most countries are desperate and not expected to improve anytime soon. Currency and shipping challenges just compound the difficulties facing our industry. Then, add on increasing government regulations and trade barriers means that the trade's ability to deal in legal and/or sustainable wood products is seriously threatened.

The TAG has organised this year's Annual Market Discussion to highlight the issues and problems in the Consumers' markets. Therefore, we will quote a few trade statistics here from the Producer Countries, as a matter of illustration to underline the desperation in the timber industry. We have the tropical timber export statistics for the first half of 2009 as compared to the first half of 2008: in Bolivia, exports fell by 15.5% or US\$ 8 million; in Papua New Guinea, the exports fell by 33% or US\$ 36 million; in Malaysia, the exports fell 19% or US\$ 610 million; in Peru, the exports fell 45% or US\$ 53 million; in the case of Indonesia, their exports of panels and woodworkings fell by 33% or US\$ 435 million; And there is more equally bad news from the other exporting countries. Just as an example for the Consumers: the United States import of Malaysian plywood went down 66%, the US imports of Brazilian lumber went down by 54%. These are indeed tragic trade figures.

So, what are we going to do about this, here in this Yokohama Council Session? If we do not do anything constructive in this Session, we may very well have no tropical timber industry in many member countries to talk about in the next Session. Seriously.

ITTO needs to play an active role now --- a strong, positive and visible public relations activity defending trade in tropical timber products and actively promoting legal tropical timber in global markets, including the positive role timber can play in climate change mitigation. ITTO needs to ask all member governments, particularly in consuming countries, to do the same. The trade understands and appreciates all the concerns on sustainability and legality but these alone should not overshadow the other challenges faced by the trade today. Some Consumer countries are using the excuse of the current economic downturn to curb imports on the basis of saving jobs. Some Consumer countries are using the ongoing negotiations on Free Trade Agreements to slap on even more conditions on the uses of tropical forests. Some of the excessive requirements in Consumer countries on illegal logging are starting to have characteristics of non-tariff barriers. And this leads to perverse outcomes which have negative impacts on the development of legal and sustainable forest industry. Instead, ITTO needs to assist Member Countries meet market requirements of legal trade (example, as proposed by the United Nations Office on Drugs and Crime on forest products).

Finally, we understand there is a proposal for a Decision in this Session on setting up a Private Sector Consultative Board. We in the TAG welcome such interests in our relationship with the Council and will work with the Council after wider consultations and inputs from stakeholders. But are we looking only at the form and not the substance? We know the TAG can be strengthened with more trade participation from the major Consumers like Japan, China, India and European Union Member States. But the real question is: will the Council pay attention to the advice from the TAG or the proposed Board? As examples, in our past Trade Statements, we asked the Council to work on a harmonised legal timber standard, life cycle analysis of timber in light of carbon and climate change, and a study on how to control illegal timber trade through transportation. These three examples of our TAG call for help received cold response from the Council. We have just outlined our **current** problems in the Trade: will the Council now take these into consideration for its work here in Yokohama? Will the Council work with the Trade to overcome such current difficulties?

We in TAG do not think there is a choice: the Council needs to seriously work on the advice given by the Trade.

Thank you.

\* \* \*



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

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Revised TOR of Activities under Expected Outcome 5**





## **REPORT**

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

The Forty-third Session of the Committees was opened on 9 November 2009 at the Joint Session of the Committee on Economic Information and Market Intelligence (CEM), the Committee on Reforestation and Forest Management (CRF), the Committee on Forest Industry (CFI), and the Committee on Finance and Administration (CFA), chaired by Ms. Siti Syaliza binti Mustapha (Malaysia), Chairperson of CEM. This Joint Session considered Agenda items 1-4. Joint Sessions of the Technical Committees were also convened under the chairmanship of Ms. Siti Syaliza binti Mustapha (Malaysia) to consider items 5 and 8 (A) of the Agenda, respectively. The subsequent meetings of the CRF were chaired by Mr. Hideaki Takai (Japan), assisted by Mr. Tabi Agyarko (Ghana), Vice-Chair of CRF. The list of participants is presented in document ITTC(XLIV)/Info.2.

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

The Agenda for the Committees as contained in documents CEM-CFI(XLIII)/1 Rev.1, CFA(XXIV)/1 Rev.1 and CRF(XLIII)/1 Rev.2 was duly adopted.

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

The Committees admitted the observers listed in document ITTC(XLV)/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 Mr. Hideaki Takai (Japan), Chairman of the Expert Panel for Technical Appraisal of Project Proposals at its Thirty-seventh and Thirty-eighth meetings held on 2-6 February and 3-7 August 2009 in Yokohama, Japan as contained in documents ITTC/EP-37 and ITTC/EP-38, respectively. In summary, the report of the Expert Panel indicated:

- (i) a total number of 29 and 31 proposals were appraised at its Thirty-seventh and Thirty-eighth meetings respectively;
- (ii) a total number of 9 proposals (32% of proposals evaluated) comprising 9 projects were accorded category 1 rating at the Thirty-seventh meeting and a total number of 10 proposals (34% of proposals evaluated) comprising 10 projects were accorded category 1 rating at the Thirty-eighth meeting;
- (iii) three (3) out of the 9 proposals accorded category 1 rating during the Thirty-seventh meeting and 3 out of the 10 proposals accorded category 1 rating at the Thirty-eighth meeting were revised proposals;
- (iv) ten (10) proposals appraised during the Thirty-seventh meeting and 14 proposals during the Thirty-eighth meeting were sent back to proponents for revision and nine (9) proposals appraised during the Thirty-seventh meeting and 5 proposals during the Thirty-eighth meeting were recommended not to be approved by the Committees.

Mr. Takai presented the general comments made by the Expert Panel at its Thirty-seventh and Thirty-eighth meetings including:

- Conventional weaknesses are still common, including illogical problem analyses and problem trees, weak logical frameworks with immeasurable indicators, and unclear presentations of sustainability.
- Utilization and application of the relevant ITTO policy documents is often insufficient.
- There is insufficient consideration of the recommendations of relevant past projects, ex-post evaluation reports, ITTO diagnostic missions and Expert Panels.
- The new format of the third edition of the Manual enables clear understanding of the contents of the project but many projects indicate a lack of understanding of the instructions of the Manual.
- Some proposals are clear, unambiguous and logical, demonstrating a clear understanding of the Manual.

Mr. Takai informed the Committees that the new scoring system had assisted panel members in assessing proposals, reduced subjectivity in assessments, facilitated comparisons between evaluations, improved the weighting of different elements of project proposals and assisted the ITTO Secretariat in writing

recommendations for the projects' proponents. Mr. Takai noted that although the system was operational, it was subject to further fine tuning. He also pointed out that the system was merely a tool for assisting in final decision making. The Panel's suggestions for proponents were to ensure stakeholder participation in project formulation, to focus the scope of the project along with the capacity, time and budget available, to follow the new Manual more precisely and to use and provide feed-back on the ITTO Pro-Tool. Member countries were advised to provide full support for ensuring sustainability of the projects after completion, to limit new proposals to three or less per cycle, to develop a mechanism for pre-screening and monitoring proposals and to establish a national training mechanism on project formulation. The Secretariat was advised to continue conducting training workshops on project formulation, provide relevant documents for Panel members and to refine and maintain the ITTO Pro-Tool.

The delegation of Switzerland expressed appreciation of the work of the Expert Panel and noted that the new tools and scoring system had improved the project appraisal process considerably. The delegation of the USA reiterated these comments, and expressed an overall positive reaction to the tools developed. The new scoring system had resulted in more structured and objective assessments of project proposals. The delegation also hoped that the revised Manual would contribute to more successful projects on the ground. The need for active focal points in producer member countries was acknowledged and the Secretariat was urged to engage focal points in producer countries to improve the quality of proposals. The delegation of Cameroon noted that there was a great deal of work still to be done to improve the Manual and stressed the need to increase the level of training at country level to be able to pre-select and improve the quality of project proposals. The delegation of China fully supported the conclusions of the Expert Panel and the adoption of the new scoring system. The delegation further supported the need for training at the country level to improve the quality of proposals. The delegation of Indonesia urged the continued use of project tools which were still not considered user friendly in some respects.

#### **Item 5 – New Projects and Pre-Projects**

The Committees took note of the following projects and pre-projects which have been approved under the time-bound electronic no objection procedure to accept Expert Panel ratings and circulated to member countries pursuant to Decision 6(XLIII), following the recommendations of the Expert Panel for the Technical Appraisal of Project Proposals at its Thirty-seventh Meeting held in Yokohama, Japan on 2-6 February 2009, as contained in document ITTC/EP-37, in conformity with Articles 25 and 27 of the ITTA, 1994.

#### **For Thirty-seventh Expert Panel**

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
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
PD 492/07 Rev.3 (F)	Participatory Rehabilitation and Management Project for Mangroves and Watersheds in the Coastal Area of the Douala/Edéa Wildlife Reserve – "Douala-Edéa Mangrove Project" (Cameroon)	Cameroon
PD 519/08 Rev.1 (F)	Tropical Forest Conservation for Reducing Emissions from Deforestation and Forest Degradation and Enhancing Carbon Stocks in Meru Betiri National Park, Indonesia	Indonesia
PD 527/08 Rev.1 (F)	Enhancing Capacity Building on Assessing Tropical Forest Carbon Stock and its Changes in China	China
PD 528/08 Rev.1 (F)	Towards Sustainable Indigenous Mahogany Timber Production in Ghana: Phase II, Refining the Silvicultural "Tool Kit" and Practical Training for Industrial-Foresters and Community Farmers	Ghana
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

The Committee also took note of the following projects and pre-projects which have been approved under the time-bound electronic no objection procedure to accept Expert Panel ratings pursuant to Decision 6(XLIII), following the recommendations of the Expert Panel for the Technical Appraisal of Project

Proposals at its Thirty-eighth Meeting held in Yokohama, Japan on 3-7 August 2009 as contained in Document ITTC/EP38.

#### For Thirty-eighth Expert Panel

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 495/08 Rev.3 (F)	Guatemalan Forest Productivity Information System	Guatemala
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
PD 539/09 Rev.1 (F)	Promoting Conservation of Selected Tree Species Currently Threatened by Habitat Disturbance and Population Depletion	Indonesia
PD 541/09 Rev.1 (F)	Forest Promotion and Development by Native Communities in Peru	Peru
PD 542/09 Rev.1 (F)	Support to Convene the V Latin American Forestry Congress	Peru
PD 544/09 Rev.1 (F)	Increased Economic Returns from Forest Management in Permanent Production Forests of Peru	Peru
PD 552/09 Rev.1 (F)	Encouraging Customary Landowners in the Lowlands of Papua New Guinea's Central Province to Reforest their Grasslands with High Value Trees	Papua New Guinea
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	Colombia

In addition, the Committees took note of the following revised project into Phase I and II, and pre-project prepared based on the recommendation of the Thirty-seventh Expert Panel:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 456/07 Rev.2 (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 – <u>Phase I (partially pending financing); Phase II (pending financing)</u> (ITTO)	ITTO
PPD 143/09 (F)	Assessment of Mangrove Forest Affected by Cyclone Nargis to Facilitate the Development of an Integrated Mangrove Ecosystem Management on in Ayeyarwady Delta, Myanmar	Myanmar

#### **Item 6 – ITTO Annual Market Discussion -2009**

The Committees noted the summary of the ITTO Annual Market Discussion – 2009, held in the Joint Session of the Technical Committees on 11 November 2009, as contained in Appendix A. The theme of the Market Discussion was “Tropical Timber Markets at a Crossroads: Buyers Perspectives”. Ms. Siti Syaliza binti Mustapha (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:

Mr. Andy Pitman, TRADA	The View from UK/Europe
Mr. Wu Shengfu, National Forest Products Association	China's Perspective
Mr. Ramkrishna Somaiya, Indian Timber Importers Association	The View from India
Mr. Yasuhiro Ohashi, Japan Lumber Importers Association	Commentary from Japan
Mr. Stefan Wille, AKTRIN Group	A View from the US

## **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(XLIII)/2, "Report on Completed Projects and Pre-projects in the Field of Reforestation and Forest Management", and are divided into two groups (A) and (B).

Group (A) lists the projects and pre-projects where the field activities have been completed, and the final report and other technical documentation have been submitted to the Secretariat as well as the audited financial report of the project's and pre-project's accounts.

Group (B) lists the projects and pre-projects where the field activities have been completed, and the final report and other technical documentation have been submitted to the Secretariat but where the audited financial report of the project's and pre-project's accounts is still pending.

As a general comment, the delegation of Switzerland invited the ITTO Secretariat to improve the reporting of completed projects by including a chapter on outcomes and impacts, to guide the executing agencies.

The Committee then proceeded to review the following completed projects and pre-projects:

### **7.1 Completed Projects**

#### **(A) Completed Projects, Including Financial Audit**

##### **1) PD 24/98 Rev.2 (F) Intensification of Teak Forestry (Côte d'Ivoire)**

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 Côte d'Ivoire 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. However, that presentation was an opportunity for the Committee to recommend that the Secretariat should consider revising the format of the completion report in order to show the link between the project outcomes and impacts. The Committee therefore decided to consider the project PD 24/98 Rev.2 (F) as completed.

##### **2) PD 54/99 Rev.2 (F) Alternative Financing Model for Sustainable Forest Management in San Nicolas, Colombia (Colombia)**

The Committee took note that the Executing Agency has submitted the Completion Report and a series of Technical Reports. The Secretariat also informed the Committee that an adequate Final Financial Audit Report had recently been submitted by the Executing Agency. The Committee therefore decided to consider the project PD 54/99 Rev.2 (F) as completed.

##### **3) PD 63/01 Rev.2 (F) Assessment and Management of Mangrove Forests in Egypt for Sustainable Utilization and Development (Egypt)**

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 PD 63/01 Rev.2 (F) as completed.

##### **4) PD 240/03 Rev.1 (F) Alternative Financing Model for Sustainable Forest Management in San Nicolás – Second Phase: Non-Kyoto Rehabilitation Areas (Colombia)**

The Committee took note that the Executing Agency has submitted the Completion Report and several Technical Reports. The Secretariat also informed the Committee that an adequate Final Financial Audit Report had recently been submitted by the Executing Agency. The Committee therefore decided to consider the project PD 240/03 Rev.1 (F) as completed.

**5) PD 270/04 Rev.2 (F) Ex-situ and In-situ Conservation of Teak (*Tectona grandis* L.F.) to Support Sustainable Forest Management (Myanmar)**

The Committee took note that the Executing Agency has submitted the Project Completion Report and a series of Technical Reports. The Secretariat also informed the Committee that an acceptable Project Final Financial Audit Report has recently been submitted by the Executing Agency. The Committee therefore decided to consider the project PD 270/04 Rev.2 (F) as completed.

**6) PD 389/05 Rev.2 (F) Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level (Indonesia)**

The Committee took note that a series of Technical Reports, the Project Completion Report and the Final Financial Audit Report have been submitted by the Executing Agency. The Committee therefore decided to consider the project PD 389/05 Rev.2 (F) as completed.

**7) PD 393/06 Rev.1 (F) Village-Level Reforestation Plus Nutrition Promotion by Self-Motivated Community Women's Groups (Ghana)**

The Committee took note that the Executing Agency has submitted the Completion Report. The Secretariat also informed the Committee that an adequate Final Financial Audit Report had been recently submitted by the Executing Agency. The Committee therefore decided to consider the project PD 393/06 Rev.1 (F) as completed.

**(B) Completed Projects, Pending Financial Audit**

**1) PD 23/99 Rev.2 (F) Testing of ITTO Revised Criteria and Indicators and Dissemination of Results Applying to Cameroon (Cameroon)**

The Committee took note that the Executing Agency has submitted the Project Completion Report and Final Technical Report. The Committee therefore decided to consider the project PD 23/99 Rev.2 (F) 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 prior to the next Council Session.

**2) 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 took note that the Executing Agency has submitted the Project Completion Report and Final Technical Report. The Committee therefore decided to consider the project PD 53/00 Rev.3 (F) 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 prior to the next Council Session.

**3) PD 138/02 Rev.2 (F) Integrated Evaluation and Strategy for the Sustainable Management of Secondary Forests in the Central Forest Region of Peru (Peru)**

The Committee took note that the Executing Agency has submitted the completion report and several technical reports, but the Final Financial Audit Report is still pending. The Committee therefore decided to consider the project PD 138/02 Rev.2 (F) 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 prior to the next Council Session.

**4) PD 228/03 Rev.3 (F) Tropical Forest Fire Monitoring Management System Based on Satellite Remote Sensing Data in China – Phases I and II (China)**

The Committee took note that the Executing Agency has submitted the Project Completion Report and a series of Technical Reports but the Final Financial Audit Report is still pending. The Committee therefore decided to consider the project PD 228/03 Rev.3 (F) 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 prior to the next Council Session.

**5) PD 251/03 Rev.3 (F) Evaluation of Commercial Stocks and Strategy for the Sustainable Management of Mahogany (*Swietenia macrophylla*) in Peru (Peru)**

The Committee took note that the Executing Agency has submitted the completion report and several technical reports, but the Final Financial Audit Report is still pending. The Committee noted and further commended the presentation given on the project achievements. The Committee therefore decided to consider the project PD 251/03 Rev.3 (F) 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 prior to the next Council Session.

**6) PD 386/05 Rev.2 (F) Technological Development for the Production of Planting Materials to Support Sustainable Plantation of Bali Indigenous Species Through Community Participation (Indonesia)**

The Committee took note that the Executing Agency has submitted the Project Completion Report and a series of Technical Reports but the Final Financial Audit Report is still pending. The Committee therefore decided to consider the project PD 386/05 Rev.2 (F) 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 prior to the next Council Session.

**7.2 Completed Pre-projects**

**(A) Completed Pre-projects, Including Financial Audit**

**1) PPD 98/04 Rev.1 (F) Towards the Municipal Decentralization of Forest Management in the Chaco and Yungas Eco-Regions of Bolivia (Bolivia)**

The Committee took note that the Completion Report, the Technical Reports, a project proposal and the Final Financial Audit Report have been submitted by the Executing Agency. The Committee decided to consider the pre-project PPD 98/04 Rev.1 (F) as completed.

**2) PPD 134/07 Rev.1 (F) Guidelines for the Restoration of Mangroves and Other Coastal Forests Damaged by Tsunamis and Other Natural Hazards in the Asia-Pacific Region (Global-Japan)**

The Committee took note that the Executing Agency has submitted the Pre-Project Completion Report, two Technical Reports and the Final Financial Audit Report. The Committee therefore decided to consider the pre-project PPD 134/07 Rev.1 (F) as completed.

**(B) Completed Pre-projects, Pending Financial Audit**

**1) PPD 108/04 Rev.1 (F) Sustainable Community Management, Utilisation and Conservation of Mangrove Ecosystems in Ghana (Ghana)**

The Committee took note that the Executing Agency has submitted the Completion Report and a series of Technical Report but the Final Financial Audit Report is still pending. The Committee therefore decided to consider the pre-project PPD 108/04 Rev.1 (F) as completed upon receipt of a satisfactory Final Financial Audit Report, prior to the next Council Session.

**2) PPD 123/06 Rev.1 (F) Controlling dieback and Decay Phenomenon in Plantations Species (Côte d'Ivoire)**

The Committee took note that the Executing Agency has submitted the Completion Report and a series of Technical Report but the Final Financial Audit Report is still pending. The Committee therefore decided to consider the pre-project PPD 123/06 Rev.1 (F) as completed upon receipt of a satisfactory Final Financial Audit Report, prior to the next Council Session.

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

The Committee took note that the Executing Agency has submitted the Pre-Project Completion Report, a full project proposal but the Final Financial Audit Report is still pending. The Committee therefore decided to consider the pre-project PPD 124/06 Rev.2 (F) as completed upon receipt of a satisfactory Final Financial Audit Report, prior to the next Council Session.

**4) PPD 129/06 Rev.1 (F) Forest Promotion and Development by Native Communities in Peru (Peru)**

The Committee took note that the Completion Report, several Technical Reports and a project proposal have been submitted by the Executing Agency pending the Final Financial Audit Report. The Committee therefore decided to consider the pre-project PPD 129/06 Rev.1 (F) as completed upon receipt of a satisfactory Final Financial Audit Report, prior to the next Council Session.

**Item 8 - Ex-post Evaluation**

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

The Committee was informed that the ex-post evaluation of the six projects grouped under the theme of Forest Management/Inventory, selected by the Committee at its Forty-first Session, had been completed:

**Thematic Group Evaluation: Forest Management/Inventory**

PD 68/89 Rev.1 (F)	Management of the Tapajós National Forest for Sustainable Production of Industrial Timber (Brazil)
PD 185/91 Rev.2 (F)	Sustainable Forest Management and Development in Peninsular Malaysia – Phase II (Malaysia)
PD 2/93 Rev.1 (F)	Integrated Pilot Management of the Ngoua II Forest North - Phase I: The Preparation of a Management Plan (Republic of Congo)
PD 23/00 Rev.4 (F)	Promotion and Transfer of Knowledge on Sustainable Forest Management Models to Timber Producers (Peru)
PD 39/00 Rev.3 (F)	Sustainable Collaborative Forest Management: Meeting the Challenges of Decentralization in the Bulungan Model Forest (Indonesia)
PD 178/02 Rev.1 (F)	Information and Training Programme for Sustainable Forest Management in the Peruvian Amazon Region (Peru)

The Committee took note of the presentation of the synthesis of the ex-post evaluation as contained in document CRF(XLIII)/4 by the Team Leader of the evaluation team, Mr. Jean-Marie Samyn, during the Joint Session of the Committees.

The Committee 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 Management/Inventory. The Committee commended the report presented by the consultant and also requested the Secretariat to ensure its dissemination.

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

According to Decision 3(XXVIII), "Ex-post Evaluation of Projects", the Committees are requested to consider as candidates for ex-post evaluation all completed individual projects or group of projects. The Committee, at its Forty-second Session, decided to select further projects for ex-post evaluation during the Forty-third Session, based on an updated short list by thematic groups to be prepared by the Secretariat of projects completed since 2006 in the Reforestation and Forest Management Division and not previously selected for ex-post evaluation. Accordingly, a shortlist of completed projects by thematic groups was provided in document CRF(XLIII)/5 for the Committee's action at this Session.

The Committee took note of the aforementioned document and established a small informal working group consisting of delegates representing Australia, Switzerland, Brazil, Mexico, Colombia and the Secretariat to consider the ex-post evaluation of projects using the list as the basis for their work.

The working group, in reviewing the list, noted that the projects under the themes of 1) Criteria and Indicators of Sustainable Forest Management; 2) Biodiversity Conservation; 3) Forest Plantations/Growth and Yield and 4) Geographic Information System/Demonstrations Areas; currently contained enough completed projects throughout the three tropical regions, and therefore presented to the Committee four lists of 3, 4, 4 and 2 projects respectively pre-selected for ex-post evaluation grouped under the aforementioned themes. The working group's report was considered by the Committee, which approved the following projects ex-post evaluation by thematic group as follows:

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

- |                     |  |
|---------------------|--|
| PD 225/03 Rev.1 (F) | Adoption and Implementation of an Appropriate System of Criteria and Indicators for the Philippines  |
| 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 389/05 Rev.2 (F) | Application of the Internal Monitoring of SFM Performance at Forest Management Unit Level (Indonesia)  |

**2) 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  |

**3) 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) |

**4) 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 |



In addition, it also noted that the Committee had considered at its previous sessions that ITTO had been carrying out ex-post evaluations for many years, the results and the recommendations have not been used in a consistent way to influence the design and execution of new projects, nor that the recommendations and lessons learnt condensed in one useful document as regards the development and implementation of similar projects in the future, that could be referred to by project formulators and the members themselves of the ITTO Expert Panel for Technical Appraisal of Project Proposals. In addition, it is important to assess the consistency of the quality and methodology of ex-post evaluations so that useful conclusions from the reports can be drawn. In this light the CRF requested the Secretariat draft a set of TOR for the Meta evaluation and submit it the CRF at its next session for its consideration.

It was also suggested to the Secretariat that, for the next set of ex-post evaluations, the TOR of the consultants should be analyzed vis-à-vis the corresponding theme to contextualize their work.

The Committee further 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 45th Session, which should include all completed projects since 2008 not previously selected 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(XLIII)/3] by the Secretariat on the 88 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 (61), B) awaiting the signing of an Agreement (4), C) projects awaiting financing (17), or D) falling under the sunset provision since the last Session (6).

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 Committee then proceeded to discuss the issues associated with a number of projects. Details of these discussions are as follows:

#### **(A) Projects under implementation**

- 1) **PD 21/98 Rev.2 (F) Forest Management, Community Involvement and Sustainable Use of Si-Kop Forest Area (Coastal Province, Cameroon) (Phase II) (Cameroon)**

The Committee was informed that the project extension was granted for twenty-four months until July 2011, without additional ITTO funds, for the continuation and completion of planned activities. The Delegation from Cameroon thanked the ITTO Secretariat for its support and informed the Committee that the Ministry of Forestry and Fauna has put in place the mechanism for the regular disbursement of counterpart funds required for the implementation of the project during the extension period. The Committee took note of the updated information regarding the disbursement of counterpart funds to be provided for a smooth implementation of this project during the extension period.

**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 Executing Agency has requested an extension in time to December 2009 so as to be able to finalize the project's activities and outputs without the need of the third and last tranche of ITTO funds in the amount of US\$80,000.00. The Committee also observed that the interim annual Audit Report submitted did not follow ITTO's format and further presented what appeared to be irregularities and that the Secretariat had requested the Executing Agency to revise this audit report and resubmit it. In this light, the Committee endorsed an extension of the project until the end of December 2009, without additional funds, as per the written request and justification submitted by the Executing Agency, with a view towards successfully completing the project's activities and outputs, and further urges the Executing Agency submit the Completion Report, the several technical reports and other outputs and means of verification produced by the project, and the Final Audited Report, all following the respective ITTO formats, immediately after project completion.

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

The Committee was informed that the project extension was granted until December 2009, without additional ITTO funds, in order to mainly revise, update and validate the draft management plan of the So'o Lala Forest Reserve. The Delegation from Cameroon thanked the ITTO Secretariat for its support and informed the Committee that the Ministry of Forestry and Fauna has put in place the mechanism for the regular disbursement of counterpart funds required for the implementation of the project during the extension period. The Committee took note of the updated information regarding the disbursement of counterpart funds required to ensure a smooth implementation of this project during the extension period.

**4) PD 62/99 Rev.3 (F) Reforestation Pilot Project for the Recovery of Degraded Areas in the Medium Doce River Region, State of Minas Gerais, Brazil (Brazil)**

The Committee took note that the project's Steering Committee, during its meeting in August 2009, observed that most of the project's activities continued to be severely delayed. It further observed that at that meeting the Executing Agency had expressed its interest in extending the project until March 2011 to successfully achieve its outputs. In this light, the Committee recommended the Executing Agency to immediately 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 authorized the Secretariat to grant the extension until March 2011 upon receipt of appropriate supporting documents justifying the request of the project extension and approval of these by the Secretariat.

**5) PD 66/01 Rev.1 (F) Establishment of the Mengamé-Minkébé Transboundary Gorilla Sanctuary (MMGS) at the Cameroon-Gabon Border (Cameroon)**

The Delegation from Cameroon informed the Committee that most project activities have been completed and the great delay in submitting the project completion report and final financial audit report, which were due in September 2008 and October 2008, is mainly due to the delay for the signing by the Prime Minister of Cameroon of the decrees regarding the creation of the protected area complex composed of the Mengine Gorilla Sanctuary and Kom National Park. The Committee was informed that the latest Project Steering Committee meetings made a series of recommendations to be taken into account by the Executing Agency for the adequate completion of the project and for reflection on its future phases. Those recommendations should be revisited for the preparation of any follow-up phase. The Committee took note of that information and urged the Executing Agency to submit those reports as soon as possible in order to allow the Secretariat to report this project as completed during the next Committee Session.

**6) PD 142/02 Rev.2 (F) Sustainable Production of National Forests under the "Regime of Forest Concessions" (Brazil)**

The Committee endorsed the request of the Executing Agency for a budget neutral extension for project completion until July 2011, pending submission and approval of the relevant Plan of Operation.

- 7) **PD 156/02 Rev.3 (F) Conservation and Reforestation of Threatened Mangrove Forest Areas along the Pacific Coast of Panama – Phase I (Completed), Phase II (Operational) (Panama)**

The Committee noted that the project will complete all its field activities by year-end 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.

- 8) **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 project implementation required some additional time than that initially allocated, as some activities have suffered delays particularly those related to the social and economic development of the communities in the buffer zones, due mainly to the sporadic social instability the region suffered from April to June 2009. As such, the Executing Agency has applied for an additional extension in time until February 2010 without additional funds, in order to successfully complete the project, and further submitted to the Secretariat a formal request and a justification for the aforementioned extension in time, including budgetary modifications. Moreover, the Secretariat reviewed the corresponding documents and considered these to be justified. In this light, the Committee endorsed an extension of the project until the end of February 2010, without additional funds, as per the written request and justification submitted by the Executing Agency.

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

The Committee noted that the project is to complete all its field activities by year-end and that, after bilateral coordination meetings and a last Joint Project Steering Committee with their Peruvian counterparts in December, 2009, it will further submit the completion report and other relevant technical documents and means of verification to the Secretariat. In addition, the Committee lauded the joint subscription on September 8<sup>th</sup>, 2009 of a Bilateral Memorandum of Understanding on Environmental Matters between the Minister of Environment of Ecuador, Dra. Marcela Aguiñaga, and the Minister of Environment of Peru, Dr. Antonio Brack Egg, that will promote the technical cooperation between the two countries with a view towards the coordinated management of transboundary conservation areas, among other issues.

- 10) **PD 248/03 Rev.4 (F) Antimary Forest Management Regional Training Centre (Brazil)**

The Committee endorsed the request of the Executing Agency for a budget neutral extension until December 2010, pending submission and approval of the relevant Plan of Operation.

- 11) **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 was informed that most project activities had been completed, and the project completion report and final financial audit report were due in November 2008 and December 2008 respectively. The Committee took note of that information and asked the Executing Agency to submit those reports, as soon as possible, in order to allow the Secretariat to report this project as completed during the next Committee Session.

- 12) **PD 288/04 Rev.2 (F) Development of Lanjak Entimau Wildlife Sanctuary as a Totally Protected Area, Phase IV (Final Phase) (Malaysia)**

The Committee took note of the Executing Agency's request for additional funds amounting to US\$56,700 to publish a high quality 'coffee table' book which will illustrate the main outcomes of the ITTO-sponsored project on the development of Lanjak Entimau Wildlife Sanctuary from Phase I to Phase IV covering last 16 years. In this light, the Committee recommended that additional funds be made available for the proposed publication.

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

The Committee noted that the project had completed all its field activities and successfully achieved its objectives and outputs and that the Executing Agency had recently submitted the project's Completion Report, the Final Technical Report, several other technical documents and means of verification, and the Final Financial Audit Report. The committee further lauded the fact that, as one of the outstanding ITTO field projects, the Executing Agency was invited to give a presentation of the project's achievements in SFM at the World Forestry Congress in October 2009. This project will be reported as completed at the next Session.

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

The Committee noted that the project's Executing Agency IMAZON had not submitted any progress or technical reports, or other means of verification, to the Secretariat during the past year. It further noted that the project's Annual Financial Audit reports for the years 2007 and 2008 were also pending and that the Project's Steering Committee Meeting, slated for August 2009, had been postponed until further notice. On the other hand, it also observed that the Executing Agency had submitted a written request for an extension in time without additional funds to December 2009, albeit without the corresponding supporting documents.

In this light, the Committee urges the Executing Agency to immediately submit the following to the Secretariat: 1) an updated Progress Report, in both technical and financial terms and following ITTO's format, 2) a Financial Audit Report covering all disbursements made by ITTO to date, 3) a proper written justification for an extension in time without additional funds, including a detailed work plan and any budgetary modifications for the additional period required to adequately achieve the project's objectives, and 4) a request for the disbursement of the last tranche of funds. The Secretariat may wish to consider convoking a special Project Steering Committee meeting to review in a participatory manner all the aforementioned documents prior to the release of the last tranche of funds.

**15) PD 346/05 Rev.2 (F) Conservation and Recovery of Degraded Land in Family Agriculture Units in the Eastern Brazilian Amazon (Brazil)**

The Committee took note that the Executing Agency had been late in submitting its progress reports and annual financial audit reports, and when submitted these were incomplete and did not follow ITTO formats. In this light, the Committee urged the Executing Agency to strictly abide to ITTO's procedures and scheduling in the future.

**16) 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 took note that, while most of the project's activities were progressing satisfactorily, some had suffered delays due to diverse reasons. As such, the Executing Agency has applied for an additional extension in time until September 2010 without additional funds, in order to successfully complete the project, and further submitted to the Secretariat a formal request and a justification for the aforementioned extension in time, including budgetary modifications. Moreover, the Secretariat reviewed the corresponding documents and considered these to be justified. In this light, the Committee endorsed an extension of the project until the end of September 2010, without additional funds, as per the written request and justification submitted by the Executing Agency.

**17) PD 350/05 Rev.3 (F) Production Systems and Integrated Management of Shoot-borers for the Successful Establishment of Meliaceae Plantations in the Yucatan Peninsula and Veracruz, Mexico (Mexico)**

The Committee took note that project implementation was slower than initially projected due to a myriad of reasons and that, as such, the Executing Agency had considered applying for an additional extension in time until July 2011 without additional funds, in order for the project to successfully achieve its objectives and outputs. In this light, the Committee recommended the Executing Agency to immediately 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 endorsed the

extension until July 2011 upon receipt of appropriate supporting documents justifying the request of the project extension and approval of these by the Secretariat.

- 18) 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, whilst most of the project's activities were progressing satisfactorily, some had suffered delays due mainly to the participatory process required by the project to develop localized C&I. As such, the Executing Agency has applied for an additional extension in time until March 2011 without additional funds, in order to successfully complete the project, and further submitted to the Secretariat a formal request and a justification for the aforementioned extension in time, including budgetary modifications. Moreover, the Secretariat reviewed the corresponding documents and considered these to be justified. In this light, the Committee endorsed the extension of the project until the end of March 2011, without additional funds, as per the written request and justification submitted by the Executing Agency.

- 19) 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 a need for an extension of the project in order to successfully complete its activities relating to the development of small-scale AR CDM project design documents. In this light, the Committee endorsed the extension of the project until December 2010 without additional funds.

- 20) PD 438/06 Rev.2 (F) Sustainable Forest Management for the Forest Production Area of the Northern and Northeastern Regions of the Department of Antioquia, Colombia (Colombia)**

The Committee took note that, while the planned project activities were being executed normally, the Executing Agency had cautioned that possibly quite a few output indicators in the Project Document were currently either overambitious or unrealistic in their achievement, due to the fact that the underlying legal framework in Colombia had been modified. It further noted that the Secretariat had recommended the Executing Agency to adjust the project's activities accordingly so as to conform to the forestry and environmental legislation in place and submit in writing the proposed changes so that they can be reviewed and approved at the next project Steering Committee meeting. In this light, the Committee recommended that the Project Steering Committee Meeting be carried forward in time.

#### **(B) Projects awaiting implementation agreement**

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

The Committee took note of the information by the Delegation from Thailand that the Project Agreement has been reviewed by concerned parties in Thailand.

- 2) PD 492/07 Rev.3 (F) Participatory Rehabilitation and Management Project for Mangroves and Watersheds in the Coastal Area of the Douala/Edéa Wildlife Reserve – "Douala-Edéa Mangrove Project" (Cameroon)**

The Committee took note of the information, provided by the Secretariat, that the Project Agreement was fully processed after being signed by the Executive Director of ITTO on 5 November 2009.

#### **(C) Projects awaiting financing**

The Committee noted that seventeen (17) projects approved at earlier Sessions are still awaiting funding, out of which eleven (11) will be sunset if funding is not secured before the next Session.

- 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)**
- 2) \*PD 452/07 Rev.2 (F) Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase II (Brazil)**

- 3) \*PD 454/07 Rev.2 (F) Community Forest Management: A Sustainable Alternative for the Maues State Forest, Amazonas State (Brazil)
- 4) \*\*PD 456/07 Rev.1 (F) Building the Capacities of Forestry Training Institutions Members of the Network of Central African Forestry and Environmental Training Institutions (RIFFEAC) for Providing SFM Training for Forest Concessions (ITTO)

The Committee was informed by the Secretariat about the conversion of the project into a phase project (Phase I with an ITO budget of US\$ 569,689 and Phase II with US\$ 511,052). The Committee was also informed that the Phase I is partially funded with the contribution of US\$ 97,037 pledged by Belgium in January 2008, and therefore a balance of US\$ 472,652 is to be provided by donors for the commencement of the implementation of the Phase I of this project. The Committee took note of the information.

- 5) PD 460/07 Rev.2 (F) Achieving Sustainable Management of Mangrove Forests in China through Local Capacity Building and Community Development – Phase I (pending financing); Phase II (pending financing) (China)
- 6) \*PD 467/07 Rev.3 (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)
- 7) \*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)
- 8) \*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)
- 9) \*PD 475/07 Rev.1 (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)
- 10) \*PD 476/07 Rev.2 (F) Clonal Test of Superior Progeny of *Shorea Leprosula* for Enrichment Planting Program (Indonesia)
- 11) 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)
- 12) \*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)
- 13) \*PD 501/08 Rev.1 (F) Promoting Household Reforestation in Tropical Zone of Southwestern China through Development and Extension of Household-Oriented Techniques (China)
- 14) \*PD 515/08 Rev.1 (F) Monitoring Deforestation, Logging and Land Use Change in the Pan Amazonian Forest (Brazil)
- 15) PD 527/08 Rev.1 (F) Enhancing Capacity Building on Assessing Tropical Forest Carbon Stock and its Changes in China (China)
- 16) PD 528/08 Rev.1 (F) Towards Sustainable Indigenous Mahogany Timber Production in Ghana: Phase II, Refining the Silvicultural "Tool Kit" and Practical Training for Industrial-Foresters and Community Farmers (Ghana)
- 17) 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)

\*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 six (6) projects have become sunset since its last Session.

- 1) PD 308/04 Rev.3 (F) Management of Secondary and Degraded Forests in the Peruvian Amazon Region by Indigenous Communities (Peru)
- 2) PD 341/05 Rev.3 (F) Restoration and Sustainable Management of Mangrove Forests in the Tumbes Region, Peru (Peru)
- 3) PD 404/06 Rev.3 (F) Conservation and Development in the Natural Protected Areas Complex of Tambopata (Peru) – Madidi (Bolivia) – Phase II (Peru and Bolivia)
- 4) PD 420/06 Rev.2 (F) Developing and Strengthening Institutions for the Implementation of the Philippine Criteria and Indicators (C & I) for SFM and Auditing System (The Philippines)
- 5) PD 436/06 Rev.1 (F) Forestry Partnership Pinhão Manso – Biodiesel Plant (Brazil)
- 6) PD 445/07 Rev.2 (F) Integrated Sustainable Forest Management Project for Forest Areas in the Lower Catatumbo River Watershed, North Santander Colombia (Colombia)

#### **9.2 Pre-project Work in Progress**

The Committee took note of a status report of approved pre-projects in document CRF(XLV)/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**

- 1) PPD 136/07 Rev.1 (F) **Study for the Conservation, Land Management and Sustainable Mountain Biodiversity Management in the Centre North Region of Togo** (Togo)

The Committee was informed that this pre-project was approved by the Council in November 2007 and its full financing was pledged in June 2008. The Committee was also informed that the commencement of its implementation has been greatly delayed due to some governmental bureaucratic process for the opening of a separate bank account in US dollars. The Committee took note of that information and urged the Executing Agency to solve this problem before the pre-project PPD 136/07 Rev.1 (F) coming to under sunset provisions, if its implementation has not begun after 26 months since its approval by the Council.

##### **(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 – Biennial Work Programme of the Committee for 2010-2011**

The Committee was invited to assess the relevant activities proposed under the Draft ITTO Biennial Work Programme 2010-2011 (Document ITTC(XLV)/9 Rev 2) with special reference to Expected Outputs 5 – Tropical Forest Resources Better Secured, and 6 – Tropical Forest Resources Sustainably Managed.

Various delegations provided comments to activities 45, 46 and 47 under Expected Output 5. A contact group was constituted and debated the Terms of Reference of these proposed activities in detail. The contact group reported back to the Committee, which endorsed its recommendations, which are presented in Annex of this report.

The delegation of the United States recalled the possibility of submitting Activity 46, related to the forest tenure, governance and enterprise conference with focus in Asia, to the consideration of the ITTO Thematic Programme on Tropical Forest Law Enforcement and Trade – TFLET.

Activities proposed under Expected Output 6 received no comments and were endorsed by the Committee as proposed by the Secretariat.

#### **Item 11 - Policy Work**

The Committee considered the following policy-related matters which are also included in the 2008-2009 ITTO Work Programme:

**(i) Review and promote the use of the revised ITTO Guidelines for the Conservation of Biodiversity in Tropical Timber Producing Forests (1993)**

- Item related to ITTC Decision 4(XLIII)/17 of 10 November 2007 and Decision 6(XLIV) of 8 November 2008). The Secretariat reported on the following actions:

The final document (ITTO Policy Development Series number 17) has been printed in three languages. A launch ceremony was organized by ITTO and IUCN in Rome in March 2009 on the occasion of the World Forestry Week/COFO. During the ceremony, representatives of CBD Secretariat and GEF manifested their support to the Guidelines and interest to apply it in their projects.

Interest has been manifested by some forest concessionaires to apply the guidelines at forest management units, but financial resources are missing in order to initiate this activity, which has been included now in the ITTO Biennial Work Programme for 2010-2011. Results of the implementation of the Guidelines in the field can be disseminated during an ITTO side event to be held during the Conference of the Parties of the Convention on Biological Diversity (CBD CoP 10) to be held in Nagoya, Japan, in October 2010.

**(ii) Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests**

- The Secretariat reported on the implementation of this activity, in particular on the developments in Nepal and other countries, as follows:

The Committee recalled that the Government of Nepal had requested ITTO's assistance under Decision 6(XXXIII) for the development of a policy, a strategy and building capacities in local, national and transboundary forest fire management for Nepal. This strategy was developed in 2009 through the joint collaboration of an international expert, Dr. Johann G. Goldammer of the Global Fire Monitoring Center (GFMC, Fire Ecology Research Group of the Max Planck Institute at Freiburg University / United Nations University (UNU), and Mr. Sundar Sharma, UNISDR-Regional South Asia Wildland Fire Network (RSAWFN) and the Nepalese Ministry of Forests and Soil Conservation. Major achievements included the overall conclusions and recommendations of a multi-stakeholder national round table meeting on forest fires in Nepal, the study itself on the policy, strategy and building capacities in local, national and transboundary forest fire management for Nepal, and the submission to ITTO of a project proposal entitled PD 538/09 (F) "Participatory Forest fire Management Project in the National Forests, Nepal". This proposal was further reviewed by the Government of Nepal so as to incorporate the recommendations made by the 38th Expert Panel for the Technical Appraisal of Project Proposals, and resubmitted to the Secretariat for its evaluation by the 39th Expert Panel for the Technical Appraisal of Project Proposals in February 2010. Copies of the aforementioned reports on the findings of the multi-stakeholder national round table consultation meeting and on the strategy are available upon request from the Secretariat.

The Committee further took note that the Government of Honduras also recently officially submitted a request for ITTO's assistance under Decision 6(XXXIII) for the development of a comprehensive strategy of fire management oriented to build capacities at the local and national level for the management of forest fires in Honduras. The Secretariat is currently in negotiations with the Honduran National Institute for Forest Conservation and Development, Protected Areas and Wildlife (ICF) with a view towards finalizing a Memorandum of Understanding for the implementation of this activity. In addition, the Committee observed that the Secretariat was informally approached by the Government of



Togo as regards ITTO's assistance under Decision 6(XXXIII) for the specific development of a strategy and further establishment of a forest fire prevention and control system in Togo, and that it would formalize its request soon.

The Committee additionally noted that in October 2008 ITTO became 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 Wildland Fire Advisory Group is a successor arrangement of the Working Group on Wildland Fire, UNISDR Inter-Agency Task Force for Disaster Reduction. Together with the ISDR Global Wildland Fire Network the Advisory Group is serving as an advisory body to the UN in all matters related to wildland fires. In this light, Dr. Johann G. Goldammer of the Global Fire Monitoring Center (GFMC) gave a presentation to the Committee on past cooperation between ITTO and GFMC as well as on the visions and prospects as regards future joint activities within the UNISDR Global Wildland Fire Network, as well as on the outcomes of the assistance provided to the government of Nepal as regards the development of a forest fire strategy for that country. The Committee further lauded Prof. Goldammer's presentation and took note of the potential benefits an active collaboration among the aforementioned institutions may provide in the future.

The committee was also informed that in June 2009, the UNISDR Regional Wildland Fire Network (AFRIFIRENET), via the Government of Ghana, had submitted a project proposal for ITTO to further co-sponsor of the 5th International Wildland Fire Conference in May 2011 in an amount of approximately US\$ 200,000. This proposal was further reviewed by the 38th Expert Panel for the Technical Appraisal of Project Proposals, which noted that this proposal basically aimed at sponsoring the participation of producer member country fire experts at the 5th International Wildland Fire Conference to be held in South Africa in May 2011. However, in view that ITTO was now a Core Member of the UNISDR Global Wildland Advisory Group, the GWFN and the GFMC, the Panel suggested the Secretariat take a more proactive role in the aforementioned forest fire-related networks and in preparation of and its participation at WILDFIRE 2011, assuming direct responsibility for the selection of the participants to be sponsored. It was also noted that, following up on this, the Secretariat had reviewed the project proposal and also Council Decision 6 (XXXIII), in which approximately US\$ 95,000 remained unallocated, and had brought forward for the Committee's consideration the utilization of the aforementioned remaining funds in Decision 6 (XXXIII) to expand the use of these funds to cover the proactive participation of the Secretariat, and ITTO member countries – particularly those with ongoing fire projects - at the 5th International Wildland Fire Conference and Summit to be held in South Africa in 2011.

Moreover, several delegations highlighted the importance of the incorporation the aforesaid additional activities into Council Decision 6(XXXIII) and the Government of Japan, as the sole donor to this Council Decision, further expressed its interest to support such a proposal. As such, the Committee decided to endorse the partial use of the remaining funds allocated to Council Decision 6(XXXIII) to cover the proactive 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, in addition to the Secretariat's attendance and active participation at crucial GWFN meetings and other where tropical forest fires issues are to be deliberated, and submits it to the Council for approval in conjunction with this report.

**(iii) 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**

The Secretariat reported on the collaboration with the Global Partnership on Forests Landscape Restoration (GPFLR), hosted by IUCN, for the development of three national or context specific guidelines (Ghana, Indonesia and African Great-Lakes region including the Democratic Republic of Congo) plus three national or context-specific workshops to debate the forest landscape restoration concept in their local context. Workshops were held in Acre, Brazil, Bali, Indonesia and Kigali, Rwanda (for the African Great Lakes Region) A report on the activity (RFM Non-Paper 4) and copy of the workshop proceedings and country or context-specific guidelines have been distributed to members of the Committee.

The coordinator of the Global Partnership on Forest Landscape Restoration, Ms. Carole Saint Laurent, made a presentation to the Committee on the activities developed and results achieved under this partnership, and introduced the proposal to establish a global network of Forest Landscape

Restoration learning sites, inviting ITTO to actively participate and contribute to this network. For this purpose, a specific activity has been included in the ITTO Biennial Work Programme for 2010-2011.

The delegation of USA praised the results of the partnership between ITTO and the GPFLR; the delegation of Colombia manifested the importance of this activity in the context of the National Ecosystem Restoration Plan being developed for the country.

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

The Secretariat informed the Committee that national training workshops on criteria and indicators (C&I) had been convened in 25 producer member countries since 2002 with more than 1200 forest management stakeholders (concessionaires, forest authorities, NGOs, community representatives, etc.) trained to date. The latest workshop was held in Thailand in mid-2009. An additional 2-3 workshops are planned for 2010.

The Secretariat also informed the Committee that member countries had been requested to provide updated information on their progress towards sustainable forest management using the ITTO C&I Reporting Format for use in compiling the Status of Tropical Forest Management -2010 (SFM Tropics-2010) report under the 2008-09 Work Program, and the results obtained so far have been very promising. Those member countries that have not yet submitted their reports were encouraged to do so at their earliest convenience.

**(v) Review and update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to take into account recent developments in tropical forestry**

The Secretariat informed the Committee that this activity, which received partial funding during the 44th ITTC on November 2008, was initiated in 2009 through the recruitment of the consultancy team and the development of the relevant work plan. The leading consultant, Dr. Jürgen Blaser, made a presentation to the Committee on the advances to date, the methods and approaches to be used for the completion of the task, which shall be achieved in 2010 pending availability of the necessary funding, as per proposed activity in the ITTO Biennial Work Programme for 2010-2011.

The delegation of Indonesia highlighted the importance of having the forest carbon assessment taken into account in this work. Japan highlighted the importance of this activity to be broad, recommending the involvement of the targeted audience in the revision of the Guidelines to guarantee further appropriation. He mentioned the importance of ITTO Guidelines to stand for a reasonable period of time, preferably 10 years.

**(vi) Encourage and increase the involvement of non-government stakeholders in the activities of the Organization**

The Secretariat reported on the results of the International Conference on Forest Tenure, Governance and Enterprise, organized with partners in May 2009 in Yaoundé, Cameroon, and on the global assessment of the status of tropical forest tenure discussed during the Conference, which has been developed in collaboration with the Rights and Resources Institute and other partners. Copies of the Global Assessment document and the Key Messages and Recommendations of the Yaoundé Conference have been made available to the Committee members.

The Committee invited the representative of RRI, Ms Augusta Molnar, to provide a presentation on the results and impacts of this activity, which received various comments from the floor. Australia and the European Commission highlighted the importance of the theme of forest tenure, especially in the context of REDD – Reducing Emissions from Deforestation and Forest Degradation, where forest carbon ownership will have to be clearly assessed. The delegation of PNG requested clarification on the types of forest tenure described in the report and the difficulty to apply the ITTO concept of permanent forest estate in a country where more than 90% of the land is owned by the communities.

The Secretariat call the attention of the Committee for three proposed activities under the ITTO BWP 2010-2011 that are resulting from the recommendations of the Yaoundé Conference, including the organization of a third conference on forest tenure, governance and enterprises in 2011, with focus in Asia, after the conferences of Latin America (2007) and Africa (2009).

## **Item 12 - Election of Chairperson and Vice-Chairperson for 2010**

Mr. Tabi Agyarko of Ghana was elected as Chairperson for 2010. Mr. Patrick Hardcastle of United Kingdom was elected as Vice-Chairperson for 2010.

## **Item 13 - Dates and Venues of the Forty-fourth and Forty-fifth Sessions of the Committee**

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

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

## **Item 14 - Other Business**

The Committee took note of the information provided by the Secretariat on the joint study being carried out by ITTO and ICRAF on the role of agroforestry in supplying tropical timber markets.

## **Item 15 - 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 2009 and Project Cycle Autumn 2009:**

### Projects

PD 456/07 Rev.2 (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) [Phase I: US\$569,689 and Phase: US\$511,052]
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) [US\$338,256]
PD 495/08 Rev.3 (F)	Guatemalan Forest Productivity Information System (Guatemala) [US\$492,588]
PD 527/08 Rev.1 (F)	Enhancing Capacity Building on Assessing Tropical Forest Carbon Stock and its Changes in China [US\$207,065]
PD 528/08 Rev.1 (F)	Towards Sustainable Indigenous Mahogany Timber Production in Ghana: Phase II, Refining the Silvicultural "Tool Kit" and Practical Training for Industrial-Foresters and Community Farmers [US\$465,264]
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 [US\$522,312]
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 [US\$424,837]
PD 539/09 Rev.1 (F)	Promoting Conservation of Selected Tree Species Currently Threatened by Habitat Disturbance and Population Depletion (Indonesia) [US\$149,710]
PD 541/09 Rev.1 (F)	Forest Promotion and Development by Native Communities in Peru [US\$610,505]
PD 542/09 Rev.1 (F)	Support to Convene the V Latin American Forestry Congress (Peru) [US\$114,523]

- PD 544/09 Rev.1 (F) Increased Economic Returns from Forest Management in Permanent Production Forests of Peru [US\$592,229]
- PD 552/09 Rev.1 (F) Encouraging Customary Landowners in the Lowlands of Papua New Guinea's Central Province to Reforest their Grasslands with High Value Trees [US\$644,814]
- 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 [US\$453,600]

Pre-project

- PPD 143/09 (F) Assessment of Mangrove Forest Affected by Cyclone Nargis to Facilitate the Development of an Integrated Mangrove Ecosystem Management on in Ayeyarwady Delta, Myanmar [US\$61,938]

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

- PD 288/04 Rev.2 (F) Development of Lanjak Entimau Wildlife Sanctuary as a Totally Protected Area, Phase IV (Final Phase) (Malaysia) [US\$56,700]

**Item 16 - Report of the Session**

The Committee accepted this Report for submission to the Council.

**Annex**  
**CONTACT GROUP ON CRF ACTIVITIES UNDER BWP 2010-2011**  
**Revised TOR of Activities under Expected Outcome 5:**

**EXPECTED OUTCOME 5: Tropical forest resources better secured**

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS	RESPONSIBLE BODY
<p>Investigate gender equity in relation to forest management and enterprises. [ITTA, 2006, Articles 1(c), (j), (r)] [Action Plan 2008-2011, Expected Outcome 5 (A), (F)]</p>	<p>Develop a global study on gender in relation to tropical forests in order to:</p> <ul style="list-style-type: none"> <li>Assess the status of gender equity in the tropical forest countries in forest ownership, management, governance and forest enterprises as a basis for further dialogue and equity; and</li> <li>Establish active dialogue with and support networks and second and third tier organizations of women forest producers and forest managers and evaluate their perspectives in relation to the ITTO activities and projects.</li> </ul> <p>Estimated cost: US\$ 120,000 Expected funding source: Voluntary earmarked contributions</p>	CRF
<p>Organize an International Conference on Forest Tenure, Governance and Small and Medium Forest Enterprises with focus in the Asia-Pacific. [ITTA, 2006, Articles 1(c), (j), (r)] [Action Plan 2008-2011, Expected Outcome 5 (A), (F)]</p>	<p>Based on the recommendations of the International Conference on Tropical Forest Tenure, Governance and Enterprise, held in Yaoundé, Cameroon, from 25 to 29 May 2009; based on the results obtaining from the Conference on Community Forestry and Enterprises held in Rio Branco, Brazil in 2007; in partnership with relevant organizations and in collaboration with CSAG, organize an International Conference on Forest Tenure, Governance and Small and Medium Forest Enterprises with focus in the Asia-Pacific region to share experiences and learn from each other.</p> <p>Estimated cost: US\$ 300,000 Expected funding source: Voluntary earmarked contributions</p>	CRF
<p><del>Support the development and dissemination of guidelines on tropical forest tenure for the three tropical timber producing regions.</del> [ITTA, 2006, Articles 1(j), (r)] [ITTC Decision 1(XXXVIII)] [Action Plan 2008-2011, Expected Outcome 5 (A)]</p>		

**Expected Outcome 5**  
Activity No. 45  
**Investigate gender equity in relation to forest management and enterprises**  
*[ITTA, 2006, Article 1(c), 1(j) and 1(r)]*  
*[Action Plan 2008-2011, Expected Output. 5, Actions (d) & (g)]*

**VII. Background**

The international conference on forest tenure, governance and enterprises carried out in Yaoundé (Cameroon) in May 2009, recognized as a key challenge for sustainable forest management the need to recognize and address the gender dimensions in tropical forestry. Women in forestry face particular challenges due to lack of property ownership; lack of access to finance, markets and technology; unfavorable laws relative to access and ownership; and lack of information on laws and regulations. The conference requested ITTO to develop an agenda to promote gender equity within forestry and forest based enterprises, aiming at equitable sharing of responsibilities and benefits towards sustainable livelihoods.

**VIII. Description**

In close collaboration with ITTO's Civil Society Advisory Group (CSAG), a study is proposed to:

- a) Assess the status of gender equity in the tropical forest countries in forest ownership, management, governance and forest enterprises as a basis for further dialogue and equity; and
- b) Establish active dialogue with and support networks and second and third tier organizations of women forest producers and forest managers and evaluate their perspectives in relation to the ITTO activities and projects.

An international consultant will be hired and be operational according to the following brief terms of reference:

- a) Prepare a background paper documenting the role of women in sustainable forest management in the tropics;
- b) Participate in a experts meeting to review and validate the background paper; and
- c) Prepare a policy brief to inform governments about gender issues in forest management and enterprises.

**IX. Expected Outputs**

Validated policy brief on gender, forest management and forest based enterprises in the tropics

**X. Target countries**

ITTO member countries

**XI. Duration & Timing**

Duration: 12 months in 2010

**XII. Budget**

Total budget: US\$ 120,000

**Expected Outcome 5**  
Activity No. 46

**ORGANIZE AN INTERNATIONAL CONFERENCE ON FOREST TENURE, GOVERNANCE  
AND SMALL AND MEDIUM FOREST ENTERPRISES WITH FOCUS IN THE ASIA-PACIFIC**

*[ITTA, 2006, Articles 1(c), (j), (r)]*  
*[Action Plan 2008-2011, Expected Outcome 5 (A), (F)]*

**VII. Background**

In cooperation with relevant partners, provisions will be made to organize an international conference on forest tenure, governance and small and medium forest enterprises with focus in the Asian-Pacific region. As a follow-up of the previous international conferences held in Acre (Brazil), in July 2007, and in Yaoundé (Cameroon), in May 2009, this third international conference intends to share experiences and to learn from each other on the weak governance and insecure natural resources tenure rights, such as overlapping or conflicting claims, inequity in the allocation of rights, or a lack of recognition and acknowledgement of customary ownership, which could undermine the contributions of forestry to local, national and regional livelihoods and economies, as well as to the health of the global environment. As in the previous conferences, the activity is to be developed in close collaboration with ITTO's Civil Society Advisory Group (CSAG).

**VIII. Description**

This international conference will be an opportunity to clarify and recognize that forest tenure and the rights to access forest resources could open up opportunities and options for all stakeholders to invest and engage in the sustainable use and conservation of the forests, as well as in the adequate, long term development of forest-based business initiatives.

Participants will share experiences in securing tenure rights, including the relationship between tenure reform and other goals such as uplifting livelihoods, securing investment, spurring small scale enterprises, and addressing climate change. The new initiatives emanating from this conference should help strengthen the impact of other key initiatives particularly on forest tenure, law enforcement and governance.

Master tasks regarding the implementation of this Activity are as follows:

- a) Selection a country in the Asia-Pacific for the holding of the international conference;
- b) Preparation of technical, administrative and logistical aspects for a smooth implementation of the international conference;
- c) Development of a background technical document, by an international consultant, to be circulated prior to the holding of the international conference;
- d) Convening of the international conference on forest tenure, governance and small and medium forest enterprises in a selected Asian country;
- e) Dissemination of the conference proceedings in ITTO working languages; and
- f) Report to the ITTC session.

An international consultant will be hired and be operational according to the following brief terms of reference:

- a) Prepare a background document discussion paper reflecting developments and experiences in the Three Tropical Timber Producing regions;
- b) Attend the international conference as technical expert and prepare its proceedings to be disseminated to member countries; and
- c) Prepare a summary on the findings and recommendations of the international conference to be presented to the Council or Committee as appropriate.

**IX. Expected Outputs**

- a) ITTO member countries in the Asia-Pacific sensitized and informed on the tenure of forests and forest resources, governance and small- and medium-sized forest enterprises in relation to SFM purposes;
- b) Proceedings of the international conference prepared and disseminated by the ITTO Secretariat; and
- c) A policy brief to inform decision makers and industry of the multiple forests and forest resource tenure issues to be considered in support of SFM and to assist SME with their efforts to verify the legal origins of their resources.

**X. Target Countries** ITTO member countries

**XI. Duration & Timing** 12 months in 2011

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

**Expected Outcome 5**  
Activity No. 47

**SUPPORT THE DEVELOPMENT AND DISSEMINATION OF GUIDELINES ON  
TROPICAL FOREST TENURE FOR THE THREE TROPICAL TIMBER PRODUCING REGIONS**

[ITTA, 2006, Articles 1(j), (r)]  
[ITTC Decision 1(XXXVIII)]  
[Action Plan 2008-2011, Expected Outcome 5 (A)]

**I. Background**

Within the framework of the ITTO Work Programme for 2008 to 2009 which was approved during the Forty-third Session of the Council, an international conference on forest tenure, governance and enterprise was held in Yaoundé, Cameroon, in May 2009. The aim of the conference was to catalyze new and broader actions on securing tenure rights for implementation by governments, civil society organizations and local communities. Pursuant to one recommendation of the conference, it was asked to ITTO to provide support for the development and dissemination of guidelines on tropical forest tenure for the three tropical timber producing regions.

**II. Description**

Regarding the scope and content of this Activity, it should be considered the option of integrating the guidelines in the ITTO strategic policy work contributing to the sustainable management of tropical forests in its member countries.

The purpose of this Activity is to engage and support an international consultant to review relevant documents and publications for the development of a draft of ITTO Guidelines on Tropical Forest Tenure for the three tropical timber producing regions, and conduct an Expert Panel meeting gathering participants from these three producing regions.

The terms of reference, for the international consultant, include the following main actions:

- a) Assess and analyze the latest developments in the tenure issue, in relation to the sustainable management of natural tropical forests in the tree producing, with its political, economic, social and ecological aspects;
- b) Analyze and take into consideration the experience using existing SFM-oriented guidelines and manuals in relation to the tropical forest issue in selected ITTO member countries;
- c) Prepare a discussion paper reflecting developments and experiences and including preliminary proposals for a draft of the Guidelines on the Tropical Forest Tenure for the Three Tropical Timber Producing Regions;
- d) Organize and conduct an expert panel meeting with 20 (18+1+1) participants in order to capture experiences and needs with respect to the forest tenure in relation to the sustainable management of natural tropical forests. Participants should be drawn from experts and practitioners involved in projects or activities in relation to tropical forest tenure, as well as from organizations and institutions with hands-on experience in sustainable management of natural tropical forests; and
- e) Prepare and present a report at a Council session containing: (i) a draft proposal of the Guidelines on the Tropical Forest Tenure for the Three Tropical Timber Producing Regions; and (ii) a proposal for communicating and disseminating the final version of the revised Guidelines.

**III. Expected Outputs**

The main expected output of this Activity is the draft of the *Guidelines on the Tropical Forest Tenure for the Three Tropical Timber Producing Regions* to be submitted to the Council for review and approval, as a tool for the ITTO strategic policy work contributing to the sustainable management of tropical forests in its member countries.

**IV. Target Countries** ITTO member countries

**V. Duration & Timing** 12 months in 2010

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

**Conclusions of the Contact Group related to proposed Activity 47:**

- The Activity 47 shall be deleted from the ITTO BWP 2010-2011.
- It may be consider in the ITTO BWP 2012-2013, after completion of proposed activities 45 and 46, taking into account the lessons learned and recommendations of the three regional workshops.
- It shall not be treated as "Guidelines".

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**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

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

**(9-14 November 2009, Yokohama, Japan)**



## REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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

#### Item 1: Opening of the Session

1. The Chairperson, Mr. Schadrack Ondoua Ekotto of Cameroon, welcomed all delegates to the Twenty-fourth 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(XXIV)/1. The Vice-Chairperson of the Committee, Dr. David Brooks of the United States of America was requested by the Chairperson to address 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). The 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, 12 November 2009. 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(XLV)/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-seventh and Thirty-eighth Meetings of the Expert Panel for Technical Appraisal of Project Proposals (Document ITTC-EP 37 and ITTC-EP 38) were deliberated and concluded in the joint session of the Committees on 9 November 2009. The joint session had not requested the CFA for any follow-up.

#### Item 5: Draft Biennial Administrative Budget for the Years 2010-2011

6. The Secretariat introduced document CFA(XXIV)/2, which had been distributed to Members in August 2009 in accordance with Rule 3 of the ITTO's Financial Rules and Rules Relating to Projects that 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 JPY 95.5 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 explained that the proposed budget for 2010 amounts to US\$7,043,664 against the approved budget for 2009 of US\$5,868,078, representing an increase of US\$1,175,586 or 20.03%, due mainly for the following reasons:

- (a) An increase of 9.91% due to the change in exchange rate (from JPY 106 to USD 1 used in 2009 to JPY 95.50);
- (b) An increase of 6.80% due to the inclusion of an amount of US\$398,770 to finance the direct costs for conducting the Forty-sixth Session of the Council outside of Japan in 2010; and
- (c) An increase of 3.32% due to annual salary increment of staff members and other changes in entitlements in accordance with the staff regulations and rules.

8. The Secretariat further added that the indicative budget for 2011 prepared on the basis of the amended rules in the article 19 of the ITTA, 2006, on the assumption that the ITTA, 2006, will enter into force from the beginning of 2011. Accordingly, the budget for 2011, was prepared separately and takes into account the stipulations under the relevant Articles of the ITTA, 2006, including the stipulations in paragraph 2 of Article 19, 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.

9. The Committee after some deliberations, agreed that since the ITTA, 2006 has not yet entered into force, decided to prepare an Administrative Budget only for the year 2010 instead of a biennial budget. The Vice-Chairperson who was requested to lead discussion on this agenda item invited comments from Members on the draft budget for the Financial Year 2010.

10. The representative of Japan noted the substantial increase in the proposed budget compared with the approved budget for 2009 and requested the Secretariat to make efforts to reduce the budget by applying reductions in expenditures in most budget headings, including freezing the appointment of the position of the post of Document Clerk. He also suggested that to achieve further savings, the Executive Director may be requested to consider the possibility of not renewing employment contracts of some staff members whose terms of appointment expire in 2010.

11. The representative of China also noted the increase in the proposed budget and requested for explanations on the particular substantial increase in the assessed contribution of China. The Secretariat explained that apart from the increase in the budget, members' assessed contributions are also affected by the change in the number of votes distributed.

12. The representative of Malaysia expressed concern that in view of the ongoing global financial crisis, all members are facing difficulties. However, increases in the budget should be avoided and any increases should be more conservative. He also noted that the staff establishment of the Secretariat includes a number of staff members funded from the programme support fund of the Special Account, and not from the Administrative Account. He cautioned that this source of fund is on the decrease due to the low amount of project financing, and therefore the Secretariat may need to be careful to ensure the sustainability of the programme support fund.

13. The representative from Japan sought clarification regarding: (a) the currency components budgeted and suggested the use also of the Japanese Yen in preparing the budget of the Organization; (b) method for coping with the fluctuations in the budget in the absence of a mid-year Session; (c) other factors influencing the increase in the budget other than the exchange rate variation; and (d) actions taken to tackle the issue of the arrearages in contributions.

14. The Secretariat informed that: (a) about 60% of the budget are related to the Japanese Yen and therefore the budget would vary with the changes in the exchange rate between the U.S. dollar and the Yen. However, the Financial Rules of the Organization stipulate that "the administrative budget shall be established in United States dollars". It was noted that the Committee had discussed the same matter in the past and decided to continue with the stipulations in the Financial Rules. It was recognized that Members may have greater difficulties in obtaining Japanese Yen for payment of their assessed contributions to the budget; (b) normally the resources and expenditures of the administrative budget are reviewed by the Committee at the mid-year Session and should there be an expected shortfall in contributions received to meet expenditures, the Committee would recommend to the Council for authorization to utilize the resources of the Working Capital Account to offset such shortfalls. The Council through Decision 2(XXXIV), had authorized the Executive Director to utilize an amount not exceeding US\$300,000 from the WCA to finance the expenditures in the administrative budget in case there is a shortfall in contributions received and should the expected shortfall is larger than this amount, the Council may decide to authorize the use of a larger amount. The Secretariat reminded the Committee that in 2008 the Council decided to extend the previously set limit (of US\$300,000) and authorize the Executive Director to use an amount of US\$500,000. The Secretariat drew the Committee's attention to the possible need to further increase this authorization in the

event that contributions received are not sufficient to finance the administrative budget. Arrearages in contributions to the Administrative Budgets are discussed under item 6 of the Agenda of the Committee at this Session.

15. The Committee was invited to offer views on the three sources of increase in the draft budget. A number of Members expressed the view that proposed salary increases should be absorbed through adjustments in other items in the budget in light of the current financial circumstances.

16. A number of delegates suggested that the resources of the Working Capital Account could possibly be used to offset the increase in the budget for 2010 due to the effect of the exchange rates.

17. The representative of Norway expressed reservations regarding this use of the Working Capital Account and enquired whether this account had been used in the past to offset the budget increase due to the strength of the exchange rate. The Secretariat advised that this was done in 2008, but this was the first time and at that time the Committee emphasized that such use of the WCA was on the basis of exceptional case.

18. The representative from China also expressed concern in the increase of the budget due to the change in exchange rates, and advised that his country wished to avoid such increases. Later in the discussion, he expressed the view that due to the extraordinary situation in the move of the exchange rate, he is agreeable to the suggestion for the use of the WCA to offset the increase in the budget due to the exchange rate. This suggestion was also supported by a number of representatives from the Producer Group.

19. The representative of Brazil made a suggestion that the resource of the WCA could be used to reduce partially the increase in the budget instead of to absorb the total increase due to the change in exchange rate.

20. The representative of the European Community, referring to his experience in other commodity organizations, cautioned the Committee about the use of the WCA and advised that the Community does not agree to the use of this account to offset the increase in the budget due to the effect of the exchange rate.

21. The Chairperson, after noting the deliberations at the meeting, requested the Secretariat to revise the budget for the year 2010 to reduce the increase associated with the salary increment of staff, and to prepare two further options for the Committee to review: one to include the cost of holding the Council Session in 2010 in the Administrative Budget, and another in which this cost is excluded

22. The Committee decided to continue its deliberations on the basis of the second option (i.e. to exclude the cost of holding the Council from the Administrative Budget).

23. The Secretariat, following the instruction from the Chairperson, prepared a revised budget for 2010 in the amount of US\$6,465,756, which is \$577,908 lower than the original proposal. In addition to excluding the cost for holding the Council Session outside of Japan in 2010, the savings are achieved by freezing the recruitment of the post of Document Clerk and further reductions in some of the budget headings.

24. At the request of the Chairperson, the Secretariat detailed information on the resources and previous use of the Working Capital Account.

25. After discussions and further consultations among members, the Committee recommended that the Council approve the Administrative Budget for the Financial Years 2010 as presented in document CFA(XXIV)/2/Amend.1 in the amount of **US\$6,465,756**. This amount will be further increased by US\$144,975 to take account of the discount to be granted to Members for prompt payment of their contributions in 2009 (in accordance to Rule 4, paragraph 3, of the Financial Rules and Rules relating to Projects). Taking into account the different views expressed by Members, the Vice-Chairperson made a proposal to reduce the assessment to Members by US\$300,000 using the resource from the Working Capital Account, as a compromise. Members of the Committee accepted this proposal. As in previous years, an amount of US\$731 in bank interest earned in 2009 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 2010 is therefore **US\$6,310,000**. The assessed contribution from Members to the budget for 2010 is shown in document CFA(XXIV)/2/Amend.1; and the Secretariat will be sending invoices to Members for payment in accordance to the Financial Rules.

26. The Committee held lengthy discussion on how to finance the cost for holding the Council Session in 2010 in Guatemala. The representative of Guatemala to this Session extended the warm welcome from his Government to the Council to hold the Forty-sixth Session in Guatemala City, Guatemala, and advised that his country has made preparations in consultation with the Secretariat to hold the Session in November 2010. Accordingly, his Government has already set up a committee for the preparation and holding of the session, as well as budgeted financial provisions towards this obligation.

27. The Secretariat advised that the budget of US\$398,770 previously included in the administrative budget for 2010 for the expenditures of holding the Session in Guatemala, had already taken into account the items to be provided by the host Government, and therefore represented the necessary cost to be borne by the Organization to ensure the success of the Session.

28. The Chairperson noted that Committee had decided that the cost for holding the Council Session in 2010 outside Japan should not be included in the Administrative Budget. In addition, a number of Members are not in favor of using the resources of the Working Capital Account for this purpose.

#### **Item 6: Review of Contributions to the Administrative Budgets**

29. The Secretariat introduced document CFA(XXIV)/3/Rev.1, dated 9 November 2009, which supersedes the previous document which was issued on 16 October 2009. The revised document is updated to take into account of recent payments by some members. This document detailed the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2009, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed the Committee that, as shown in the document, in 2009, \$1,563,155.00 had been received upto 9 November 2009 from Producing Members out of the total net assessment of \$2,828,036.00; and \$2,688,016.00 had been received from Consuming Members out of the net assessed amount of \$2,748,580.00:

30. As shown in the document, arrearages in contributions to previous years' budgets from Producing Members amount to \$6,540,719.40; and arrearages from Consuming Members amount to \$142,969.00. Furthermore, the outstanding payment of interest charges levied on late contributions under the ITTA, 1983, amount to \$124,982.28. The document also includes information on the status of arrearages in contribution of six members which affects the eligibility to submit project proposals; as well as the arrearage of a former member (Russian Federation) of \$24,720.00 and interest charge of \$116.72. It was also shown in the document that Gabon had paid an amount of \$26,957.38 which would be credited against its contribution for the year 2010.

31. The representative of Indonesia noted the arrearage from the Russian Federation and enquired on the measures to be taken. The Secretariat advised that it has not received any response from this former member despite repeated requests for payment and that the matter had been discussed by the Committee in its previous Sessions.

32. The representative of the European Community insists that the arrearage from former members should remain to be collected; and with regard to the Russian Federation, the Secretariat may enquire to find out the appropriate department of the government to which the invoice could be sent.

33. The representative of the United States of America noted with concern the large arrears of Members to the Administrative Budget and made a plea for Members to be current in its payment.

34. The representative of Liberia informed the Committee that a cheque in the amount of \$72,100 in payment in full of its assessed contribution for 2009 had been sent to the Secretariat by courier. This was to avoid the excessive bank change in making a bank transfer from his country. He expects that the payment would reach the Secretariat in the next few days.

35. The representative from India informed that due to some administrative changes its contribution for 2009 was paid in two instalments and the remaining balance of its contribution will soon be paid.

36. The representative from the European Community advised the Committee that the contribution from Sweden is delayed due to the recent change in the system of the government to international organizations. The Secretariat confirmed it had conformed with the instructions from Sweden and the request for payment had already been sent. The Secretariat advised later that the contribution had been received on 12 November 2009.

37. The Secretariat also informed the Committee that payment to the Administrative Account in the amount of \$534,988.37 was received from Brazil. This amount is to cover partial payment of its contribution for 2009 of \$331,949.98 and the amount of \$203,038.39 is in payment for the remaining balance of its arrearage in contribution for 2007. This latter amount will automatically be credited to the Working Capital Account and the resource of the WCA would be increased by the same amount.

38. The Committee took note of the report.

#### **Item 7: Current Status of the Administrative Account**

39. The Secretariat introduced document CFA(XXIV)/3/Rev.1, dated 9 November 2009, which supersedes the previous document which was issued on 16 October 2009. This document updated the current status of the Administrative Budget for 2009, as at 9 November 2009, 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 2009, the estimated expenditures for current year would amount to \$5,744,266 (i.e. \$123,812 less than the total amount approved in the budget for 2009 of \$5,868,078). This was due mainly to the savings achieved on a number of budget items under personnel costs, data processing and other costs.

40. The Secretariat further informed the Committee that total contributions received to-date is \$4,251,151, and together with contributions expected to be paid by members before the end of 2009 (of \$831,876), it is anticipated that a deficit in the amount of \$659,757 might be incurred in 2009. This amount is slightly higher than the amount that the Council had approved for the Executive Director to use (of \$500,000) to offset the deficits.

41. The Secretariat also informed the Committee that the resources of the Working Capital Account had been slightly reduced from the balance of US\$3,705,644 at the beginning of 2009 to \$3,316,698 as at 9 November 2009. The Secretariat later informed that the balance of the WCA increased to \$3,519,736 as a result of the payment by Brazil of its arrearage for 2007 on 11 November 2009.

42. The Committee took note of the report.

#### **Item 8: Resources of the Special Account and the Bali Partnership Fund**

43. The Chairperson introduced the document CFA(XXIV)/5, stating that it contained historical financing information on projects, pre-projects and activities of the Organization, and requested the Secretariat to explain further.

44. The Secretariat informed that it 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\$2,611,823.70 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\$934,055.67.

45. The Secretariat highlighted the schedule on the "summary of resources available in the Special Account" on page 86 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.

46. 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 programme 2008-2009), five Pre-Projects and five Projects had been funded from the resources of Sub-Account B of the Bali Partnership Fund. As of 31 October 2009, the total funds received in the Sub-Account B of the Bali Partnership Fund amount to US\$19 million and the total allocations/commitments, including for the Biennial Work Programme for 2008-2009, amount to US\$19.5 million. Accordingly, though a negative balance of US\$494,119.95 was reported, adequate resources are expected to be available within the year 2010 for all the allocations/commitments made.

47. The Secretariat further informed the Committee that Panel on Sub-Account B of the BPF will be working during this Session of the Committee on identification of projects, pre-projects and activities that would be eligible for possible future financing from these resources. The Secretariat added that the Council at its Thirty-fifth Session in November 2003, approved the recommendation of the Committee on Finance and Administration to expand the scope of the Panel on the Sub-Account B of the Bali Partnership Fund to oversee the allocation of resources from the "Unearmarked Funds" in the Special Account, the current available funds of which amount to US\$624,604.03 after taking into account the allocations for the Biennial Work Programme for 2008-2009. Furthermore, the Council at its Forty-third Session in November 2007 requested the Panel to consider the implementation of the TFLET programme. The Panel will report directly to the Council.

48. 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.

49. The Committee took note of the document.

#### **Item 9: Auditor's Report for the Financial Year 2008**

50. The Secretariat introduced the document CFA(XXIV)/6 which was the report of the auditor, Arata Kansa Houjin (PWC Arata), Tokyo, who was reappointed by the Council in November 2008, in accordance with Decision 2(XLIV) to audit the accounts of the Organization for the financial year 2008 and 2009.

51. 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.

52. Members' attention was drawn to pages 4 and 5 of this document, which provided consolidated financial information on all the four Accounts of the Organization, showing a comprehensive picture of the overall financial status of the Organization. Of the total revenues of \$15.74 million for 2008 (total revenues for 2007: \$21.31m), \$8.56 million was voluntary contribution that was lower than the amount of \$12.49 million received in 2007. The total expenditures were \$22.62 million, and it included an amount of \$16.84 million 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.

53. 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.

54. The Committee took note of the Auditor's reports and decided to recommend their approval to the Council.

#### **Item 10: Draft Compact Handbook of the Organization**

55. The Vice-Chairperson introduced the document CFA(XXIV)/7 and requested the Secretariat to explain further.

56. The Secretariat informed that at its Twenty-third Session of the Committee held in November 2008, the Chairperson advised that it would be useful for the Organization to develop a compact handbook containing the basic documents of the Organization like the ITTA, the relevant rules and Decisions of the Council, documents explaining the operating mechanism of the Council, etc. This would assist Members and delegates, especially those who are new with the work of the Organization, to function more effectively.

57. Accordingly, the Secretariat had prepared and circulated a draft handbook [document CFA(XXIV)/7], the table of contents which indicated the type of information contained in the document.

58. The delegates highly appreciated the work of the Secretariat in preparing this document and made the following suggestions for its improvement:



- Include additional documents, such as, ITTA, 1983, ITTA, 1994, Staff Regulations and Rules, milestone Decisions on SFM and Certification and others which portrait the activities of the ITTO, etc.;
- Decisions on the website should be arranged by themes including searchable facilities; and
- The document could have two versions: (a) a hard copy -- which is to be streamlined to contain only pertinent information; and (b) a website version -- updated on a regular basis. The one in the website, does not need to include all the relevant information documents in one file, instead, could have links to the relevant documents.

59. The Committee advised the Secretariat to revise the document in accordance with the various suggestions made for its improvement and make it available in hard copies as well as post it on the website.

#### **Item 11: Biennial Work Programme of the Committee for the Years 2010-2011**

60. The Chairperson referred to the report by the Secretariat on the implementation of the Biennial Work Programme for 2008-2009 presented at this Session of Council and the Biennial Work Programme for the Years 2010-2011 of the Committee of Finance and Administration [documents ITTC(XLV)/8 and ITTC(XLV)/9/Rev.1, respectively]. He informed that during this Session, the documents were introduced in Council and the Council had instructed for its deliberation in the respective Committees. The Chairperson reminded the Committee of its mandate under the ITTA, 1994, and noted that the technical committees will be responsible for setting priorities in their respective areas, while the CFA would be responsible for examining the work programme for its implications on the capacity and workload of the Secretariat and to highlight issues that should be raised to Council.

61. The Committee took note of the Biennial Work Programme for the Years 2010-2011, including administrative activities, strategic policy activities, and with special attention to the sections related to the Secretariat, and the Administrative and Finance Activities as shown in the Annex to this Report.

#### **Item 12: Election of Chairperson and Vice-Chairperson for 2010**

62. The Vice-Chairperson of the Committee for 2009, Dr. David Brooks of the United States of America, was elected Chairperson of the Committee for 2010. Dr. Agus Sarsito of Indonesia was elected Vice-Chairperson of the Committee for 2010.

#### **Item 13: Dates and Venue of the Twenty-fifth and Twenty-sixth Sessions**

63. The Committee agreed that the Twenty-fifth and Twenty-sixth Sessions would be held on the same dates and at the same venues as the Forty-sixth and Forty-seventh Sessions of the Council.

#### **Item 14: Other Business**

64. The following items were deliberated under the other business:

##### **(a) Request for the Approval of Additional Banking/Financial Institutions**

65. The Chairperson introduced the document CFA(XXIV)/8 on the "Request for the Approval of Additional Banking/Financial Institutions", and informed the Committee that ITTO currently holds accounts with three banks approved by the Council: (i) Bank of Tokyo-Mitsubishi UFJ, (ii) Citibank, and (iii) Bank of Yokohama, for its financial transactions and explained that under the current economic situation, it is very difficult to get competitive rates with only a few options for investment offered by these banks. Therefore, there is a pressing need to expand investment options by investing in multiple financial institutions. After careful consideration of different possible investment options, as well as for financial transactions need of ITTO, Hongkong and Shanghai Banking Corporation (HSBC) and Daiwa Securities Group are recommended by the Secretariat as the best choices. Accordingly, the Secretariat requested the Committee to approve the Executive Director:

- To open accounts with HSBC and Daiwa Securities Group, in accordance with Rules 6(b), 11.2, and 20.2 of the Financial Rules and Rules Relating to Projects; and
- to expand financial investment options with the bank/financial institutions approved by the Council, to benefit from their competitive rates, while ensuring such investments incur no "credit risk."

66. The delegate of Germany while having no objection to this request of the Secretariat, stated that such issues should be within the management prerogative of the Executive Director. This statement was supported by the delegates of EC, Indonesia, Japan and China.

67. The Committee took note of the document.

**(b) Financial Assistance to Members for developing Suitable Proposals for the ITTO Thematic Programmes**

68. The Vice-Chairperson introduced the document CFA(XXIV)/9 on Financial Assistance to Members for developing Suitable Proposals for the ITTO Thematic Programmes and informed the Committee that despite the fact that the two ITTO TPs have generated considerable interests among the Member countries, the quality of most of the proposals received were found to be wanting, with serious design flaws and the absence of competent implementing agencies. Generating an adequate number of suitable activity/work proposals of excellent quality with competent implementing agencies is essential for the success of the Thematic Programme. Accordingly, it is necessary to make funds available to provide financial and other supporting assistance to Members in developing proposals.

69. In response to the delegate of Norway, the Secretariat confirmed that the overall programme support charge will not exceed the approved rate of 13%, and also explained that the current financial rule on programme support does not include such use of the fund.

70. The Committee decided to recommend to the Council that for the period of the pilot thematic programmes, the Executive Director is authorized to:

- make provision in the Thematic Programme Sub-Account by deducting up to three per cent (3%) of programme support charge from the funds received for the respective ITTO Thematic Programmes; and
- utilize these funds to assist Member countries in developing quality proposals for the ITTO Thematic Programmes, ensuring implementation of priority actions as identified in the Thematic Programme Documents, while maintaining geographical balance among the Member countries receiving such assistance.

**(c) Review of the Secretariat's Work**

71. The Committee took note of the request of the delegate of Germany that at the next Session of the Committee, the Secretariat should present a document, to facilitate the review by the Committee of:

- The work of the Secretariat and make recommendations for further improvement;
- The budget and make recommendations, for example, for efficient use of technologies/facilities to achieve savings, use of overhead costs for project cycle and Thematic Programmes; and
- The structure of the Organization including making recommendation for the financing of staff members not included in the Administrative Budget in a sustainable manner.

**(d) Core Operational Costs in the Administrative Budget under ITTA, 2006**

72. The Committee was invited to make comments on the Secretariat's draft of the indicative budget for the year 2011 which was prepared under the provisions of the ITTA, 2006. A number of Members provided some guidance to the Secretariat with regard to the preparation of the Core Operation Costs elements of the Administrative Budget to be prepared in accordance with Article 9 paragraph 2(b) of the ITTA, 2006:

- The core operational costs budget should clearly indicate the core activity/output, such as the regular cross-cutting, e.g., MIS, TFU, etc.;

- Include policy works of the Organization;
- Include studies and other items as indicated in the Article 9 paragraph 2(b) of the ITTA, 2006; and
- This budget should not include items which are to be included in the Basis Administrative costs as indicated under Article 9 paragraph 2(a), such as, transportation, hospitality, bank charges, etc.

#### **Item 15: Recommendations to the International Tropical Timber Council**

73. The Committee decided to make the following recommendations to the Council:

- (1) To approve the Administrative Budget for the Financial Year 2010 as presented in document CFA(XXIV)/2/Amend.1, of the amount of US\$6,465,756. The assessed contributions from Members for 2010 will be US\$6,310,000 to take account of the discount to be given to Members for timely payment of their contributions in 2009 and to utilize part of the bank interest earned in the same year;
- (2) To authorize the Executive Director to transfer an amount not exceeding US\$650,000 from the Working Capital Account to the current account in the Administrative Account, to meet the shortfall of funds to cover the expenditures in this account in 2009;
- (3) To adopt the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year 2008 as contained in document CFA(XXIV)/6;
- (4) that for the period of the pilot thematic programmes, the Executive Director is authorized to:
  - make provision in the Thematic Programme Sub-Account by deducting up to three per cent of programme support charge from the funds received for the respective ITTO Thematic Programmes; and
  - utilize these funds to assist Member countries in developing quality proposals for the ITTO Thematic Programmes, ensuring implementation of priority actions as identified in the Thematic Programme Documents, while maintaining geographical balance among the Member countries receiving such assistance.

74. The Committee further requested the Executive Director to prepare a document, to facilitate the review by the Committee of:

- The work of the Secretariat and make recommendations for further improvement;
- The budget and make recommendations, for example, for efficient use of technologies/facilities to achieve savings, use of overhead costs for project cycle and Thematic Programmes; and
- The structure of the Organization including making recommendation for the financing of staff members not included in the Administrative Budget in a sustainable manner.

#### **Item 16: Report of the Session**

75. The Committee adopted this report as amended.

Annex I

BIENNIAL WORK PROGRAMME FOR THE YEARS 2010 - 2011  
COMMITTEE ON FINANCE AND ADMINISTRATION

ACTIVITY	IMPLEMENTATION APPROACH AND COST IMPLICATIONS
(i) Review the independent audited statement for the 2009 and 2010 financial years. <i>[ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.
(ii) Make recommendations to Council on the appointment of auditors for a three-year term for the purpose of auditing the accounts of the Organization for the 2010, 2011 and 2012 financial years. <i>[ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.
(iii) Examine and make recommendations to Council, regarding the approval of the Organization's biennial administrative budget proposals for the financial years 2010-2011. <i>[ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.
(iv) Review and make recommendations to Council, as necessary, regarding the Organization's administrative budget for the year 2011 of the biennial administrative budget for the years 2010-2011. <i>[ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.
(v) Review the assets of the Organization to ensure prudent asset management and that the Organization has sufficient reserves to carry out its work. <i>[ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.
(vi) Examine and make recommendations to Council, on the budgetary implications of the Organization's work programme, and the actions that might be taken to secure the resources needed to implement it. <i>[ITTA, 1994, Article 27(6)] [ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.

## **ANNEX V**

### **REPORT OF THE INFORMAL ADVISORY GROUP (IAG)**

**DOCUMENT: ITTC(XLV)/2**



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9 – 14 November 2009  
Yokohama, Japan

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

**8 November 2009  
Yokohama, Japan**

**Twenty-third Meeting of the Informal Advisory Group (IAG)  
Yokohama, Japan, 8 November 2009**

**Report of the Chairperson**

**Introduction**

1. The Twenty-third Meeting of the IAG was convened on Sunday, 8 November 2009 at the Meeting Room of the ITTO Secretariat at 10:00 a.m., chaired by H.E. Ambassador Michael Maue (Papua New Guinea), Chairperson of the Council. The meeting was attended by Mr. Daniel Birchmeier (Switzerland), Vice-Chairperson of the Council, Ms. Siti Syaliza Mustapha (Malaysia), Chairperson of the Committee on Economic Information and Market Intelligence (CEM), Mr. James Singh (Guyana), Chairperson of the Committee on Forest Industry (CFI), Mr. Hideaki Takai (Japan), Chairperson of the Committee on Reforestation and Forest Management (CRF), Mr. Ondoua Ekotto Schadrack (Cameroon), Chairperson of the Committee on Finance and Administration (CFA), Dr. James Gasana (Switzerland), Consumer Spokesperson, Mr. Toshikatsu Aoyama (Japan), Representative of the Host Government of the Headquarters and Mr. Emmanuel Ze Meka, the Executive Director. Mr. Josue Morales (Guatemala) was in attendance at the invitation of the Chairperson.

The IAG was informed of the vacancy of the position of the Producer Spokesperson, following the resignation of Professor Nii-Ashie Kotey as the CEO of the Ghana Forestry Commission. The Producer Caucus was expected to select a successor to Professor Kotey during the course of the current session of the Council.

2. The IAG considered and adopted the following agenda for discussion:
  - i. Brief background on the IAG:
    - Decision 5(XXVI);
    - Report of the IAG at its Twenty-second Meeting, 2 November 2008;
    - General observation by IAG Members;
  - ii. Briefing on the outcomes of the informal teleconferences held on 3 March and 28 July 2009:
    - Improved Efficiency and Time Management During Council and Committee Sessions
    - Funding of the 2010 Council Session
    - Establishment of a More Structured Donors' Coordination Group
    - Evaluate the Options to Establish a Private Sector Consultative Board
    - Biennial Budget Proposal for 2010-2011
    - Current Status and Financing of the Thematic Programmes
  - iii. Financing of the Forty-sixth Session of the ITTC.
  - iv. Consideration of draft decisions/elements of decisions, if any, submitted pursuant to ITTC Decision 7(XXXIII) – "Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization";
    - Projects, Pre-Projects and Activities [Decision 1(XLV)]
    - ITTO Biennial Work Programme for the Years 2010-2011
    - Entry into Force of the ITTA, 2006
    - Functions of the Committees
    - Establishment of a Private Sector Consultative Board (Submitted by the Government of USA)
    - Establishment of Donors' Coordination Group
  - v. List of possible decisions for the Forty-fifth Session of the ITTC and report to the Council; and
  - vi. Other matters.
3. In its deliberations, the IAG noted and made reference to Decision 5(XXVI) and the Report of the Informal Advisory Group (IAG) at its Twenty-second Meeting held on 2 November 2008 in Yokohama, Japan as contained in document ITTC(XLIV)/2 dated 2 November 2008. 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 teleconferences held on 3 March and 28 July 2009**

4. The Executive Director briefed the IAG on the outcomes of the informal teleconferences held at the request of the Government of Japan on 3 March and 28 July 2009. Following this briefing, the IAG discussed and considered the outcomes, focussing on the following issues.

#### Improved efficiency and time management during Council and Committee Sessions

5. The teleconferences underscored the need to allocate more time for the Council to consider important and contentious policy issues including the budget, by scaling down lengthy discussions on certain aspects of project work undertaken by the Committees, introducing these policy issues at the first day of the Council Session and strictly observing and enforcing time management by the Chairpersons of the Council, Committees as well as the Consumer Spokesperson and the Producer Spokesperson during the conduct of their respected meetings including restricting presentations to maximum time of fifteen minutes each. The Executive Director informed the IAG that these observations had duly been taken into account by the Secretariat in the preparations for the current session of the Council and reflected in the provisional programme of meetings and activities. The IAG also noted that the smooth implementation of the time-bound electronic no objection procedure to accept Expert Panel ratings in respect of both the spring and autumn project cycles for 2009 would contribute towards more efficient time management of the Committee Sessions.
6. In the interest of ensuring transparency, the IAG noted the need to clarify the purpose and status of these teleconferences and disseminate their outcomes to all members of the Council. It further noted the desirability of establishing some procedures on timing and membership for the future conduct of these teleconferences. In accordance with Decision 5(XXVI), the IAG agreed to recommend to the Council that future teleconferences may be conducted at the discretion of the Chairperson of the Council as an extension of the work of the IAG.

#### Establishment of a more structured Donors' Coordination Group (DCG)

7. The proposal for a more structured DCG was initiated by the Chairperson of the Council in order to have a continuous forum to discuss issues relating to the funding of ITTO's activities. The Chairperson had written to ITTO donor countries to nominate their representatives to the DCG and the response had been encouraging. At the request of the EC, this proposal would be further considered by the Council at its current session and the delegation of Japan would be invited to share its experience in donor coordination with the DCG.
8. The IAG agreed to recommend to the Council that the proposal for a more structured DCG be considered by the ITTO donor countries and the Council at its current session. The Executive Director informed that draft elements of an ITTC decision for the proposal had been prepared by the Secretariat to assist in the drafting of the ITTC decision.

#### Evaluate the options to establish a Private Sector Consultative Board (PSCB)

9. The proposal for the establishment of a Private Sector Consultative Board (PSCB) was submitted by USA as a replacement for the Trade Advisory Group (TAG) with a view to further strengthening the role and contributions of the private sector to the work and activities of ITTO, based on the practical experiences of the International Coffee Organization (ICO) and the International Cocoa Organization (ICCO) in this regard. The IAG noted that the proposal had generated much interest from members of the Council but there was a need for more discussion on the structure, modalities, modus operandi and funding of the PSCB. Draft elements of an ITTC decision on PSCB comprising its purpose, operative elements, composition and draft terms of reference had been submitted by the USA and these had been circulated to members of the Council. The IAG agreed to recommend to the Council that the proposal be given due consideration at its current session, taking into account the inputs provided by USA.

#### Biennial Budget Proposal for 2010-2011

10. The Executive Director informed the IAG that the Biennial Budget Proposal for 2010-2011 comprised the budget for 2010 drawn up on the basis of the ITTA, 1994 as the budget for 2011 which was based on the ITTA, 2006. In light of the inadequate progress achieved thus far towards the entry into force of the ITTA, 2006, the IAG noted the view of some of its members that the discussions and consideration during the course of the current session of the Council would focus on the budget for 2010.

The delegation of Japan indicated the need for more time to consider the proposal with a view to reducing the budget. In his reply, the Executive Director informed the IAG that more time had been allocated to the CFA in the provisional programme of meetings and activities. He underlined the fact that the budget for 2011 was indicative and subject to review and assessment by the Council at its Forty-sixth Session in 2010. He further emphasised the importance that the Biennial Budget Proposal be considered by the Council as a whole in relation to the ITTO Biennial Work Programme 2010-2011 which had been drafted based on the ITTO Action Plan 2008-2011 approved by the Council at its previous Session through Decision 4(XLIV). The IAG agreed to recommend that priority be accorded to the consideration of the proposal by the CFA and the Council.

#### Current status and financing of the Thematic Programmes

11. The Executive Director informed the IAG that the Thematic Programmes on TFLET and REDDES were being implemented on a pilot basis pursuant to Decision 9(XLIV) and following funding provided by ITTO donors. He added that the Thematic Programmes on Trade and Market Transparency (TMT), Industrial Development and Efficiency (IDE) and Community Forest Management and Enterprises (CFME) had yet to be implemented on a pilot basis due to the lack of adequate and concrete expression of interest by potential donors to contribute funding for these thematic programmes in spite of discussions having been held with some donors. The IAG agreed to recommend to the Council that continued efforts be undertaken to secure adequate expression of interest by donors to fund the Thematic Programmes on TMT, IDE and CFME and facilitate the pilot implementation of these programmes.

#### **Financing of the Forty-sixth Session of the ITTC**

12. The issue of financing the Forty-sixth Session of the ITTC was discussed at length during the teleconferences and the outcomes of the discussions were included in the briefing by the Executive Director to the IAG under the preceding item of its Agenda. The Executive Director informed the IAG that the issue would need to be considered and resolved by the Council at its current session. He added that the venue for the Forty-sixth Session of the Council in Guatemala had been agreed to by the Council at its previous session and the Council was expected to decide on the financing of its Forty-sixth Session, after due consideration of the options available including the Administrative Account and the Working Capital Account and the need to arrive at a permanent and lasting solution of funding future ITTC sessions on the basis of the rotation principle.
13. At the invitation of the Chairperson of the Council, Mr. Josue Morales of Guatemala reiterated his government's intention to host the Forty-sixth Session of the ITTC. His government had established an organizing committee and had duly responded to the questionnaire sent by the ITTO Secretariat. He added that HE The Ambassador of Guatemala to Japan would be addressing the Council on the preparations being made by his government in this regard including facilitating the issuance of entry visas to participants. In concluding, Mr. Morales indicated that his government was ready to host the event in Guatemala City from 8 to 13 November 2010.
14. The delegation of Japan was of the view that pursuant to Decision 4(XLII), the decision of the dates and venue for the convening of a Council session outside of the headquarters would be taken only after adequate funding had been confirmed. The Executive Director clarified that the Council at its previous session had decided Guatemala on the venue for its Forty-sixth Session and that the issue of the funding of the session would be decided by the Council at its current session. In light of the necessity for the Council to arrive at a definitive decision on this issue, the IAG agreed to recommend that the issue be given priority consideration by the CFA and the Council at its current session.

#### **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”**

15. The IAG was informed that three draft decisions/elements of decisions were submitted pursuant to ITTC Decision 7(XXXIII) as follows:
  - (i) Entry into Force of the ITTA, 2006
  - (ii) Functions of the Committees
  - (iii) Establishment of a Private Sector Consultative Board (submitted by USA)

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

**List of possible decisions for the Forty-fifth 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-fifth Session as follows:
- (i) Projects, Pre-projects and Activities;
  - (ii) ITTO Biennial Work Programme for the Years 2010-2011
  - (iii) Entry into Force of the ITTA, 2006
  - (iv) Functions of the Committees
  - (v) Establishment of a Private Sector Consultative Board
  - (vi) Establishment of Donors' Coordination Group.

**Other Matters**

17. The Executive Director raised two developments that could directly impact on the international trade in tropical timber and timber products. These pertained to the Swiss Approach to a Declaration of Timber and Timber Products, a mandatory declaration of origin and type of wood species at the point of sale; and the reported adoption by the United Kingdom of a rule on procurement policies. The IAG was informed that Australia was also reported to have decided on a similar arrangement. The Vice-Chairperson of the Council informed the IAG that the head of the Swiss delegation would be providing the Council with information on the Swiss Approach that had been table in the Swiss Parliament. The IAG agreed to recommend to the Council that more information on these developments be provided by the relevant delegations to the Council at its current session.
18. In reply to a query from the Chairperson of CRF, the Executive Director clarified that the inclusion of slots for Contact Group meetings in the provisional programme of meetings and activities was to facilitate further consideration and negotiations of important and contentious issues which had been introduced and deliberated at the first instance by the Council. These issues could include the ITTO Biennial Work Programme 2010-2011, the Donors' Coordination Group and the Private Sector Consultative Board. The IAG agreed to recommend to the Council that these Contact Group meetings be fully utilised to facilitate its consideration and decision-making on the important items of its Agenda.

**Adjournment**

19. The Twenty-third meeting of the IAG was adjourned at 12:30 p.m. with a vote of thanks to the Chairman of the Council.

**ANNEX A**

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GENERAL

ITTC(XLV)/  
14 November 2009

Original: ENGLISH

FORTY-FIFTH SESSION  
9 – 14 November 2009  
Yokohama, Japan

**DRAFT**

**DECISION \*\*(\*)(XLV)**

**ENTRY INTO FORCE OF THE  
INTERNATIONAL TROPICAL TIMBER AGREEMENT, 2006**

The International Tropical Timber Council,

Recalling its Decision 3(XLI) of 11 November 2006, which decided to extend the International Tropical Timber Agreement, 1994, until the entry into force of the International Tropical Timber Agreement, 2006 and Decision 7(XLIV) of 8 November 2008;

Having reviewed with appreciation the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006 as contained in document ITTC(XLV)/7;

Welcoming that many Governments have taken the necessary measures to become parties to the ITTA, 2006 since last Session of the Council in November 2008;

Recognizing, however, that further efforts by other Governments should be made to accelerate and complete their national procedures to become parties to the ITTA, 2006;

Confirms its intention to maintain the extension of the ITTA, 1994 beyond 2009;

Urges all Governments who have not yet completed the necessary national procedures to become parties to the ITTA, 2006 to do so expeditiously;

Requests the Executive Director to prepare a report on the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006, with the total votes of producer members to the Agreement as set out in Annex A to the Agreement and the total import volume of tropical timber of consumer members to the Agreement in the reference year 2005, and to circulate the report to all Governments no later than the end of September 2010;

Decides to:

Review, at the Session of the Council in [November] 2010, the status of deposits of instruments of ratification, acceptance, approval or accession to the ITTA, 2006 to consider whether to maintain the extension of the ITTA, 1994 beyond 2010, and what steps to be further taken towards the entry into force of the ITTA, 2006.

\* \* \*

Distr.  
GENERAL

ITTC(XLV)/xx  
14 November 2009

Original: ENGLISH

FORTY-FIFTH SESSION  
9 – 14 November 2009  
Yokohama, Japan

***DRAFT***

**DECISION \*\*(\*)(XLV)**

**FUNCTIONS OF THE COMMITTEES**

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

Noting Article 26.1 of the ITTA, 2006 which establishes four committees of the Organization: Committee on Forest Industry; Committee on Economics, Statistics and Markets; Committee on Reforestation and Forest Management; and Committee on Finance and Administration;

Further noting Article 26.3 which provides that the Council shall determine the functioning and scope of work of these committees;

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

Decides to:

Adopt the functions of the Committees as contained in the Annex to this decision.

\* \* \*

## ANNEX

### FUNCTIONS OF THE COMMITTEES

#### A. Functions Common to the Committees

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

#### B. Functions of the Committee on Forest Industry

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

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

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

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

D. Functions of the Committee on Reforestation and Forest Management

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



E. Functions of the Committee of Finance and Administration

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

F. Committee Procedures

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

## **Draft Elements of an ITTO Council Decision to Establish a Private Sector Consultative Board**

### **Purpose**

- To recognize the importance of the private sector to the work of the Council and the ITTO, and the significant contributions to the Organization's work made by the existing Trade Advisory Group;
- To enhance the value of ITTO, including participation in the advisory board, to members of the private sector; and
- To introduce a more formal, Council-managed mechanism for composing and managing a Private Sector Consultative Board (PSCB).

As compared to the current, somewhat ad-hoc arrangement for participation in the TAG, the proposed decision would make membership in the advisory board more formal, structured and (arguably) more representative and effective. Designation of members by the Council, based on nominations by ITTO members (perhaps through the caucuses), should have the dual benefit of elevating participation in the view of both members of the Council and potential members of the advisory group. Additional benefits will include greater transparency and structure, as well as accountability to the Council. By establishing terms of reference, the responsibilities of members of the board and the role of the board vis-à-vis the Council will be made clear.

One explicit objective of a more formal, "representative" structure to the board (half of the participants nominated by each ITTO member group) will be to create the opportunity for participation in the board to have greater inherent value to the private sector. That is, an explicit function of the board would be to provide for more effective and useful consultation among the representatives of the private sector. The Council would create and convene the board, and would also consider advice from the board; however, one key objective would be to create opportunities for consultation and exchange of information among private sector organizations who export and import tropical timber products.

A comparable arrangement could be considered for the Civil Society Advisory Group.

### **Operative Elements**

A Council decision would establish the PSCB as a consultative body that would meet annually (in conjunction with the Council) to give consideration to matters related to the International Tropical Timber Agreement, tropical forests and trade in tropical timber. The PSCB would be able to may make recommendations on any topics considered by the Council.

Members of the PSCB would be designated by the Council every two years, with the possibility of re-appointment. The composition of each board would be up to 12 participants (as many as six members from producer countries and an equal number from consumer countries). The PSCB would elect a Chairman and a Vice-Chairman from among the members. Participation in the PSCB could be open to organizations from non-member countries, but as a general rule, members should be from organizations based in ITTO member countries.

Meetings of the PSCB would take place in conjunction with regular sessions of the Council. The PSCB would be expected to make regular reports to the Council.

Initially, costs of participation (travel expenses only) could be defrayed by ITTO on an as-needed basis. Once the board is well established, however, participants would be expected to be responsible for their own expenses. Expenses for members of the PSCB could also be paid by individual ITTO members, on a voluntary basis, and members of the PSCB could be (but would not need to be) accredited members of delegations to Council meetings.

### **Composition**

**The Private Sector Consultative Board** would consist of no more than six representatives of the private sector in exporting countries, including tropical timber producers, manufacturers and exporters; and no more than six representatives of the private sector in importing countries, including tropical timber importers and consumers.

**(see attached draft terms of reference)**

**ITTO PRIVATE SECTOR CONSULTATIVE BOARD  
DRAFT TERMS OF REFERENCE**

1. The ITTO Private Sector Consultative Board (hereinafter referred to as the PSCB) shall be a consultative body to deliberate on matters related to the International Tropical Timber Agreement, sustainable management of tropical forests and trade in tropical timber. The PSCB may, as appropriate, make recommendations to the International Tropical Timber Council (the Council) on any relevant topic, including matters under consideration by the Council.
2. The PSCB shall consist of no more than six representatives of the private sector in exporting countries, including tropical timber producers, manufacturers and exporters; and no more than six representatives of the private sector in importing countries, including tropical timber importers and consumers.
3. Members of the PSCB shall be designated by the Council every two years, and may be re-appointed. The PSCB shall have a Chairman and a Vice-Chairman elected from among its members, for a period of one year. These officers may be re-elected. The Chairman and the Vice-Chairman shall not be paid by the ITTO.
4. Members of the PSCB must be representatives of associations, bodies, firms or organizations appropriate for the category of their participation on the PSCB. As a general rule, members of the PSCB shall be from organizations based in ITTO member countries. In making appointments to the PSCB the Council shall endeavor to ensure that participants have expertise relevant to all three tropical regions (Africa, Asia and Latin America) as well as expertise relevant to the concerns and interests of tropical timber producing and consuming countries.
5. Each member of the PSCB may designate an adviser or alternate.
6. The Executive Director or his designated representative shall be an ex-officio member of the PSCB.
7. The PSCB shall normally meet in conjunction with regular sessions of the Council but may hold special meetings subject to approval by the Council. The quorum required for a meeting of the PSCB shall be at least three members from exporting countries and at least three members from importing countries.
8. The PSCB shall submit regular reports to the Council.
9. Non-members, relevant organizations and experts may participate as observers in meetings of the PSCB upon the invitation of the Chair of the PSCB.
10. As a general rule, members of the PSCB shall be responsible for their own expenses, including travel; however, other expenses associated with convening meetings of the PSCB held in conjunction with meetings of the Council shall be included in the costs of convening the Council. Expenses for PSCB members may be paid by ITTO member governments, on a voluntary basis.

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