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

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

**Yokohama, Japan  
5 – 10 November 2012**

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## REPORT

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

1. The Forty-eighth Session of the International Tropical Timber Council (ITTC) was opened by the Vice-chairperson of the Council, Mr. José Trinidad Suazo Bulnes (Honduras), in the absence of the Chairperson, Mr. Makoto Ozawa (Japan), who had been reassigned by the Government of Japan and, therefore, was not available to Chair the Forty-eighth Session of the Council. The Vice-chairperson warmly welcomed all delegates and expressed his profound gratitude and appreciation to the Government of Japan for hosting the Session. He also extended a warm welcome to H.E. Mr. Philip Ngole Ngwese, Minister of Forests and Wildlife of Cameroon; H.E. Pehin Sri Haji Abdul Taib bin Mahmud, The Right Honourable Chief Minister of Sarawak, Malaysia; H. E. Mr. George Viana, Senator, Federal Senate of Brazil; Dr. Eduardo Rojas-Briales, Assistant Director-General, United Nations Food and Agriculture Organization (FAO); and Madam Jan McAlpine, Director of the United Nations Forum on Forests.
2. The Vice-Chairperson noted that the Forty-eighth Session of the Council marked an important milestone for the Organization being the first to be convened under the ITTA, 2006. He said the big question was what next after the entry into force of the new Agreement and indicated that the decisions and actions of the Council under the new Agreement would determine the future of tropical forests and the millions of people who depend on it. He noted that around the world more than 500 million people depend on forests for their livelihood and, therefore, by sustaining tropical forests ITTO is making a significant difference in the lives of the many millions of people who depend on tropical forests for their livelihood.
3. The Vice-chairperson underscored the achievements of ITTO in the past two and half decades since its establishment but noted with regret that, donors' support over the past few years had waned substantially and expressed concern about the situation. He indicated that the situation was disturbing at a time when the whole world's attention was again focusing on forests as a mitigation and adaptation option for climate change. He appealed to donors to show much more generosity in financing projects and activities of the Organization.
4. The Vice-chairperson referred to the recently concluded Rio+20 Conference convened in June this year in Rio de Janeiro, Brazil, where world leaders discussed together with participants representing private sectors, NGOs, academics and others, on how to set a new course that truly balances the imperatives of robust growth and economic development with the social and environmental dimensions of sustainable prosperity and human wellbeing, including support for developing countries to enable them to find a green path for development; and how to improve international coordination for sustainable development. He noted that ITTO had developed many guidelines for the sustainable management of tropical forests and that the entry into force of the ITTA, 2006 should offer a unique opportunity for the Council to reflect on the wisdom of the founding fathers of the Organization.
5. The Spokesperson of the Consumer Group informed the Council that Mr. Makoto Ozawa (Japan), the Chairperson of the Council, had been reassigned by the Government of Japan and would not be available to preside over the Forty-eighth Session of the Council. Consequently, the Consumer Group proposed H. E. Ambassador Masahiko Horie, Japan Ambassador for Global Environmental Affairs to replace Mr. Ozawa as the Chairperson of the Council for 2012.
6. The Council approved the nomination and Ambassador Masahiko Horie was invited to Chair the Forty-eighth Session of the Council.
7. In his welcome address, Dr. Atsushi Suginaka, Director of the Global Environment Division of the Ministry of Foreign Affairs of Japan and representative of the Government of Japan underlined the importance of the Forty-eighth Session and the future of ITTO. He cited many important issues to be addressed at the Session, including strengthening the implementation of the Thematic Programmes after the pilot phase, the adoption of the new ITTO Action Plan as well as the functions of the Committees. Dr. Suginaka called for the active participation of all delegations in addressing the issues before the Council in order to keep ITTO as "the front runner" in the area of sustainable tropical forest management. He also welcomed the proposed restructuring of the Secretariat and stated that staff members should recognize ITTO's important mission and continue to demonstrate their utmost capabilities. He indicated that active resource mobilization by the Executive Director would be

necessary for the better management of the Organization. Dr. Suginaka pledged Japan's continuous support to the Secretariat and called on other member countries to provide solid and generous support to the Organization in order to revitalize it.

8. In his address, H. E. Mr. Philip Ngole Ngwese, Minister of Forests and Wildlife of Cameroon underlined the vast forest resources of Cameroon with its rich biodiversity and its impact on global climate. He indicated that logging in Cameroon was mainly being carried out in forest concessions comprising 113 forest management units, covering nearly 7 million hectares. He informed the Council that the forestry sector economic output is third after the agricultural and oil sectors and contributes 11% to the GDP and generates almost 170,000 jobs, half of them in the informal sector. Since Rio 1992, Cameroon had been firmly committed to the process of sustainable forest resources management, taking an active part in the dialogue and international initiatives that led to the definition of forest management objectives and consequently made sustainable forest management one of the pillars of its policy. He noted that at the international level Cameroon has ratified most international conventions and agreements to promote the sustainable management of forest ecosystems, including those on forest governance. He cited the signing of the Voluntary Partnership Agreement (VPA) with the European Union in 2010, leading to the export of legalized timber to the European Union. The Honourable Minister also mentioned that a comprehensive timber tracking process was under development in order to deliver early FLEGT legality certificates by January 2013.
9. At the regional and sub-regional level, the Honourable Minister stated that Cameroon has been providing leadership for the conservation and sustainable management of forest ecosystems in the Congo Basin, the second largest tropical forest complex after the Amazon. He indicated that the cooperation between Cameroon and ITTO has been translated into knowledge and experience-sharing and mutual consultations to promote harmonious SFM policies, international trade in timber and other products. He pledged that Cameroon would spare no effort to meet its commitments to ITTO and the international community in as far as sustainable management of its forests is concerned.
10. Hon. Datuk Amar Haji Awang Tengah Ali Hasan, Second Minister of Resource Planning and Environment of Sarawak read the statement on behalf of H. E. Pehin Sri Haji Abdul Taib bin Mahmud, The Right Honourable Chief Minister of Sarawak, Malaysia. In his address to the Council, H. E. Pehin Sri Haji Abdul Taib bin Mahmud recalled the baseline study conducted on the state of forest management in ITTO producer member countries in 1986 which found that only about one (1) million ha of tropical forests could be considered to be under sustainable management. He further recalled that in 2011, ITTO released another report on the status of tropical forests management in its Producer member countries which was hardly encouraging: Out of about 1.42 billion ha only 30.6 million ha of tropical forests were found to be under some form of management. He indicated that the report on the status of sustainable forest management demonstrated the enormous challenges facing ITTO and the need for enhanced level of cooperation amongst producers and consumers. He stated that the first session of the Council under the ITTA, 2006 should spur the Council to greater heights of understanding and cooperation, building upon what had been collectively invested and achieved in ITTO.
11. The Right Honourable Chief Minister of Sarawak also recalled the historic ITTO Mission to Sarawak in 1989/1990 to assess the status of conservation, sustainable management, and utilization of Sarawak's forest resources and noted that the Government of Sarawak welcomed the findings of the ITTO Mission and accepted its recommendations of:
  - Increasing the permanent forest estate of mixed dipterocarp forest to six million hectares including one million hectares of industrial tree plantation;
  - Maintaining production on a sustained basis and never exceeded the prescribed limit of 9.2 million cubic meters;
  - Setting aside a target of one million ha of natural forests as totally protected areas, made up national parks, wildlife sanctuaries and nature reserves;
  - Establishing Sarawak Forestry Corporation to strengthen administration and management;
  - Introducing the log tracking system to monitor and control movement of logs along the chain of custody.
12. The Right Honourable Chief Minister also informed the Council about his government's efforts towards sustainable production of timber in the permanent forest estate in order to meet the needs of local industries as well as the establishment of 300,000 hectares of industrial forest plantations with fast growing species, particularly *Acacia mangium*.

13. In his address to the Council, H. E. Mr. Win Tun, Minister of Environmental Conservation and Forestry of Myanmar expressed his appreciation to the Council for the opportunity to share his country's experiences with the Council. He highlighted Myanmar's recent transition to democracy and indicated that the country has been actively working to achieve socioeconomic development while conserving the environment. The Honourable Minister stated that Myanmar is proud to be a party to the ITTA, 2006 and commended ITTO's contribution to sustainable forest management and the development of the forestry sector in its member countries through the adoption of guidelines and internationally agreed policies as well as the implementation of projects in the field. He noted that since Myanmar became a member of ITTO in 1993, the Organization has implemented various projects on SFM in Myanmar and cited a new project, RED-PD 038/11 Rev.3 (F) "Capacity Building for Developing REDD+ Activities in the Context of SFM", to be implemented through the support of ITTO. He underlined that the main challenge facing the world was poverty with 1.4 billion poorest people in the world today and that by 2050, the world population would expand to 9 billion and consequently the need for food would rise by 50%, energy 45% and water 30%. The Honourable Minister noted that the need for improved efficiency in the use of natural resources has, therefore, become very vital. He noted that the green growth approach has become a new policy to achieving real progress toward sustainable development and poverty eradication through the efficient use of natural resources, wide use of renewable energy, recycling and reusing, and technological innovation for low carbon emission. H. E. Mr. Win Tun stated that Myanmar believes that green economy and green growth as a new development policy will contribute to poverty eradication, sustainable economic growth, enhance social inclusion, improve human welfare, and create opportunities for employment and decent work, while maintaining a healthy eco-system.
14. H. E. Mr. Gabriel Tchango, Minister of Water and Forests of Gabon informed the Council of progress made by Gabon in the field of sustainable forest resource management and wood processing. He indicated that Gabon has been committed to sustainable forest management for several decades and like other ITTO Producing member countries, to the conservation of biodiversity of its natural ecosystem. He indicated that since 2009, particular emphasis has been placed on local timber processing at the expense of log export, consistent with the new policy vision and the emergent Gabon Strategic Plan based on a vision for the future Gabonese society named "A Confident Future" revolving around three major concepts – "Green Gabon", "Industrial Gabon" and "Service Gabon".
15. The Honourable Minister mentioned that out of 14 million ha allocated to forestry, 12 million hectares was under sustainable management, including nearly 2 million ha of FSC-certified forests. He also stated that the government has been encouraging companies operating in the forest sector to become more involved in the certification process for their concessions and indicated that by taking the decision to ban the exports of logs, Gabon has committed itself to stepping up further timber processing operations, thereby maximizing the added value of processed products, increasing job opportunities and raising household income levels. To achieve this goal, at the beginning of 2012, the government undertook measures to support investment efforts by economic operators and stakeholders, in order to accelerate the industrialization of the timber sector. The government has also allocated more than 11% of its territory to national parks in support of global effort to preserve the environment and mitigate global warming. However, the target is to achieve 17% (4 million ha) of the national territory gazetted as conservation areas, in line with the government's commitment made at the 10th Conference of Parties to the United Nations Convention on Biological Diversity, held in 2010 in Nagoya, Japan. In terms of forest governance, in addition to the efforts made to achieve sustainable management, Gabon has entered into negotiations for the signing of a Voluntary Partnership Agreement with the European Union under the FLEGT process and has finalized, with the support of relevant partners, its own National Sustainable Development Strategy.
16. The Honourable Minister called on the Council to adopt a decision authorizing the Executive Director to enter into negotiations for the establishment of the ITTO Regional Office for Africa in Libreville.
17. In his address, H.E. Mr. Jorge Viana, Senator of the Federal Senate of Brazil congratulated countries that had completed their ratification process. He noted that the ITTA, 1983 was a commodity agreement with a mandate to promote the expansion and diversification of international trade in tropical timber. However, unlike any other commodity agreement, the ITTA, 1983 also sought to promote the sustainable use and conservation of the resource base. He underlined that the ITTA, 1983 was possibly the first international treaty to explicitly promote both development and conservation.
18. Referring to the ratification of the ITTA, 2006 by the Government of Brazil, H. E. Mr. Jorge Viana stated that Brazil was having some doubts as to whether the current ITTO was sufficiently staffed and

funded to continue its success story and accomplish the mission and objectives established in the Agreement. He underlined the important role of ITTO in promoting and supporting the sustainable management of natural tropical forests, including sustainable timber production, and focusing on the roles tropical forests play in the carbon cycle and biodiversity conservation. He reiterated that no other international organization has these as its primary focus. H. E. Jorge Viana stated that despite this, ITTO has been suffering from a precipitous decline in funding and indicated that the decline in funding does not bode well for the future of ITTO. He called on the Organization to step up its efforts to increase the area of tropical forests under sustainable management and that by the time the Organization celebrates its 50 years of establishment it should be in the position to say that the entire permanent forest estate in the tropics – some 761 million ha would be subjected to management plans. He underlined that it was paradoxical that while ITTO was being recognized and praised as one of the most effective organizations, with a mandate extremely important for the future of our planet, it was being denied the financial means to pursue its mission effectively. He called on the Council to take immediate action to ensure that the Organization was properly staffed and funded.

19. Mr. Eduardo Rojas-Briales, Assistant Director-General of FAO congratulated ITTO for the entry into force of the ITTA, 2006. He noted that the first session of the ITTC under the new Agreement should be a landmark in the battle against deforestation and forest degradation in tropical countries as well as in efforts to increase the contribution of tropical forests to the socio-economic development of tropical countries. He underlined that the new Agreement gives an added dimension to ITTO, as it expands the objectives of the Organization beyond timber to include all other products and services derived from the sustainable use of tropical forests. He noted that the implementation of the ITTA, 2006 would help to realize the potential of tropical forests in contributing to poverty alleviation and the promotion of value-addition to tropical forest products and services in a sustainable manner. He recognized that some of the new dimensions in the ITTA, 2006 have already been reflected in the ITTO Thematic Programmes that had been piloted successfully since 2009, as well as in the new ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to be discussed at the Session. He was proud that FAO had been a partner in both initiatives, providing expert support to the REDDES Thematic Programme as a member of its Advisory Committee and also actively participating in expert consultations for the development of the new Guidelines.
20. The FAO Assistant Director-General stated that there were growing opportunities to strengthen FAO/ITTO collaboration under the new Agreement. He cited areas of common interest to both Organizations such as forest governance, sustainable forest management, forest landscape restoration, and streamlining the international reporting system on forests as reflected in the new ITTO Action Plan 2013 -2018 and the ITTO Biennial Work Programme 2013 – 2014. Specifically, he mentioned activities in the areas of bio-energy and non-wood forest products, as well as streamlining and harmonizing forest-related reports involving the FAO's Global Forest Resources Assessment and ITTO's Status of Tropical Forest Management report. He also expressed appreciation for ITTO's participation in the development of the Joint Forest Sector Questionnaire and the world timber statistics. He invited ITTO to participate and contribute to FAO's new initiative to compile and disseminate guidelines and best practices to promote sustainable forest management, - the SFM Toolbox.
21. Mr. Rojas-Briales noted that the single most important challenge for the implementation of the ITTA, 2006 would be how to secure adequate financial support. He noted that the activities proposed under the new Agreement respond to the global objectives on forests as set out in the Non-Legally Binding Instrument on All Types of Forest approved by the United Nations General Assembly in December 2007. He indicated that as a key partner of ITTO, FAO is committed to collaborating with ITTO and its members towards the common objective of promoting sustainable forest management in the tropics and worldwide, while ensuring that forest-dependent communities have increasing development opportunities.
22. In her address to the Council, Ms. Jan McAlpine, Director, United Nations Forum on Forests expressed her appreciation to the Council. She opened her address with the Chinese Taoist Lao Tzu's saying, "great acts are made up of small deeds." She highlighted how small actions unfold a ripple effect and informed the Council about the first Forest Hero Award, during which five non-forest engineers who had made astounding achievements on forests were chosen. She noted how one of the winners, Mr. Shigeatsu Hatakeyama from Japan, known as Grandfather Oyster, in cooperation with France, discovered that planting trees uphill from oyster beds helped to clean the water. He consequently established the NGO "From Land to Sea", to protect forests for oysters. She elaborated the importance of broadening and collaborating with other institutions and organizations to understand the significant impact that forest and their natural resources have on developmental goals, and urged the

Council to consider an innovative approach for financing. She highlighted the carbon footprints of the latest technologies and the invasiveness to forests and natural resources that it affects. She expressed concern about ITTO's reduction in support to the UNFF policy development last year and emphasized that the Executive Director should have more latitude in deciding on spending based on the directive of the Council.

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

23. The Executive Director reported that the quorum for the Forty-eighth Session of the Council had been met. The list of participants is contained in Document ITTC(XLVIII)/Info.2(Annex I).

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

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

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

25. The Executive Director informed the Council that with the definitive entry into force of the International Tropical Timber Agreement, 2006 on 7 December 2011, the membership of the Organization stood at 63, comprising 38 Consumer Members and 25 Producer Members. The list of members of the Council is attached to the Agenda (Annex II).

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

26. The report of the Credentials Committee was presented by Mr. Jack Lee (New Zealand), Chairperson of the Committee. The Committee, composed of representatives from European Union, Gabon, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Republic of Korea and Togo convened a meeting on 9 November 2012 to examine the credentials of thirty-eight (38) countries and the European Union participating in the Forty-eighth Session of the ITTC. The Committee accepted the credentials of all Members and requested Member Countries that had not submitted their credentials in original form to do so as soon as possible.

#### **DISTRIBUTION OF VOTES FOR 2012 (Agenda Item 6)**

27. The Chairperson referred to document ITTC(XLVIII)/1Rev.1 drawing the attention of Members to the proposed distribution of votes for the year 2012, in accordance with Article 10(7) of the ITTA, 2006. The distribution of votes is contained in the Annex to the Agenda. The Chairperson reminded members that in accordance with Article 19(5) of the ITTA, 2006, the distribution of votes would be used for the assessment of the contribution of each member to the Administrative Budget for 2013. He also drew the attention of members to the proposal submitted by the Government of Japan regarding the assessed contributions of Producer members for the Year 2013.
28. The delegates of China and Guatemala sought clarification as to whether Mozambique and Trinidad and Tobago should be included in the distribution of votes for 2012. In his response, the Chairperson stated that the Council had not yet been informed by the United Nations Office of Legal Affairs about the admission of Mozambique and Trinidad and Tobago as Parties to the ITTA, 2006.

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

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

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

30. The Executive Director, Mr. Emmanuel Ze Meka, welcomed all delegates to the Session. He expressed his gratitude to the Honourable Ministers who had found time to attend the Session. He informed the Council that to commemorate the occasion of the entry into force of ITTA, 2006, a special event entitled 'Renewed Opportunities and Challenges for the Future of Tropical Forests' was organized by ITTO with the support of the Ministry of Foreign Affairs and the Ministry of Agriculture,

Forestry and Fisheries of Japan as well as the City of Yokohama to set the stage for a spirited and robust beginning of the ITTA, 2006.

31. The Executive Director recalled that the ITTA, 2006 entered into force in the year ITTO celebrated its Silver Jubilee and during the International Year of Forests. He noted that although some countries had not yet concluded the process of becoming parties to the Agreement, he was pleased that the membership of the Council had increased under ITTA, 2006. He, however, indicated that there were still a number of important tropical countries that were yet to become members under Agreement and whose membership would enhance ITTO's coverage of tropical forests and tropical timber trade. He congratulated all member countries and renewed his appeal to those that had not or were in the process of completing their procedures to become parties to the Agreement to do so as soon as possible.
32. The Executive Director stated that the entry into force of the ITTA, 2006 offers a good opportunity for ITTO to take stock of the developments and achievements of the Organization and to map out strategies to confront new challenges in the years ahead. He indicated that ITTO has been acclaimed as an organization which assists efforts to addressing the destruction and degradation of tropical forests while promoting the international trade in tropical timber from sustainably managed and legally harvested forests and noted that the Organization has taken up this daunting task throughout the duration of the two previous Agreements. He further noted that the Organization had formulated landmark policy strategies, including the ITTO Year 2000 Objective; the pioneering of criteria and indicators for the sustainable management of tropical forests; and an impressive body of normative policy work covering all salient aspects of tropical forests, much of which undertaken in collaboration with like-minded organizations. The Executive Director stated that these policies and normative work had provided an effective framework for the actual implementation of SFM in many tropical countries. In translating these policy activities into practice, the Organization to date had mobilized some US\$370 million for the funding of more than 1000 projects, pre-projects and activities with the support of donor countries. Over the years, the Organization has also continued to improve the framework for project implementation in order to make the best use of available resources. He further noted that ITTO projects had made a profound contribution towards solving the pressing issues relating to tropical forest management and to the fulfillment of ITTO's objectives on market transparency and industry efficiency, among others, in many member countries.
33. The Executive Director indicated that under ITTA, 2006, ITTO's overriding emphasis would be placed on accelerating the implementation of SFM in ITTO tropical members countries, based on the rich experience accumulated by the Organization since its inception. In this connection, one of the first requisites would be to improve governance throughout the whole chain of forest management: at the state level, the community level and at the private sector level. He indicated that this would ensure the best use of internal and external financial resources to promote SFM and to spread its benefits equitably to all stakeholders, including local communities. He said this would entail, among others, addressing the problem of land tenure; revising policies for the allocation of forest resources; promoting transparency in forest production and trade; and a strong commitment to forest law enforcement. He also called for an increase in the number of pilot SFM demonstration projects in member countries based on local conditions and to scale-up successful experiences at the national, and, where applicable, regional and international levels.
34. The Executive Director stated that in recent years, issues such as climate change and biodiversity loss have continued to hog the international agenda. He also mentioned that responsible production and consumption patterns were increasingly being incorporated into societal values. These have been the drivers of many national and international initiatives in such fields as certification, forest auditing, combating illegal logging, forest law enforcement, verification of legality, procurement policies and chain of custody, all with the common intention of promoting responsible production and trade in forest resources. He noted that the impact of these measures on the international tropical timber trade had been tremendous and far reaching and that ITTO should continue to play a central role in following-up and keeping members informed about these developments, and assist producer member countries in meeting these measures and requirements and, where relevant, assist in alleviating their impact on their economies. The Executive Director underlined that ITTO has a robust and flexible framework to address the issues, in particular through the full implementation of thematic programmes, as a strategy enshrined in the ITTA, 2006 Agreement. He noted that the existing five ITTO thematic programmes implemented under a pilot phase over the past four years encapsulate all salient aspects of SFM. He noted that throughout the implementation of the pilot phase, producer member countries had demonstrated keen interest in the thematic programmes in order to make concrete advancement towards the sustainable management of tropical forests. He called on donors to reciprocate the



enthusiasm shown by producer member countries, and thereby enabling the Organization to accelerate its progress towards the implementation of sustainable forest management in the tropics.

35. The Executive Director reported that ITTO's activities throughout 2012 had been conducted in the context of reduced financial resources, which to some extent had impacted on ITTO's visibility and reduced its ability to disseminate its results and achievements. He cited in particular, the TFU and the MIS, two flagship publications that did not receive funding since the previous session of the Council in Guatemala. He mentioned that based on feedback the Secretariat had received; there was strong interest among member countries and other recipients to continue receiving and benefiting from these publications. He also indicated that the Secretariat had reduced the scope of its participation in some major events, as associated costs could not be met. For events that had been funded, such as the Rio +20 Summit in Rio de Janeiro in June the Secretariat was able to participate actively and made substantial contributions.
36. The Executive Director informed the Council that the draft 2013 Administrative budget had taken into account the proposed restructuring of the Secretariat. The main features of the new structure included the creation of three Divisions in place of the existing four and the reduction in the total number of staff, including the abolishment of two D-1 positions, and all existing vacant positions. He also proposed to the Council that the ITTO Programme Support charge be increased from 8% and 13% for ITTO executed projects to 12% and 15% for ITTO executed projects as a measure to increase revenue for the Programme Support Fund and help alleviate the burden of the Administrative Budget on members.

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

37. The Chairperson presented the report of the Twenty-sixth meeting of the Informal Advisory Group (IAG) convened on Sunday, 4 November 2012. Chaired by the Vice-Chairperson of the Council, the meeting was attended by the Chairpersons of the Committees, the Consumer Spokesperson, Representative of the Government of Japan and the Executive Director.
38. The IAG was informed that the Chairperson of the Council, Mr. Makoto Ozawa (Japan) had been reassigned by the Government of Japan and would not be available to Chair the Forty-eighth Session of the Council. Consequently, Japan had proposed H. E. Ambassador Masahiko Horie, Japan Ambassador for Global Environmental Affairs to replace Mr. Ozawa as the Chairperson of the Council for 2012. The IAG further noted that the Vice-Chairperson of the Committee on Finance and Administration, Mr. Pearl Jules (Suriname) would not be able to assume the position as Suriname had not yet completed the ratification process to become a Party to the ITTA, 2006. Furthermore the IAG noted that the position of Producer Spokesperson had also become vacant following the resignation of Ms. Carolina Costellini (Brazil). Accordingly, in the absence of the Chairperson, the IAG recommended that the Vice-Chairperson, Ing. José Trinidad Suazo Bulnes (Honduras) should assume the functions of the Chairperson pursuant to Paragraph 4, Article 8, ITTA, 2006 until a new Chairperson for 2012 was elected by the Council. The IAG further recommended that the Consumer Caucus should nominate H.E. Ambassador Masahiko Horie to be elected by the Council as the new Chairperson for 2012 at the first meeting of its current Session. The IAG also recommended that the Producer Caucus should at the earliest opportunity select a new Producer Spokesperson and nominate a new candidate to be elected by the Council as the new Vice-Chairperson of CFA for 2012.
39. The following issues were considered by the IAG:
  - i. Brief background of the IAG:
    - Decision 5(XXVI);
    - Report of the IAG at its Twenty-fifth Meeting, 13 November 2011;
    - General observation by IAG Members;
  - ii. Election of Chairperson of the Council for 2012 and Vice-Chairperson of the Committee on Finance and Administration.
  - iii. Briefing on the outcome of the informal teleconference held on 20 September 2012:
    - Final status of the Parties to the ITTA, 2006
    - Provisional Agenda of the Forty-eighth Council Session and Organization of Work.
    - Decisions connected to the entry into force of the ITTA, 2006:
      - Rules of Procedure
      - Financial Rules
      - Functions of the Committees
      - Conditions of Accession
    - Action Plan 2013-2018.

- 2013 Administrative Budget.
  - Any other matters to be considered at the first meeting of the Council under the ITTA, 2006.
- iv. Consideration of draft decisions/elements of decisions, if any, submitted pursuant to ITTC Decision 7(XXXIII) – “Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization”;
- Projects, Pre-Projects and Activities [Decision 1(XLVIII)]
  - ITTO Biennial Work Programme for the Years 2013-2014
  - New ITTO Action Plan 2013 – 2018
  - Strengthening the ITTO Thematic Programmes: Operational Procedures and Guidelines
  - Assessed Contributions of Producer Members to the Administrative Budget for 2013
  - Establishing a Regional ITTO Office for Africa as Part of the ITTO Secretariat Restructuring to Increase the Efficiency of the Organization
  - Establishment of Conditions for Accession of the International Tropical Timber Agreement, 2006
  - Functions of the Committees
  - Rules of Procedure and Financial Rules and Rules Relating to Projects of the ITTO.
- v. List of possible decisions for the Forty-eighth Session of the ITTC and report to the Council; and
- vi. Other matters.
- vii. List of possible decisions for the Forty-eighth Session of the Council and report to the Council.
40. The IAG considered the possible list of decisions to be adopted by the Council at its Forty-eighth Session as follows:
- (i) Projects, Pre-projects and Activities
  - (ii) ITTO Biennial Work Programme for the Years 2013-2014
  - (iii) New ITTO Action Plan
  - (iv) Strengthening the ITTO Thematic Programmes: Operational Procedures and Guidelines
  - (v) Assessed Contributions of Producer Members to the Administrative Budget for 2013
  - (vi) Establishing a Regional ITTO Office for Africa as Part of the ITTO Secretariat Restructuring to Increase the Efficiency of the Organization
  - (vii) Establishment of Conditions for Accession of the International Tropical Timber Agreement, 2006
  - (viii) Functions of the Committees
  - (ix) Rules of Procedure and Financial Rules and Rules Relating to Projects of the ITTO
  - (x) ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests (CRF).
41. The full report of the Informal Advisory Group (IAG) is contained in Annex V.
42. The Spokesperson of the Consumer Group referred to paragraph 14 of the IAG report and stated that the comment should be attributed to the Consumer Spokesperson and not to the delegate of the United States, since the United States was not represented at the meeting.
43. The delegate of Japan explained their intention regarding the draft decision proposed by Japan on “Assessed Contributions of Producer Members to the Administrative Budget for 2013”. He stated that in the context of the transitional phase to the ITTA, 2006, and due to the fact that many Producer countries had not yet completed their ratification process when the ITTA, 2006 Agreement entered into force definitively on 7 December 2011, the annual assessed contributions of Producer Members would be higher than usual, thereby placing a huge burden on them. By re-assessing the contributions to be paid by the Producer countries upon the accession of new members after the Forty-eighth Session of the Council, this would reduce the burden of the existing members in terms of their contributions to the Administrative Budget for 2013.
44. The delegate of Guatemala supported the intervention by Japan and was in favour of revising the assessed contributions of the member countries, if new members were to join the Organization in 2013. He also expressed concern regarding the proposal to convene only one meeting of the Expert Panel for Technical Appraisal of Project proposals a year and indicated that this would mean that it would take another year for revised project proposals to be examined by the Expert Panel.
45. The delegate of U.S.A. supported Japan’s explanation of the intention behind the proposed draft decision on “Assessed contribution of Producer Members to the Administrative Budget for 2013.” He

stated that the United States was sympathetic to the transitional issues facing ITTO in terms of assessment of contributions of member countries to the Administrative Budget and called for a creative solution. He drew attention to the provision contained in paragraph 6 of Article 19 of the ITTA, 2006 which states inter alia that "the initial contribution of any member joining the Organization after the entry into force of this Agreement shall be assessed by the Council on the basis of the number of votes to be held by that member and the period remaining in the current financial biennium, but the assessment made upon other members from the current financial biennium shall not thereby be altered" and indicated that the Council could find a way to have the same effect without contradicting the terms of the Agreement. The delegate offered to work with the Secretariat and other members to find a solution.

46. The representative of the European Union supported the intervention by the United States and indicated that the European Union had no specific comment on the list of decisions as contained in the IAG report but sought clarification on the intention of many of these decisions and whether further discussions would take place in the appropriate forum.
47. The Chairperson referred the proposed decisions to the Caucuses for further discussions.

#### **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)**

48. Dr. Steven Johnson (ITTO Secretariat) referred to Decision 3(XVI) which requested Members to inform ITTO at the earliest opportunity of any proposals by them to include internationally traded tropical timber species in the CITES Appendices. He reported on recent proposals for listing of tropical timber and tree species in the Appendices of CITES. He informed the Council that Madagascar had proposed *Dalbergia* spp.(Madagascar rosewoods), *Cyphostemma laza*( Laza), *Diospyros* spp. (Madagascar ebony woods), *Operculicarya decaryi* (Jabihiy), *Senna meridionalis* (Taraby) for inclusion in Appendix II; Thailand and Vietnam had proposed *Dalbergia cochinchinensis* (Thailand rosewood) for inclusion in Appendix II. China, Indonesia and Thailand had proposed to delete the annotation to the listing of *Aquilaria* spp. (Agarwood) and to replace it with a new annotation.

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

49. Dr. Steven Johnson (ITTO Secretariat) presented the report as contained in document ITTC(XLVIII)/4. He informed the Council that this activity was originally included in the ITTO 2006-2007 Work Programme which provided for a grant proposal seeking funding for an ITTO-CITES collaborative capacity building programme to be developed. The proposal was submitted to the European Commission which agreed to fund 80% of the nearly \$4 million (3 million euro) budget at the end of 2006. The activity continued under the ITTO Biennial Work Programmes for 2008-2009, 2010-2011 and 2012-2013, with the EC funding noted above and additional contributions from the USA, Switzerland, Japan, Norway, Germany, New Zealand, the private sector and the BPF. The programme has been managed by the Secretariat with assistance from three regional coordinators and the CITES Secretariat, and guided by a Programme Advisory Committee.
50. Dr. Johnson reported that the demand for programme support substantially exceeded available funds and indicated that ITTO and CITES had submitted a second grant application to the EC covering a 4 year period 2012-15 for a total amount of 7.5 million euro (about \$10 million, one-third of which was to come from other donors). The grant application was approved by the EC and the first installment of funds was received in early 2012. Additional pledges were received during 2011-12 from Germany, Switzerland, USA, and the private sector.
51. The Secretariat reported that shortly after the receipt of the first installment of EC funds, regional coordinators for Asia, Africa and Latin America were appointed. An African regional workshop was held in Cameroon in June 2012 to consider progress under the first phase of the ITTO-CITES programme and new species for potential CITES listing. Country-specific activities had been approved and were under implementation as of August 2012 in Brazil, Cameroon, Congo, DRC, Indonesia, Madagascar, Malaysia and Peru as of August 2012, focusing on *Swietenia macrophylla*, *Pericopsis elata*, *Prunus africana*, *Gonystylus* spp and several *Dalbergia* and *Diospyros* species from Madagascar. Activities were being prepared in August 2012 by Brazil and Bolivia in liaison with the regional coordinator for possible programme funding. More than 10 activities have been submitted by

countries and were being evaluated or revised. Consultations with the CITES Secretariat continued throughout 2012 to guide and focus the programme's activities. An international workshop on SFM and CITES aimed at sharing experiences gained to date under the programme had been scheduled for January 2013; planning for this workshop was underway by the Secretariats, the Asian regional coordinator and the host-country, Indonesia. The Secretariat further reported that the programme website ([www.itto.int/ITTO](http://www.itto.int/ITTO) at [work/CITES/](http://www.itto.int/ITTO)) and information on the programme had been developed. All activity completion reports from the previous phase had been posted on the ITTO website, together with previous issues of the quarterly programme newsletter.

52. Ms. Milena Sosa Schmidt (CITES Secretariat) provided further update on the ITTO-CITES collaboration. She stated that the 16th Conference of the Parties to CITES would take place in March 2013 in Thailand. She noted that the thirteen (13) proposals to list taxa comprising more than 200 species of trees for listing in Appendix II, would have a great impact on the ITTO-CITES programme and indicated that since Phase I, the demand to participate in the programme had always exceeded the available funding. She commended the ITTO-CITES programme which had enabled the Parties to CITES to benefit from concrete support from the international community to help in implementing the CITES listed tree species.
53. The representative of the CITES Secretariat highlighted t some of the achievements under Phase I of the programme:
  - a) Peru strengthened its capacity to produce NDFs (the non-detriment finding) for trade in bigleaf mahogany, and provided relevant information to the Plants Committee at its 17th meeting (Geneva, April 2008), resulting in the Committee determining that it was not necessary to include the country under the Review of Significant Trade for this species;
  - b) Cameroon strengthened its capacity to produce NDFs for afromosia and thereafter provided a report on the management plan that it was implementing for this species to the 19th meeting of the Plants Committee (Geneva, April 2011), leading the Committee to determine that it was not necessary to include the country under the Review of Significant Trade for this species;
  - c) Cameroon set a voluntary zero export quotas for the African cherry tree in 2009. Under the ITTO-CITES programme, Cameroon has since then, developed a scientifically-sound NDF that enabled it to reopen a management area for producing dry bark of this species in a sustainable manner. Since the lifting of its voluntary zero export quotas, Cameroon has been able to reopen other production areas in the country;
  - d) Exports of dry bark of the African cherry tree from the Democratic Republic of the Congo (DRC) were temporarily suspended by the Standing Committee in 2009 as a result of its failure to implement recommendations made by the Plants Committee under the Review of Significant Trade in this species. At the latest meeting of the Standing Committee (SC62, Geneva, July, 2012), the DRC provided information demonstrating that support under the ITTO-CITES Programme had enabled it to strengthen its capacity to produce NDFs for this species. The Standing Committee agreed to withdraw its recommendation to suspend trade with DRC in this species provided that future exports were managed under an annual export quota. The country has been making progress in re-establishing the sustainable harvest of, and trade in this species.
  - e) Both Malaysia and Indonesia continued to make progress in ensuring the conservation, management and sustainable use of ramin species and had been able to set annual harvest and export quotas for these species in accordance with the provisions of Article IV of the Convention.

#### **ANNUAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TROPICAL TIMBER SITUATION IN 2012 (Agenda Item 11)**

54. Elements for the 2012 Annual Review and Assessment of the International Tropical Timber Situation were presented by Ms. Frances Maplesden (Consultant). The report is contained in document ITTC(XLVIII)/5. She informed the Council that the base data for the Annual Review was derived from the ITTO Joint Forest Questionnaire. The 2012 Annual Review data had been obtained from 74 countries, including the 60 members under the ITTA, 1994 and the 14 new members under the ITTA, 2006. The data thus includes all members under the new agreement, as well as those which were members in 2011 under the ITTA 1994, but had not signed or completed the procedures to become members under the ITTA, 2006.

55. For 2012, just over 50% (41 countries) returned the questionnaire either fully or partially completed comprising 28 consumers and 13 producers. Only 6 countries fully completed the JQ representing only 8% of the membership. Seven (7) consumer countries and twelve (12) producer countries did not submit the JQ in 2011 and 2012. Of the 41 countries that returned the questionnaire there were major problems with the quality of data provided – with many incomplete, unusable or inconsistent data. The consultant expressed concern about the continued lack of provision of production data for a number of years for some important products from large producers such as Nigeria, Cameroon, Cote d'Ivoire, India, Myanmar, and Thailand. She expressed concern that large producer countries such as PNG, Gabon, and the Democratic Republic of Congo had not submitted a JQ as there were no secondary data sources covering these countries.
56. Most of the production of tropical roundwood was from the Asia-Pacific region followed by Latin America and Africa. The major tropical log trade flows in 2011 showed that the major log trade was restricted to the Asian region with some supply from Africa. China and India had consolidated their position as the major importers, with the largest trade flows being from Malaysia and Myanmar to India, and PNG and the Solomon Islands to China. Historically, tropical log exports had been trending downwards because of supply restrictions in producer countries although PNG's exports grew considerably in response to growing Chinese demand and limited wood processing in PNG. The impact of Gabon's log export restrictions imposed since 2010 also became quite evident.
57. There had been a quite dramatic demand shift over the last 12 years for tropical logs from the dominant importers being Japan and the EU countries until the late 1990's, to China and India which entered the scene more recently. The effects of the global economic slowdown were evident in 2008 and 2009, although India had sustained its import growth over the period while China's imports had responded to the downturn in its markets for secondary processed wood products. China's imports had recovered strongly since then.
58. The index of log prices in the past had provided useful analysis of the supply and demand dynamics in the global trade. However, in 2012 price data was not available as information on prices provided by correspondents for the ITTO's Market Information Service was discontinued from December 2011 following the suspension of the MIS in 2012 due to the absence of funding. The consultant reiterated that the discontinuation of this unique price series, and the regular market information provided on all the major supplying and importing countries, was a significant setback in analyzing the tropical trade. The information had also been widely used by producer members who generally lacked the resources to obtain comprehensive global market data of the quality and scale provided by the MIS.
59. For tropical sawnwood, the major trade flows in 2011 showed the importance of the Asia-Pacific trade, with China dominating imports and Thailand dominating exports, although there was still significant trade between the African suppliers and the EU. Looking at the export trends over the last 15 years, about 70% of exports had been supplied by Asian producers and Thailand's exports had grown dramatically since 2009, while exports had been static or declining in many of the other major supplying countries. Almost all of Thailand's exports were in the form of competitively priced rubberwood to China and used for manufacturing furniture. China is the largest tropical sawnwood importer, with imports having grown dramatically since 2009 due to the increasing log export restrictions in supplier countries and a reduced China's competitiveness in sawnwood processing compared with some other producer countries.
60. Malaysia and Indonesia continued to be the major suppliers of tropical plywood. Although Japan continued to be the dominant market; there was an increasing trade to Middle Eastern countries. Tropical plywood exports continued to plunge mainly due to the reduced access to supplies of peeler logs in the tropical plywood industries and falling demand caused by considerable substitution by other products in both structural and appearance grade end uses. Japan remained the major tropical plywood importer, although demand had been on a clear downward trend. However, Japan's imports increased slightly in 2010 and 2011, following the earthquake and tsunami in March 2011, and the subsequent need for emergency supplies of timber. Stricter quality and environmental product standards in the consuming countries had also influenced the plywood trade.
61. As expected, in 2009 consumer imports of secondary products from tropical producer countries plummeted, and that was the case for exports by all the major ITTO producers – Malaysia, Indonesia, Brazil, Thailand, the Philippines and Mexico. And in 2010, markets had shown signs of recovery. The significant recovery in primary wood product imports was a reflection of the growth in log demand in China. There had been a rapid expansion of secondary product exports from Vietnam and the

Philippines, with most of Vietnam's exports being wooden furniture, while the Philippines' exports were builders' woodwork and joinery. Exports from Brazil had been severely affected by the strengthening of the Brazilian currency compared to the US dollar and robust domestic demand although exports were up slightly in 2010 and 2011. In contrast to almost all the other major exporting countries, China's SPWP exports continued to grow in 2009, possibly reflecting the price competitiveness of Chinese products compared with other suppliers as well as the significant export incentives and other government assistance provided to the sector. In total, China's exports amounted to more than all of the tropical producers combined. Even though government policies were focusing on growth driven by domestic consumption rather than exports and investment, China's secondary product exports returned to their phenomenal pre-crisis growth rates.

62. Consumption patterns were beginning to change, with consumption increasing in the secondary product producer countries. However, the final destinations for secondary product exports continued to be the USA, EU countries, and Japan. Demand for wooden furniture, joinery and mouldings was quite closely linked to new residential construction such that a recovery in the secondary processed wood products trade would still be linked to the economic outlook in those markets

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

63. The Executive Director presented the report on the status of deposit of instruments of ratification, approval and signature to the ITTA, 2006 as contained in document ITTC(XLVIII)/6 Rev.1, pursuant to Council Decisions 3(XLI), 7(XLIV) and 3(XLV). The ITTA, 2006 entered into force definitively on 7 December 2011 in accordance with the provisions of paragraph (1) of Article 39 of the ITTA, 2006. In accordance with the provisions of ITTC Decision 3(XLI), the extended duration of the ITTA, 1994 was thus terminated. As at 5 November 2012, Thirty-eight (38) Consumer Member Countries, including the European Union and Twenty-five (25) Producer Member countries had either ratified, accepted, or approved the Agreement or deposited notifications of provisional application and another six (6) Producer countries had provisionally signed the Agreement.
64. Under the provisions of Article 37 of the ITTA, 2006, the Agreement shall be open for accession by Governments upon conditions established by the Council, which shall include a time-limit for the deposit of instruments of accession. The Executive Director informed the Council that a draft decision establishing the procedures and time-limit for accession, in accordance with Article 37 of the Agreement had already been circulated to members. He also informed the Council that the Governments of Mozambique and Trinidad and Tobago had deposited their instruments of accession on 23 April 2010 and 19 September 2012 respectively, and were waiting for the Council to establish the conditions of accession in order to be admitted as members of the Organization. Other decisions to be considered by the Council in connection with the entry into force of the ITTA, 2006 were:
- Functions of the Committees; and
  - Rules of Procedure and Financial Rules and Rules Relating to Projects of the ITTO.
65. The Executive Director informed the Council that in accordance with paragraphs 4 and 5 of the Chairperson's consensus paper adopted by the Council at its Forty-seventh Session, requesting the Secretariat to contact other international commodity-related organizations regarding any precedents with regard to the extent to which governments that have signed these agreements but have not yet ratified, accepted or approved it may participate in the work of the Councils of the respective organizations, including, in particular, whether such governments may retain and exercise speaking and voting rights under the respective agreements, a number of commodity-related organizations were contacted by the Secretariat. Responses were received from the International Coffee Organization, International Olive Organization, the International Sugar Organization, and International Cocoa Organization. He stated that based on the responses from these Organizations, the Council should take a decision on the status of member countries that had signed the ITTA, 2006, but had not yet completed their ratification, acceptance or approval process.
66. The Consumer Spokesperson, commended countries that had ratified the ITTA 2006 and expressed appreciation to those countries that were at various stages of ratification, including those that had paid their contributions to the Administrative Budget for 2012, despite not having completed their ratification of the ITTA, 2006. She stated that the Consumer Group had discussed the issue of membership of the Council and decided that countries that had not ratified the agreement or had not completed the accession procedures should be allowed to participate in the session of the Council as observers.

67. The delegate of Japan supported the intervention by the Consumer Spokesperson. He also proposed that the Council should adopt its Decision on the "Establishment of the Conditions of Accession to the ITTA, 2006" on the first day of the Council to enable Mozambique and Trinidad and Tobago, that had deposited instruments of Accession to the ITTA, 2006 to become full members of the Organization.
68. The delegate of Malaysia noted that the implementation of the provisions enshrined in the ITTA, 2006 were important towards the long term development of the tropical timber industry. In that context, he stated that continuous support from tropical producer and consumer countries were crucial in achieving the objectives of the ITTA, 2006. The delegate proposed that countries that were Parties to the ITTA, 1994 but had not completed their ratification process under the ITTA, 2006 should be encouraged to participate in the sessions of the Council. However, these countries should not be given voting rights and should not be eligible to participate in the formal decision-making process.
69. The delegate of the United States supported the proposal of Japan to adopt the decision on the "Establishment of the Conditions of Accession to the ITTA, 2006" on the first day of the Session. He also supported the proposal that countries that had not yet completed their ratification process should be given observer status and these countries should not be eligible to vote or receive funding for projects.
70. The representative of the European Union congratulated all countries that had completed the ratification of the ITTA, 2006 and strongly encouraged all governments that had not yet signed/completed the necessary procedures to accelerate their efforts to become Parties to the ITTA, 2006. He supported the proposal to grant Observer status to countries that had not completed their ratification process. He was in favour of the non-member countries taking part in the discussions but not in the decision-making process. The EU representative also welcomed the draft decision on the "Establishment of the Conditions for Accession to the 2006 Agreement."
71. The delegate of Korea supported the proposal that Countries that had not concluded the process of ratification of the new agreement should be permitted to participate in the Session of the Council on condition that they implement all the obligations in the ITTA, 2006.
72. The Council unanimously decided that countries that had not completed their ratification process should be accorded observer status with the right to participate in all meetings of the Council, but would not have voting rights or take part in the decision-making process of the Council. The Council also adopted the decision on the "Establishment of the Conditions of Accession to the ITTA, 2006" and requested the Secretariat to transmit the Decision to the Office of Legal Affairs of the United Nations in New York.

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

#### **(a) Progress Report in the Implementation of the ITTO Biennial Work Programme 2012-2013**

73. Dr. Gerhard Breulmann (ITTO Secretariat) presented the progress report on the implementation of the ITTO Biennial Work Programme 2012-2013 as contained in document ITTC(XLVIII)/7. He noted that the BWP 2012-2013 comprised twenty-four (24) Core/Council activities, twenty-one (21) Committee activities, and six (6) Financial/Administrative activities. The 51 activities were divided into 19 activities with no cost implications and 32 activities requesting funding. Out of those 32 activities, 11 were under the responsibility of the Council and 21 under the committees. In total, 9 activities were fully funded and 5 had received partial funding, while 18 remained unfunded. In monetary terms, the budget for the BWP 2012-2013 was US\$ 7,017,000. During Year 1 of the BWP about US\$ 1.35 million or 19 % had been pledged, with US\$ 710,000 for Core/Council activities and US\$ 640,000 for Committee work. About US\$ 5.65 million or 81% of the approved budget remained to be funded.
74. The Secretariat highlighted the implementation status of a number of activities including:
  - Provide for ITTO's participation at UNCSO Rio +20;
  - Formulate and approve a new ITTO Action Plan;
  - Study the implications of climate change for tropical forests and the contribution of tropical forests to the mitigation of effects of climate change;
  - Enhance cooperation between ITTO and CITES;

- Consider the impact of economic & financial crisis on tropical timber sector and help countries build resilience;
- Disseminate and share information on ITTO's project work and its contribution to SFM;
- Strengthening the capacity to promote efficient wood processing technologies;
- Matching needs of forest industry with innovations, technologies and know-how;
- Continue to promote improvement in forest law enforcement;
- Promote trade in tropical products from sustainably managed and legally harvested sources
- Analyze economic impact of governmental procurement policies;
- Harmonize reporting of C&I for Sustainable Management of Tropical Forests with ITTO Guidelines;
- Promote guidelines for management of secondary tropical forests, restoration of degraded forests and rehabilitation of degraded forest land.

**(b) ITTO Biennial Work Programme 2013-2014**

75. The Secretariat presented the draft ITTO Biennial Work Programme 2013-2014 as contained in Document ITTC(XLVIII)/8 Rev.1. In order to align it with the new ITTO Action Plan, the BWP 2013-2014, takes into account the ITTA, 2006, the draft Strategic Action Plan 2013-2018 (SAP) and the Progress Report on the Implementation of the ITTO Biennial Work Programme for 2012-2013 [Document ITTC(XLVIII)/7 Rev.1]. The proposed activities were grouped according to the strategic priorities identified in the draft SAP. Expected outcomes and indicators under the draft SAP and targets for each activity were identified. Routine, administrative and financial activities were also included in the draft BWP.
76. The proposed activities together with the project work under the ITTO regular project cycle and ITTO Thematic programmes would contribute towards achieving the expected outcomes of the draft Strategic Action Plan 2013-2018.
77. The ITTO BWP 2013 – 2014 comprises twenty-six (26) Core/Council activities, twenty-one (21) Committee activities and five (5) Financial and Administrative activities. The total budget for the Biennial Work Programme 2013-2014 is USD9.4 million, composed of USD4.98 million for 2013 and USD4.41 million for 2014. The proposed budget for the Core/Council activities was US\$5.4 million while activities related to the Committees amounted to US\$3.9 million. The Secretariat proposed that the BWP should be funded from the following sources: Voluntary contribution US\$7.79 million; Programme Support fund US\$200,000 and US\$1.4million from the Core Operational Costs of the Administrative Budget.
78. Some of the Activities in the BWP 2013 – 2014 are as follows:
  - Render assistance to Producer Countries, on request, 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 constraints.
  - Demonstration and adoption of credit schemes for Small-Medium Forest Enterprises (SMFEs).
  - Support selected producing member countries to promote wood-based bioenergy using wood residues and waste.
  - Promoting roles of non-timber forest products for sustainable forest management and improved livelihood in tropical countries.
  - Study on policies and measures toward the development of sustainable forest industry in ITTO producing member countries.
  - Enhancing cooperation between ITTO and CITES.
  - Facilitate the application of the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests.
  - Continue to monitor progress in the application of criteria and indicators for sustainable forest management.
  - 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.
  - Promote the understanding of the contribution of environmental services to the sustainable management of tropical forests.



- Review and update the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests to take into account recent developments in tropical forestry.
  - 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.
  - Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests.
  - Continue to publish the ITTO quarterly Tropical Forest Update (TFU).
  - 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 2013 and 2014.
  - Continue to publish the ITTO bi-weekly Market Information Service (MIS).
  - Disseminate and share information on the outputs, outcomes, impacts and lessons learned from ITTO's project work and its contribution to sustainable forest management.
  - Development of Environmental Product Declaration (EDP) for three tropical wood products.
  - Review of the timber market in two significant tropical timber importing countries.
79. The delegate of Switzerland expressed appreciation for the inclusion of analytical summaries of what had been achieved during the implementation of the various activities in the BWP 2012–2013. She proposed that future summaries should be more analytical, including report on the outcomes and impacts in order to see what the Organization had achieved through the implementation of these activities. Regarding the draft Biennial Work Programme 2013 – 2014, the delegate commended the Secretariat for efforts made to adapt and modify the structure of the draft BWP in line with the Strategic Action Plan. She reiterated the importance of knowledge management and recalled that the Executive Director had mentioned in his opening address that this was an area that the Organization was putting some priority to. She was wondering whether the issue of knowledge management could be incorporated as an activity in the draft BWP 2013 – 2014.
80. The delegate of Germany indicated that the role of ITTO in the various activities in the draft BWP 2013 – 2014 should be made clear. She referred to the activity on “Review and update the ITTO Guidelines on Fire Management in Tropical Forests to take into account scientific insights into the state of forests and forest protection in the tropics in the last 15 years and the progress made in fire management research and development globally” and stated that FAO had already taken the initiative to build a global fire management network which was presented at the last FAO Committee on Forestry meeting. She therefore, questioned the role of ITTO and its cooperation with other international organizations.
81. The delegate of Japan stated that in order to implement the draft Strategic Action Plan, there would be the need for broader engagement of stakeholders. He also recalled that some delegates had proposed the need for a business plan to support the implementation of the Action Plan and indicated that Japan was ready to support an activity to promote resource mobilization and partnership building in order to identify feasible options for fundraising, including partnership with the private sector.
82. The delegate of New Zealand commended the Secretariat for structuring the activities in the draft BWP 2013–2014 in line with the strategic priorities identified in the Action Plan. She, however, referred to table 3.2 and sought clarification on how the balance between the different funding instruments was arrived at. She noted for example that for strategic Priorities 1 and 2 which although were very important, the amount of funding allocated for activities under these strategic priorities appeared to be low compared to Strategic Priorities 3 and 4.
83. The delegate of the United States reiterated the need for strategic approach and alignment of activities in the BWP 2013 – 2014 with the Strategic Action Plan 2013–2018 and called for prioritization of the activities in line with efforts to secure the necessary resources. He referred to the BWP 2012 – 2013 and noted that out of 37 activities requiring funding; only 14 received full or partial funding while 23 were not funded. He indicated that, that should be sending a message about the level of funding and therefore, how future Biennial Work Programmes should be prepared. The delegate stated that the United States was looking forward to supporting some of the activities in the BWP. However, from past experiences, the United States would not be in the position to support all the activities. The delegate referred to the activity on “Analysis of the Economic Impact of Governmental Procurement Policies on Tropical Timber Markets” in the BWP 2012 – 2013 which was not funded and was transferred by the Secretariat to the TMT Thematic Programme and received funding. He recalled his earlier concern raised and indicated that the Secretariat had not provided a satisfactory explanation as to why only this activity which was controversial in nature had been moved by the Secretariat to the

TMT Thematic Programme and funded. He indicated that the United States had, therefore, become cautious as to what should be included in the BWP because of this new migration pattern of activities from the BWP to the Thematic Programmes.

84. The representative of the European Union commended the Secretariat for aligning the activities in the BWP with the strategic priorities in the Action Plan 2013–2018. He commented on the priorities and core competences of the Organization and indicated that activities related to trade and the private sector such as life cycle analysis and other trade issues had not been sufficiently represented in the Biennial Work Programme while schemes like environmental services forum where a lot of work was being done by UNEP had been included in the BWP. He also referred to pilot credit schemes included in the BWP and indicated that this was within the core competence of other organizations and was wondering how the European Union delegation would be able to advocate for more resources into ITTO if the Organization's areas of comparative advantage were not reflected in the BWP.
85. The delegate of the Republic of Korea commended the Secretariat for the structure of the new Biennial Work Programme. He, however, sought clarification on Activity 33 in the draft BWP 2013 – 2014, the expected outcome of which would be the development of guidelines for sustainable forest industry. He wondered whether this would be an elaboration of existing guidelines or the development of new guidelines. He recalled that a Working Group had already developed these guidelines in the past.
86. The Chairperson of the Committee on Finance and Administration, Dr. Atsushi Suginaka informed the Council that at the instruction of the Chairperson's Bureau, the Committee on Finance and Administration was discussing the activity in the BWP regarding the convening of meetings of the Expert Panel for Technical Appraisal of Project Proposals. He noted that in the draft BWP it had been proposed that one meeting of the Expert Panel would be convened in 2013. However, many delegations had expressed a preference for continuing with two meetings in a year. He underlined that there were financial implications in doubling the number of meetings and therefore, the Secretariat had been requested to provide more details about the budget for holding the meetings of the Expert Panel. He indicated that the matter would be further considered Committee on Finance and Administration.
87. The delegate of Malaysia noted that the implementation of the BWP had been of tremendous benefit to member countries, particularly in promoting sustainable forest management and tropical timber trade. He, however, regretfully noted that only about 30% of the activities in the BWP were either fully or partially funded and called on donors to provide more funding in support of activities under the BWP 2013–2014. He underlined that all activities in the BWP were equally important in supporting and contributing to SFM as well as to further strengthening the development of the downstream sector.
88. Referring to the issue raised by the delegate of Switzerland on knowledge management, the Executive Director stated that in his opinion, knowledge management was a very important activity for the Organization as indicated in his opening address to the Council. He noted that the Organization had implemented many projects with very good results and therefore, these results must be disseminated widely among member countries. He noted that the Secretariat had proposed an activity in the BWP 2013–2014 on knowledge management. He also referred to the activity raised by the delegate of the United States on procurement policy and recalled that he had earlier on provided information on what was the thinking of the Secretariat regarding this issue. He reiterated that the Secretariat was of the opinion that since the activity had been discussed at length and approved by member countries it was deemed to be of high importance and the Secretariat, therefore, sought alternative means for its implementation.

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

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

89. Dr. Gerhard Breulmann (ITTO Secretariat) presented the report as contained in document ITTC(XLVIII)/9. In the fourth year of the implementation of the Thematic Programmes, four of the five programmes approved by Council were being implemented with partial funding. Sixty-four activities, pre-projects and projects had been approved for funding. The Thematic Programme on Industry Development and Efficiency (IDE) had not yet received any pledges for funding while Monitoring Protocols (MP) had been developed for each of the four active TPs on CFME, REDDES, TFLET and TMT.
90. The Spring Cycle 2012 Call for Proposals was launched on 16 March 2012 for TFLET, REDDES and TMT. As the remaining funding under all three programmes was below the 'common' threshold value

to launch a call for proposals (US\$1.00 million), this call was limited to small project proposals and pre-project proposals not exceeding a duration of 24 months and ITTO funding of US\$150,000. By the deadline of 8 May 2012, thirty five proposals were received from sixteen member countries and the ITTO Secretariat, seeking a total of US\$4,888,074.00 in funding. While REDDES attracted 23 proposals from 13 countries, only six proposals each were received under TFLET and TMT, from three and four member countries respectively. The proposals comprised twenty-nine small project proposals and six pre-project proposals. Based on the Secretariat's pre-appraisal and the TPAC expert review, the Executive Director gave conditional approval for funding to thirteen proposals: three under TFLET, six under REDDES and four under TMT. The conditional approval was endorsed by the TPAC members. Final approval was given following integration of reviewer comments into the revised proposals. The total funding allocation under the Spring Cycle 2012 was US\$1,770,994, composed of US\$416,878 under TFLET, US\$815,156 under REDDES and US\$538,960 under TMT.

91. The pledges received during the reporting period comprised US\$220,000 from the USA and US\$196,608 from Australia for TFLET and US\$63,625 from Finland for TMT. The total pledges received under TFLET amounted to US\$6,898,319 or 45.98% of the indicative budget (US\$ 15 million) for the pilot phase. TFLET donors were the Netherlands, Japan, United Kingdom, Switzerland, USA, Australia, Germany, New Zealand, Finland, Norway, Republic of Korea and the Japan Lumber Importers Association. The pledges received under REDDES amounted to US\$9,232,742 or 51.29 % of the indicative budget (US\$18 million) for the pilot phase. REDDES donors were Norway, Japan, Switzerland, and the USA. Under CFME there was no change in pledges compared to the previous year. The pledges received under CFME amounted to US\$1,100,000 or 11.00 % of the indicative budget (US\$10 million) for the pilot phase. CFME donors were Japan, USA, Switzerland, Norway and Sweden. The pledges received under TMT amounted to US\$1,263,625 or 25.27 % of the indicative budget (US\$5 million) for the pilot phase. TMT donors were Switzerland, USA, Japan and Finland.

92. Out of the sixty-four (64) activities, pre-projects and projects approved under the Thematic Programmes, fifteen had been completed, twenty-seven (27) were ongoing, twenty-one were in the inception phase, and one (1) was subjected to the sunset provision.

93. The Secretariat also reported on the achievements and impacts of a number of projects under the various Thematic Programmes.

**b) Review of Implementation of the Pilot Phase of the ITTO Thematic Programmes**

94. The Report was presented by Ms. Stephanie Caswell (Consultant). The scope of the evaluation covered:

- Assessing Members' responses to the new opportunities represented by TPs and early achievements and impacts;
- Assessing the effectiveness of the pilot procedures and guidelines set forth in Decision 9(XLIV) and measures to operationalize them; and
- Based on assessments and lessons learned, making recommendations to improve the effectiveness of TP operations under the ITTA, 2006, including up scaling experiences gained.

95. In operationalizing TP pilot procedures, the Secretariat adopted the regular project cycle model and established a fixed 6-month calendar for TPs. While the TP cycle followed standard procedures, a number of positive innovations had been introduced by the Secretariat. The ITTO Manual for Project Formulation had been the main guide for TP proponents. TP proposals were also required to (i) address the proposal's conformity with the TP deliverables set out in the Thematic Programme Document, and (ii) associate expected results with the TP Monitoring Protocol. The technical quality of proposals varied widely, with some improvement over time. Many proposals lacked a clear thematic focus, and some submissions had been incomplete and incorrectly formatted and prepared. In November 2009 the Council adopted a recommendation of the Committee on Finance and Administration (CFA) to set aside 3% of all new TP funding received to assist, upon request, members with TP proposal development.

96. The TP appraisal process had been based on that of the regular project cycle. TP proposals were cleared and endorsed by ITTO Focal Points and screened and pre-appraised by the Secretariat prior to TPAC review. Three TP review forms had been introduced (for projects, pre-projects and small projects) to facilitate TPAC review. These forms had been based on the standard format. A few

selection criteria from Decision 9(XLIV) that apply only to TPs were yet to be fully integrated into the review and rating process.

97. TP projects were being managed and monitored like regular projects, not as a pool of thematically linked activities. While the Division of RFM had the overall responsibility for REDDES and CFME, and the Division of EIMI had been responsible for TFLET and TMT, the management of a TP project could be assigned to any Division. The Secretariat had also developed Monitoring Protocols (MPs) for each TP to provide a framework for monitoring and measuring progress and achievements towards TP objectives as a whole and set the stage for future mid-term evaluations of TPs.
98. On achievements during the pilot phase, the report indicated that sufficient financing was achieved under TFLET and REDDES in 2009 for the development of TPDs. CFME and TMT were subsequently launched in 2010. IDE had yet to attract any donor interest. As of July 2012, the four TPs had attracted USD 18.3 million in voluntary contributions from 14 donors in comparison with a combined indicative target of USD 58 million. These funds had been allocated to 51 projects and activities, including 36 projects/pre-projects in producer countries and 3 regional projects in Africa and the Amazon.
99. The report stated that TPs had succeeded in attracting significant new contributions from non-regular or first-time donors (notably Norway, Netherlands and UK), as well as contributions from regular donors (primarily Japan, Switzerland and USA). Many donors were, however, continuing to earmark the majority of their contributions to projects under the regular cycle. The report further noted that since relatively few TP projects had been completed and no ex-post evaluations had been conducted, it was, therefore, not possible to assess definitively how much progress had been made toward meeting TP objectives as well as the potential for wider applications of outcomes/outputs to other countries. However, a general assessment of reports on completed/near completed projects/activities, including those funded under the TFLET pre-cursor initiative, indicated positive impacts.
100. On key findings and lessons learnt during the pilot phase, the report outlined the following:
  - Implementing TPs on a pilot basis had demonstrated the interest in and value of innovative programmatic approaches to addressing issues/problems identified by ITTO, and the ability of TPs to secure resources for ITTO's work from a broader base of donors, including new resources from non-traditional donors.
  - The positive response to REDDES and TFLET by both consumers and producers suggested that TPs might be more successful when closely aligned with Members' interests, including donor interests, and/or built on existing and well-supported ITTO initiatives.
  - Reasons for slow progress on CFME and TMT and no progress on IDE should be explored, identified, and addressed as soon as possible.
  - There was a need to enhance momentum and stimulate significant increases in TP funding in order to meet the objectives and deliverables of all TPs and realize their full potential. A variety of strategies should be considered in this regard, including mechanisms to enhance ITTO fundraising overall.
  - New funding sources might be particularly important to avoid competition for funding from traditional donors among TPs and between TPs and regular cycle projects.
  - During the TP pilot phase, many donors continued to earmark a majority of their ITTO contributions to projects under the regular ITTO project cycle, indicating that earmarking remained an attractive option.
  - Before establishing new TPs, it might be prudent to confirm widespread interest and support for prospective TPs among Members and if possible other potential donors.
101. The delegate of Indonesia expressed concern about the lack of funding for the Thematic Programme on Industrial Development and Efficiency (IDE). He highlighted the importance of IDE and cited the forestry industry sector in Indonesia, where 80% of the industry is comprised of small and medium enterprises. He stressed that in order to achieve ITTO's objectives of promoting, expanding and diversifying international trade in tropical timber from sustainably managed and legally harvested sources, the importance of small and medium forest enterprises should not be forgotten.
102. The delegate of Japan expressed his appreciation for the innovative approach introduced in the pilot phase of the Thematic Programme, as well as the use of the online monitoring system. He stated that the proposal appraisal system of the Thematic Programmes, including the pre-screening of proposals by the Secretariat if applied to the regular project cycle, could contribute to the reduction of the burden

and cost of the Expert Panel for Technical Appraisal of Project Proposals. He noted that in order to avoid competition of funding between the regular project cycle and the TPs by traditional donors, new funding sources must be explored. He also cautioned the establishment of sub-themes in the various Thematic Programmes which could result in fragmentation of funds. He proposed that the monitoring protocol of the TPs should conform to the new Strategic Action Plan.

103. The delegate of the United States supported the intervention made by Japan and indicated that both Japan and USA have strong preference for earmarking their voluntary contributions because in obtaining these funds from their governmental authorities they are required to present strong arguments as to what and how the funds would be utilized. The delegate also supported the proposal by Japan for ITTO to look for non-traditional sources of funding for the TPs. He further cautioned about establishing new Thematic Programmes, whether these could not be handled in a project mode and whether handling them in a project mode would actually make any big difference. He cited the case of CITES and was wondering the benefits if structured as a Thematic Programme. He noted that both Thematic Programmes and Projects under the regular Project Cycle undergo technical reviews either by the Expert Panel or the Thematic Programme Advisory Committee. However, unlike the project cycle, member countries' policy or political level considerations appeared to be missing in the TP process, which he opined as lacking in transparency. He cited in particular the approval process by the Committees as well as posting of proposals on the website for members' no objection as a transparent process in the regular project cycle. He acknowledged that although the implementation of the Thematic Programmes was new and in the pilot phase he reiterated his concern about the lack of transparency in the Thematic Programme implementation process.
104. The delegate of the United States also referred to the project TMT-SPD 013/12 Rev.1 (M) 'Analysis of the Economic Impact of Governmental Procurement Policies on Tropical Timber Markets' and questioned how this activity was transferred from the Biennial Work Programme to the TMT Thematic Programme. He recalled discussions on the activity during the Forty-sixth Session of the Council in November 2010 and underlined the political sensitivity of the activity. He noted further that the activity did not attract funding from donors and wondered why the Secretariat, on its own volition, had transferred this activity into the TMT Thematic Programme. He stated that there were twenty-three activities that were unfunded in the BWP and why only this activity was transferred to the TMT.
105. The United States delegate also expressed concern about an emerging pattern of Thematic Programmes becoming bridge funding to develop pre-projects, and projects and underlined that the Thematic Programmes were not intended to be project development fund. He called on the Council to look into these structural issues as part of the evaluation of the pilot phase of the Thematic Programmes. He also referred to the draft decision on the Thematic Programme and recommended that some form of a virtual no objection process on the web be built into the Thematic Programme implementation process prior to the funding of any project under the Thematic Programmes.
106. The delegate of the European Union noted that the pilot phase of the Thematic Programme had been relatively successful in the sense that it attracted new donors. He indicated that it might be due to the fact that some donors were not comfortable in giving small amount of money for particular projects but rather were more comfortable in giving large amounts of money at a time in order to reduce the transaction costs. He acknowledged that there were benefits on both sides and noted that the traditional approach to project funding also had a role to play. He indicated that although progress had been made there was still room for improvement. He agreed with the intervention by the United States delegate on the issue of transparency and stated that projects proposed and approved by the Secretariat raises the question on procedures and how member countries should be involved in that process. He called on the Council to reflect on how the Thematic Programmes should evolve as a Programme and not a collection of projects. He proposed that the Council should decide on the focus and direction of the Thematic Programmes. He explained further that within a Thematic Programme a number of activities are implemented in different countries and that there should be the possibility of interaction between these activities and with the Secretariat so that the end result would be something bigger than the actual projects.
107. The delegate of the Republic of Korea welcomed the comprehensive report by the Secretariat and the Consultant. He stated that although the Thematic Programmes had been implemented on a pilot basis, he was confident that they would be able to help achieve the objectives of the ITTA, 2006. He called for further improvement of the Thematic Programme profiles, especially the IDE Thematic programme and indicated that the Council should undertake more in-depth discussions on the Thematic Programmes, including a comprehensive restructuring of the Secretariat in accordance with the

Thematic Programmes and role of the Committees in a balanced manner. The delegate indicated that it might be reasonable to arrange the Thematic Programmes in line with current Secretariat functions without establishing any new Division within the Secretariat. He was deeply impressed about the financial resources secured through the five Thematic Programmes despite their pilot status. He was particularly pleased with the emergence of new donor countries and indicated that it showed a bright future and success of the Thematic Programmes. He, however, expressed concern about the unequal distribution of financial resources among the various Thematic Programmes, and in particular the fact that the IDE Thematic Programme had not yet received any funding which was worrisome. He called on all member countries to show more interest and support for the future development of the Thematic Programmes.

108. The delegate of Guatemala stressed the importance of the complementarities among the Thematic Programmes and noted that the Thematic Programmes had opened up a new mechanism for the development of projects in producer countries. He expressed concern about the lack of donor interest in the IDE Thematic programme and underlined the importance of that programme in achieving the objectives of the Organization. He called on donors to direct funds into the IDE Thematic Programme. He commented that industries in developing countries need closer links between forests and markets, and encouraged donor countries to contribute and direct funds to this programme.
109. The delegate of Switzerland welcomed the report and stated that in addition to the impact of the Thematic Programmes at both the national and local levels one of the potential value addition of the Thematic Programmes was the wider impact of the Programmes. She called for the gathering of such information together with information from other projects on what had been achieved and the wider impact to enhance further policy discussions at the level of the Council. She, therefore, called for the adoption of a clear and effective knowledge management strategy and noted that the on-line monitoring system might be one of the instruments to implement such a strategy. She further stated that experiences with the Thematic Programmes should not only be collected systematically but be used to build modular learning approaches on different subjects. The delegate indicated that Switzerland would only be in the position to finance Thematic Programmes again, if further steps in the direction proposed were taken.
110. The delegate of The Netherlands confirmed his country's interest in the Thematic Programmes and noted that The Netherlands had made significant contribution to one of the Thematic Programmes. He expressed satisfaction with the evaluation carried out by the consultant. He called for more improvement in the effectiveness of the Thematic Programme financing through for instance stronger priority setting and more focus in call for proposals. He also called for more proactive coordination with the support of national focal points in order to identify good stakeholders who would submit quality proposals.
111. The delegate of Cameroon expressed appreciation to the Council for the projects under the various Thematic Programmes that have been funded in Cameroon. He noted that although the Thematic Programmes had not received adequate funding, these have been able to respond to the concerns of communities since programmes deal with specific projects with clearly defined objectives. He enumerated a number of problems confronting the forestry sector of Cameroon, including governance and gender issues. He also noted that the national focal points have to deal with various project leaders who sometimes did not understand the ITTO approach and methodology; however, he recognized that the national focal points would have to do more.
112. In response to some of the comments raised by delegates, the Executive Director stated that the Secretariat would follow the decision the Council adopts to strengthen the implementation of the Thematic Programmes in order to achieve the objectives of the Organization. He referred to the intervention by the delegate of the United States concerning the activity on 'Analysis of the Economic Impact of Governmental Procurement Policies on Tropical Timber Markets' and recalled that the activity was hotly debated but approved during the Forty-sixth Session of the Council. The Council also developed the terms of reference for the activity. However, although the activity did not receive any funding during the Session, there was an expression of interest by the Government of Japan and, therefore, the Secretariat was of the opinion that the activity was of high interest to member countries and consequently, developed the activity as small a project proposal under the TMT Thematic Programme. The proposal was evaluated by the Thematic Programme Advisory Committee and ranked as Category 1. He reiterated that the Secretariat was ready to abide by any decision of the Council regarding the implementation of the Thematic Programmes.

**ITTO ACTION PLAN 2013 – 2018 DECISION 3(XLVII) (Agenda Item 15)**

113. Dr. James Gasana (Switzerland) and Dr. Agus Sarsito (Indonesia) co-chairs of the Working Group on the preparation of the ITTO Action Plan 2013 – 2018 presented the report of the Working Group. The Working Group was composed of six representatives of Producer Member Countries, six representatives of Consumer Member Countries, one representative from the Civil Society Advisory Group (CSAG) and one from the Trade and Industry Advisory Group (TAG). The Working Group convened a meeting in Yokohama, Japan on 2 – 6 July 2012.
114. The Working Group was assisted in its work by the background document prepared by the consultants and circulated in advance to member countries. In addition, the consultants prepared an initial draft Strategic Action Plan that was provided for the Working Group's consideration. The Group noted that the background paper provided an effective review of the Action Plan 2008-2011 and took into consideration the views of ITTO members and the Secretariat. It also provided a useful review of recent developments in international forest policy, institutions and markets, as well as issues to consider in the preparation of a new Action Plan; and described a useful approach to the development of the new Action Plan. In its review, the Working Group noted that the ITTO Action Plan 2008-2011 did not have linkages between the possible actions and expected outcomes and, in addition, the plan did not provide measurable targets. As a consequence, it was difficult to monitor and assess progress and the Working Group, therefore, agreed that any future Action Plan should be strategic and should clearly describe expected outcomes related to priorities or actions and provide indicators to allow for effective monitoring.
115. Regarding objectives of the Strategic Action Plan, the Working Group agreed that it should seek to:
  - i. Provide strategic policy guidance to the organization as reflected in the Biennial Work Programmes, Thematic Programmes and projects;
  - ii. Communicate ITTO's priorities to external stakeholders;
  - iii. Provide a strategic reference to members in developing projects and allocating voluntary contributions; and
  - iv. Provide a reference for members in developing national policies and actions.
116. The Working Group through the review of background documents, recent developments in the international forest policy, institutions, mechanisms as well as its consideration of trends and development related to tropical forest and its deliberations identified the following priorities for inclusion in the Strategic Action Plan 2013-2018:
  - i. Priority #1: Promote good forest governance and financing for sustainable forest management
  - ii. Priority #2: Increase the contribution of tropical forests to the national and local economies through international trade
  - iii. Priority #3: Enhance the contribution of tropical timber producing forests to the conservation and sustainable use of biodiversity
  - iv. Priority #4: Reduce tropical deforestation and forest degradation and enhance the provision of environmental services
  - v. Priority #5: Improve the quality and availability of information on tropical forests and timber markets and trade
  - vi. Priority #6: Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests.
117. The Working Group noted that with the entry into force of the ITTA, 2006, Thematic Programmes would no longer be implemented on a "pilot basis" and therefore should be brought into the mainstream of ITTO's work. In that context, the Working Group took into account the existing Thematic Programmes and the associated wide range of activities that had been undertaken. The Working Group stressed the importance of the Thematic Programmes as a means of implementing the strategic priorities. The Working Group noted that the IDE Thematic Programme had not been launched; and underscored its importance to the strategic priorities identified by the Working Group.
118. The Working Group noted the importance of effective monitoring of the implementation of the SAP and recommended that monitoring be undertaken through the Biennial Work Programmes (BWP), Thematic Programmes (TP), and projects. The tools for monitoring the SAP would be the review of BWP implementation, annual review of TP implementation and the Annual Reports, as well as information from a variety of sources.

119. The Working Group recognized the importance of establishing a clear link between expected outcomes and expected resources. Therefore, the Group considered the value of having an indicative budget as an element of the SAP. In considering the indicative budget, the Working Group took into account the information on the trends in financing the work of the Organization. In particular, the Working Group sought to reflect the general level of recent BWPs, the indicative budgets for the Thematic Programmes implemented on a pilot basis, as well as the average amount of financing available for project work over the past decade.
120. The Working Group made the following recommendations for the consideration of the Council:
- i. Adopt a strategic approach to the development of the Action Plans for the Organization;
  - ii. Duration for the Strategic Action Plan should be six years;
  - iii. Synchronize the BWP cycles with the SAP;
  - iv. Use the Strategic Action Plan 2013-2018 as the basis for establishing the Thematic Programmes on an on-going basis; and consider developing two additional Thematic Programmes as proposed in the SAP to:
    - a. Assist ITTO members to meet the requirements of CITES; and
    - b. Promote the conservation and sustainable use of biodiversity in tropical timber producing forests;
  - v. Use an indicative budget in the SAP to reflect the priorities of the Organization;
  - vi. Use the SAP as a communication and outreach tool, including for fund raising; and
  - vii. Monitoring of the SAP should be undertaken through the Biennial Work Programmes (BWP), Thematic Programmes (TP) and Annual Reports.
121. The delegate of the United States congratulated the working group for its report and expressed satisfaction with Table 3.1 "Expected Outcomes and Indicators", which explained a clear strategic direction aligned with the BWP. He suggested that Section 1.5 under Annex 5 - Highlights of Recent Developments Related to Tropical Forests, Trade and International Forest Policy, be deleted since some issues were controversial and rather time-bound. Although he understood the high aspiration, the delegate expressed concern on indicative budget referred to in Table 3.2. He stated that for a high aspiration goal, all ITTO members must think about fundraising from non-traditional donors.
122. The delegate of Indonesia congratulated the working group for its excellent work. He noted that the critical part of SAP development process was linking the ITTA, 2006 objectives with the strategic priorities of the Action Plan. He pointed out that the strategic priorities incorporated in the action plan were defined based on the priorities and objectives of the ITTA, 2006. The delegate expressed his understanding of the budget figures and that it would serve to enhance the efforts in fundraising to finance the Action Plan.
123. The delegate of the Republic of Korea welcomed the draft of Action Plan. He recognized the importance of the new TPs that had been proposed to be included in the Strategic Action Plan but expressed concern over the current financial situation. He proposed that the Council should deliberate on ways to secure additional financial resources and urged the Council to review the financial resources allocated to the various Strategic Priorities to ensure appropriate balance.
124. The delegate of Japan welcomed the draft Action Plan and commended the Working Group for the rational approach of identifying strategic priorities, expected outcomes and providing a set of indicators to monitor progress in the implementation of the Plan. He proposed to expand the time frame of the Action Plan to ten years to coincide with the duration of the ITTA, 2006 and to consider a midterm review by utilizing identified indicators. He underlined the importance of strengthening relations with individual countries through project implementation and consequently, funding of projects by Japan has been through earmarked voluntary contributions. He supported the integrated monitoring of the Strategic Action Plan by including accomplished outcomes and welcomed the inclusion of ITTO collaboration with CITES and CBD in the Strategic Action Plan. He, however, stated that the indicative budgets provided an erroneous impression that some strategic priorities were less important than others due to the level of the budget. The delegate proposed that the Action Plan should make provision for resource mobilization and indicated that Japan would propose an activity for resource mobilization under the BWP.
125. The Representative of the European Union welcomed the report of the Working Group and agreed to most of the recommendations, particularly the six year duration of the Strategic Action Plan and its synchronization with the BWP. He agreed with the inclusion of expected results and outcomes for



each strategic priority and further suggested the inclusion of a results oriented framework through which achievements would be assessed. He indicated that the SAP should be focused on limited number of priorities and be based on realistic assessment of resources that could be mobilized based on past experiences, taking into account the financial and human resources constraints.

126. The delegate of Peru proposed that the Strategic Action Plan should be more precise with the inclusion of non-timber forest products and their statistics. She highlighted the rather low level of projects funding through the regular project cycle for Priority 5, "Improve Information on Forests and Trade."
127. The delegate of Liberia welcomed the report of the Working Group and expressed concern about the cost of implementing the SAP. He agreed that appropriate mechanisms should be set up to source funding for the implementation of the Strategic Action Plan and called for the inclusion of mangroves in Priority 3.
128. The delegate of Malaysia extended appreciation to the Working Group for the draft SAP, being the first ITTO Action Plan to be considered following the entry into force of the ITTA, 2006. He acknowledged that the SAP would further enhance and strengthen ITTO in assisting the promotion of conservation and sustainable management of tropical forests and sustainable utilization of tropical timber products and services. He noted that the SAP had identified six strategic priorities to be pursued through a variety of mechanisms, including the BWP, Thematic Programmes, and projects. He further noted that the new draft Action Plan include elements such as linkages between the priorities or actions with the expected outcome/impact and providing indicators to allow for effective monitoring. The delegate indicated that the focus of all the six strategic priorities seemed to be more on the commitment of Producer member countries but less on Consumer member countries in realizing the expected results and outcome stipulated in the strategic priorities. He proposed that in order to strike a balance commitment between the Producing and Consuming countries as well as to enhance the expansion of timber trade, an additional strategic priority to enhance the contribution of consumer countries towards improving and facilitating market access and incentives for trade of certified and legal timber should be included in the SAP.

**DEVELOPMENTS IN THE UNFCCC REGARDING FORESTS AND THEIR POTENTIAL IMPLICATIONS FOR TROPICAL FORESTS AND THE WORLD TROPICAL TIMBER ECONOMY – DECISIONS 2(XXXIX), 1(XLI) (Agenda Item 16)**

129. The report was presented by Mr. Satoshi Akahori (Japan). He referred to document ITTC(XLVIII)/12 and noted that effective implementation of REDD+ had been a key part of the international climate change discussions since the Bali Action Plan was adopted at COP 13 of the UNFCCC in Bali, Indonesia in 2007. He recalled that at COP 13 in Bali, an agreement was reached for designing a global mechanism for "Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries". The report noted that REDD+ had subsequently been included in the work of the AWG-LCA since COP 13.
130. The report also noted that the COP 16 decision (1/CP.16) adopted under the Cancun Agreements in 2011 recognized the importance of REDD+ and defined the scope of five REDD+ activities, namely (1) reducing emissions from deforestation, (2) reducing emissions from forest degradation, (3) conservation of forest carbon stocks, (4) Sustainable management of forest, and (5) enhancement of forest carbon stocks. However, the decision did not include the definitions of forest degradation, conservation, and sustainable management of forest and enhancement of forest carbon stocks. COP 16 decision also called for developing country Parties to undertake the following activities:
  - (a) Design a national strategy or action plan;
  - (b) Establish a national forest reference emission level and/or forest reference level or, if appropriate, as an interim measure, sub-national forest reference emission levels and/or forest reference levels;
  - (c) Design a robust and transparent national forest monitoring system for the monitoring and reporting of activities; and
  - (d) Design a system for providing information on how the agreed social and environmental safeguards were being addressed and respected.

131. Developed countries were urged to provide financial and technical support to assist developing countries to engage key stakeholders (including communities and indigenous peoples) to prepare national strategies, policies and measures to implement REDD+ and to develop national forest reference emission levels, national forest monitoring systems and a system for providing information on how REDD+ social and environmental safeguards were being addressed and respected.
132. The report noted that considerable progress had been achieved in the operation of various multilateral and bilateral funds and programmes like the Forest Carbon Partnership Facility (FCPF) of the World Bank, the UN-REDD and the REDD+ Partnership as well as national initiatives like the Amazon Fund to advance the readiness of REDD+ in developing countries. However, it had been recognized that public financing alone would not suffice to reach the level of financing required and thus private investment and carbon markets should have a fundamental role in mobilizing resources for financing result-based REDD+ activities. In this regard, there had been a certain level of general understanding that securing appropriate financing from different sources including public funds and market-based mechanisms would be vital for the effective implementation of REDD+ and that the Green Climate Fund (GCF) could be a key instrument in increasing results-based finance for REDD+. Further guidance of the COP on REDD+ integration in the GCF and financing methodological development for the valuation of multiple benefits of REDD+ would be important in comparison with other forms of mitigation actions focusing on verified emission reductions.
133. The report stated that with the establishment of the second commitment period of the Kyoto Protocol at COP 17 in Durban in 2011, developing countries could continue to generate afforestation and reforestation credits under the Clean Development Mechanism during the second Kyoto commitment period. It was therefore, expected that the Ad hoc working group on further commitments for Annex I Parties under the Kyoto Protocol (AWG-KP) would provide clarification on the role of forest mitigation options in the next commitment period of the Kyoto Protocol beyond 2012, including the issue of Land Use, Land Use Change and Forestry (LULUCF) for Annex I countries (industrialized countries).
134. The report acknowledged the high potential of REDD+ contribution to sustainable forest management in the tropics as a global payment mechanism for environmental services provided by tropical forests and noted that ITTO had carried out a variety of activities to enhance the capacity of stakeholders in REDD+ through the implementation of the REDDES Thematic Programme and the facilitation of REDD+ feasibility studies in Indonesia and Brazil. Under the bilateral offset crediting mechanism of Japan (Ministry of Economy, Trade and Industry/Ministry of Environment), ITTO facilitated the conduct of REDD+ feasibility studies in Indonesia and Brazil which was carried out by the Marubeni Corporation of Japan. In Indonesia, in collaboration with the Ministry of Forestry, a full feasibility study was under way to develop a complete REDD+ MRV methodology for the bilateral offset scheme on Katingan Peat Restoration and Conservation Project, Central Kalimantan. In addition to the MRV methodology development, the feasibility study in Indonesia aimed at: developing safeguards to ensure that environmental and social issues were evaluated appropriately in decision making in REDD+ implementation to assess and reduce the risks; and establishing a benefit sharing mechanism in line with the government's guidelines. The development of local safeguards was also underway by adhering to the guidance of safeguards for REDD+ stipulated in the Annex I in the Cancun Agreements as well as the emerging principles and criteria on safeguards developed within the UN-REDD and the Forest Carbon Partnership Facility (FCPF) initiatives.
135. A pre-feasibility study to assess the opportunities for REDD+ projects in the state of Acre, Brazil was finalized in March 2012 by the Brazilian Biodiversity Fund (Fundo Brasileiro para a Biodiversidade-FUNBIO) in collaboration with relevant institutions of the Government of Acre, Brazil. The study clarified the legal and institutional frameworks existing in the Acre state for the development of REDD+ projects and identified one area to develop a REDD plus project for forest carbon credits generation.
136. The report further noted that with the support of 7&i Holdings Co. Ltd. of Japan, ITTO had been working for the conservation of carbon and biodiversity in the Meru Betiri National Park (MBNP), Java together with the Indonesian Ministry of Forestry through the Forestry Research and Development Agency (FORDA) in collaboration with many local stakeholders including a local NGO and Jember University. Research was on-going to estimate carbon benefits from REDD+ activities and biodiversity conservation while livelihood supports were also underway with improvements in agro-forestry and eco-tourism activities. A REDD+ Project Design Document (PDD) was being prepared with the assistance of international/national experts in accordance with existing examples of the Verified Carbon Standards (VCS) and the Climate, Community and Biodiversity Alliance (CCBA).

**ITTO/CBD COLLABORATIVE INITIATIVE TO CONSERVE TROPICAL FOREST – DECISION 6(XLVI)  
(Agenda Item 17)**

137. The report was presented by Mr. John Leigh (ITTO Secretariat). The report is contained in document ITTC(XLVIII)/13.
138. In the framework of the International Year of Biodiversity 2010 and the International Year of Forests 2011, the International Tropical Timber Organization (ITTO) and the Convention on Biodiversity (CBD) signed a Memorandum of Understanding to strengthen collaboration in the pursuit of their common objectives of conserving and sustainably managing tropical forest resources. In October and December 2010, respectively, the governing bodies of CBD and ITTC adopted decisions welcoming the ITTO/CBD collaboration (CBD Decision X/36 and ITTC Decision 6 (XLVI)).
139. The overall objective of the ITTO/CBD Initiative is to enhance biodiversity conservation in tropical forests with the direct participation of local stakeholders and addressing the main drivers of biodiversity loss in tropical forests: deforestation and forest degradation.
140. The initiative aimed at achieving four key outputs, with the assistance of donors and with the close collaboration of partners in producer member countries:
- Enhanced local capacity for biodiversity conservation in production forests and for the rehabilitation of degraded and secondary forests;
  - Improved conservation and management of protected areas, especially in association with buffering protected areas, and transboundary conservation;
  - Safeguarding tropical forest biodiversity in forestry interventions, including in REDD+ related projects; and
  - Improved welfare of local communities and indigenous groups through biodiversity conservation and sustainable use of natural resources.
141. The expected outputs of the initiative would be achieved through the promotion of sustainable forest management (SFM), with particular emphasis on biodiversity protection; forest monitoring and adaptive management to generate multiple benefits on a sustainable basis; protection against invasive species; and enhancing the value of natural tropical forests to avoid land use change.
142. The report stated that ITTO would lead the implementation of the proposed initiative in close consultation with the CBD Secretariat, donors, other partners and especially the beneficiary countries. Interested countries would have to submit a concept note to the ITTO Secretariat indicating their intention to develop a project or specific activity in the framework of this initiative. The CBD and ITTO Secretariats would assess the pertinence of the request together with the relevant stakeholders of the proposing country and would support the formulation of a full project proposal. Donors would be invited to allocate funds to a specific project of the initiative, or as an unearmarked contribution to the initiative. The estimated budget for the initiative is \$US15 million for an initial period of 4 years (2012-2015), covering the three tropical regions of ITTO. The implementation of the initiative would benefit from the experience gained by ITTO in implementing projects and programs in the tropics (over 1,000 projects, pre-projects and activities in the last 25 years, amounting to ca. US\$400,000,000). Also, the ITTO/CBD Initiative would benefit from the experience gained in ITTO programme development, including the ITTO/CITES Programme since 2007; and the ITTO Thematic Programmes. Three projects under this Initiative were being piloted with total budgets of over US\$ 9 million, of which donor governments; Japan (main donor), Switzerland and Belgium contributed a total of US\$ 7,352,647 as of late 2012. The projects are:
- Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Transboundary Biodiversity Conservation Between Thailand, Cambodia and Laos;
  - Capacity Building for Sustainable Management of Tropical Rainforests and Biodiversity Conservation in the ITTO Congo Basin Countries;
  - Building Capacities of ACTO Member Countries in Ecologically Responsible Forest Management and Biodiversity Conservation in Managed Forests of the Amazon.
143. The delegate of Japan underlined the importance of the ITTO-CBD collaborative initiative to conserve tropical forests and pledged Japan's continuous support to the projects in Thailand, Cambodia, the

Congo Basin and the Amazon region. He also announced that Japan would pledge an additional amount of US\$1.28 million to support the activity.

#### **ITTO FELLOWSHIP PROGRAMME – DECISION 4(XXVII) (Agenda Item 18)**

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

144. Dr. Chisato Aoki (ITTO Secretariat) presented the report as contained in document ITTC(XLVIII)/14. She noted that the Fellowship Programme, which began in 1989, had enabled 1,179 young and mid-career people from 47 countries working for governments, universities, research institutions, NGOs and the private sector to pursue their professional development and improved their career prospects. Forty-two percent of the fellowships had been awarded to Asia-Pacific, 31% to Africa, 24% to Latin America/Caribbean, and 3% to developed consumer countries, who carried out their activities in producer member countries. Seventy percents of the fellowships awarded were in the field of Reforestation and Forest Management, 21% in Forest Industry and 9% in Economic Information and Market Intelligence. The total value of fellowships awarded to date amount to approximately US\$6.8 million. Funding had been provided through the generous voluntary contributions from Japan (74%), U.S.A (14%), The Netherlands (7%), Australia (4%) and others (1%) including Sweden, U.K. and the Bali Partnership Fund-B. The Programme mainly supports short-term activities, such as short training courses and internships (30%), participation in international conferences and workshops (18%), and study and demonstration tours (9%). In addition, it also helps people to prepare manuals and monographs (14%) and provides small grants for post-graduate study (29%). The Programme had encouraged the capacity development of women foresters, and had supported 330 women to undertake fellowship activities, accounting for 28% of the total number of fellowships.

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

145. The report was presented by Mr. José Trinidad Suazo Bulnes (Honduras), Chairperson of the Panel. The report is contained in document ITTC(XLVIII)/15. The selection panel was composed of representatives of Brazil, Ghana, Guyana, Indonesia, Australia, Japan, Sweden and USA. The Selection Panel considered a total of 138 applications made up of 77 applications from Africa, 38 from Asia/Pacific, 18 from Latin America and Caribbean region and 5 applications from developed consumer countries. Three percent of the applications were in the field of Economic Information and Market Intelligence (EIMI); 7% in the field of Forest Industry (FI) and 91% in the field of Reforestation and Forest Management (RFM). Twenty-eight percent of the applications were submitted by female applicants.
146. While reviewing these 138 applications, the Panel used the following selection criteria:
- (i) Consistency of the proposed activities with the ITTO fellowship programme's objective and priority areas;
  - (ii) Qualifications of the applicants to undertake the proposed fellowship activities;
  - (iii) Applications and benefits of the skills and knowledge to be acquired or advanced under the fellowship activities; and
  - (iv) Reasonableness of costs in relation to the proposed activities.
147. The Panel took into account the balance among the three subject areas and regions as well as the opportunity to promote the participation of women. The Panel recommended to the Council to award twenty-three fellowships, subject to the availability of funds, at a total cost of US\$148,435. Women accounted for 43% of the recommended applicants. Fifty-two percent of the recommended applicants are from Africa, 31% from Asia/Pacific, 13% from Latin America and Caribbean region and 4% from a consumer country.
148. The report was approved by the Council.

#### **ANNUAL REPORT FOR 2011 (Agenda Item 19)**

149. The Annual Report for 2011 was presented by Mr. E. Collins Ahadome (ITTO Secretariat). The report highlighted the work of the Organization in 2011, including key decisions of the Council, policy work, activities sponsored by the Organization, a summary of projects, pre-projects and activities funded by the Organization, as well as voluntary contributions received by the Organization in 2011.
150. Among the policy work of the Organization in 2011 were:

- Monitoring developments in the UNFCCC regarding forests and their potential implications for tropical forests and the world timber economy;
- Enhancing cooperation between ITTO and CITES;
- Partnership with the private sector to promote REDD+ projects;
- ITTO/UNCD collaboration on the sustainable management of dry tropical forests;
- Promoting trade in tropical timber and timber products from sustainably managed and legally harvested sources;
- Continue to promote improvement in forest law enforcement;
- Web-based information system on sustainable tropical timber trade
- Maintaining ITTO's active involvement in international cooperation and collaboration;
- Requirements of Legality and procurement policies for timber products;
- Market Access;
- Forest and timber certification;
- Strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries;
- ITTO and CBD Collaborative Initiative to conserve tropical forests; and
- Strengthening collaboration between ITTO and JICA.

#### **SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 20)**

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

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

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

152. The report was presented by Dr. Atsushi Suganaka (Japan), Chairperson of the Committee on Finance and Administration. The Panel was composed of representatives of Japan, Switzerland, USA, Guatemala, Cameroon and Malaysia and the Executive Director. The Panel noted that at the e Forty-seventh Session of the Council, forty-five activities (including activities in the Biennial Work Programme), five pre-projects and five projects had been approved for financing through the resources of the Sub-Account B of the Bali Partnership Fund. It further noted that as at 30 October 2012, the total funds received in the Sub-Account B of the BPF since its establishment, amounted to USD 19.40 million which had been fully allocated. The estimated available fund balance as of 31 December 2012 would be USD nil.
153. The Secretariat further informed the Panel that the projected funds available in the "Unearmarked Funds" as of 31 December 2012 would be USD 15,626, after taking into account the total allocations of USD 13.36 million, made at the previous sessions held from November 2003 to December 2011.
154. The Panel took note of the ongoing work on the various pre-projects, projects and activities; and was dismayed at the unavailability of funds to continue with some fundamental activities of the Organization during 2013 that had been previously funded through these sources. The Panel urged that in the meantime, these could be funded through voluntary contributions during 2013, as indicated in the proposed Biennial Work Programme for 2013-2014.
155. Following the deliberations made at the CFA, the Panel noted the call from members to hold two meetings of the Expert Panel on Technical Appraisal of Project Proposals in each calendar year. While the BWP 2013-2014 considered at the Session initially provided for the holding of only one Expert Panel meeting per year during the years 2013 and 2014 as a cost-saving measure, the Panel felt that the allocation of even partial funds to hold a second meeting would encourage other sources to co-finance this Activity from other sources.
156. Considering that the amount of US\$15,626.00 would be insufficient to undertake any activity, the Panel recommended to the Council that the amount be utilized to defray part of the cost of holding the second meeting of the Expert Panel on Technical Appraisal of Project Proposals. The Panel emphasized the necessity of reviving the Sub-Account B of the Bali Partnership Fund, and decided to hold further discussions at the next meeting of the Panel with a view to seeking measures to attract

more resources to this fund. The Panel requested the Secretariat to identify and elaborate the priority target areas of the projects and activities to be funded from the Bali Partnership Fund, with a view to distinguishing from other funding mechanisms such as the Thematic Programmes and the regular Project Cycle

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

158. The delegate of the United States noted that the Panel on Sub-Account B of the Bali Partnership Fund was able to find some resources to support the meetings of the Expert panel for Project Appraisal in 2013. He, however, stated that since there was no money in the BPF Sub-Account B, the Council should discuss, at some point, how to get more contributions into the Fund. He, however, noted that since the establishment of the BPF Sub-Account B, three other major modalities for funding had emerged: BWP, Thematic Programmes and the regular project cycle. He indicated that encouraging contributions into the BPF Sub-Account B would mean less contribution into the other modalities of funding. He called on the Council at its next Session to consider whether it would want to encourage donors to contribute to the BPF Sub-Account B, giving that there were still unfunded modalities like the BWP and the Thematic Programmes.

## **REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 21)**

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

159. The Joint Session of the Committees was chaired by (Mr. José Trinidad Suazo Bulnes), Vice-Chairperson of the Council.

### ***Report of the Expert Panel for Technical Appraisal of Project Proposals***

160. The Joint Session considered the reports of the Expert Panel for Technical Appraisal of Project Proposals at its Forty-third and Forty-fourth Meetings held on 6-10 February 2012 and on 30 July-3 August 2012 in Yokohama, Japan as contained in documents ITTC/EP-43 and ITTC/EP-44, respectively. In summary, the reports of the Expert Panel indicated:

- (i) A total of Forty-two (42) and Forty-five (45) proposals were appraised at the Forty-third and Forty-fourth meetings respectively;
- (ii) Seven (7) proposals (17% of proposals evaluated) comprising six (6) projects and one (1) pre-project were accorded category 1 rating at the Forty-third meeting and seventeen (17) proposals (38% of proposals evaluated) comprising 13 projects and 4 pre-project were accorded category 1 rating at the Forty-fourth meeting;
- (iii) Two (2) out of the seven (7) proposals accorded category 1 rating during the Forty-third meeting and nine (9) out of the seventeen (17) proposals accorded category 1 rating at the Forty-fourth meeting were new proposals; and
- (iv) Twenty (20) proposals appraised during the Forty-third meeting and 11 proposals during the Forty-fourth meeting were sent back to proponents for revision and 13 proposals appraised during the Forty-third meeting and 16 proposals during the Forty-fourth meeting were recommended not to be approved by the Committees.

161. The reports also highlighted the general findings and recommendations of the Expert Panel at its Forty-third and Forty-fourth meetings, particularly with regard to the structure and design of projects to be addressed by the proponents of proposals. The reports were presented by Ms. Eudeline Melet Pekam, Chairperson of the Expert Panel.

162. The delegate of Switzerland thanked the Expert Panel and emphasized the need to provide more training for producing member countries and ensure sustained capacity building including by using the "training of trainers" approach for stakeholders.

163. The representative of the European Union thanked the Expert Panel for the excellent work. He also supported the recommendations of the Panel and encouraged member countries to adhere to the recommendations in order to formulate good project proposals. He highlighted the role of the national focal points in screening proposals to ensure compliance with all the requirements before submission. He noted that submission of poor proposals is a cost not only to member countries but also to the Organization as well and therefore, the need to minimize these costs.

### **Reports of Ex-post Evaluations**

164. To facilitate the sharing of experiences and lessons learned, the Joint Session considered the following ex-post evaluation reports in the field of Forest Industry:

PD 233/03 Rev.2 (I)      Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)

165. The report was presented to the Committees by the consultant, Mr. Vicente Molinos (USA). He informed the Committees that the problem addressed in the project was the low forest yield and high production costs resulting from the use of unsuitable equipment and tools in the selective harvesting of timber species. The project was executed over a period of 73 months.

166. The consultant noted that project outputs were fully achieved, and highlighted the impacts of the project after 19 months of its completion, including:

- Improved forest harvesting and processing;
- Good uptake and replication, and
- Effective financing mechanism, as demonstrated by the total amount of credit generated during the twenty months after the completion of the project.

PD 275/04 Rev.3 (I)      Improvement of the Sustainable Management and Utilization of Non-Timber Forest Products (NTFPs) in Cambodia

167. The ex-post evaluation report was presented to the Committees by the consultant, Dr. Hiras Sidabutar (Indonesia). He informed the Committees that the problems facing the management and utilization of NTFPs were adequately identified in close consultation with the main stakeholders. However, the identified problems were inadequately analyzed and resulted in rather weak project intervention. Out of the five planned outputs, four were fully delivered while one was partially delivered. The specific objectives were almost achieved and the development objective which was to contribute to local livelihood was achieved by a lesser extent. According to the consultant, reasons for this sub-optimal achievement were: i) majority of collectors and processors of NTFPs were still heavily dependent on middlemen for financing their operations; ii) some processors were facing low profit margins due to low productivity caused by the poor processing tools coupled with the low selling price for inferior quality products; iii) difficulty in obtaining raw materials at affordable prices, and iv) decreasing number of villagers involved in NTFPs business because of alternative local income sources.

168. The Joint Session considered the following reports of ex-post evaluations carried out under the Committee on Reforestation and Forest Management:

### **Thematic Group Evaluation: Biodiversity Conservation / Conservation Areas**

PD 310/04 Rev.2 (F)      Biodiversity Management and Conservation in Forest Concessions Adjacent to Totally Protected Area (Nouabale-Ndoki National Park), Northern Republic of Congo – Phase II (Congo)

### **Thematic Group Evaluation: Improvement and Conservation of Genetic Resources**

PD 105/01 Rev.3 (F)      Towards Sustainable Timber Production in Ghana: Stage I. Improving Shoot Borer Resistance and Developing Silvicultural Systems to Maximize Mahogany Plantation Success (Ghana)

169. The overall report was presented by the Team Leader of the evaluation team, Mr. Denis Keedi Atok (Consultant). The synthesis was prepared with the information and data analyzed in two full reports prepared by the Team Leader and Ms. Monica Borner. The delegations of Ghana and Republic of Congo commended the evaluation team for the focused assessment provided in the report. The delegation of Switzerland wanted to know why these two projects were ex-post evaluated together, although they were in two different thematic groups. It was explained that this was due to the need for cost savings. The Joint Committee was informed that technical reports, scientific articles and posters were produced under project PD 105/01 Rev.3 (F), for the dissemination of project findings and results.

**Thematic Group Evaluation: Community Participation in SFM**

- PD 324/04 Rev.3 (F) Sustainable Management of Tropical Forest Resources through Stakeholder Agreements in Traditional Owned Areas of Papua New Guinea (PNG)

**Thematic Group Evaluation: Forest Rehabilitation / Landscape Restoration / Secondary Forest Management**

- PD 271/04 Rev.3 (F) Rehabilitation of Degraded Forest Land Involving Local Communities in West Java, Indonesia (Indonesia)
- PD 394/06 Rev.1 (F) Restoring the Ecosystem Functions of the Lake Toba Catchment Area through Community Development and Local Capacity Building for Forest and Land Rehabilitation (Indonesia)

170. The Joint Session took note of the presentation of the synthesis of ex-post evaluations of PD 324/04 Rev.3 (F) in PNG, and PD 271/04 Rev.3 (F) and PD 394/06 Rev.1 (F) in Indonesia. The report was presented by the leader of the evaluation team, Mr. Don Gilmour. In his presentation, he indicated that each of the three projects had a very different focus - sustainable forest management and forest conservation (PNG), improving private forestry (Indonesia-Ciamis) and rehabilitating degraded private forest land (Indonesia-Lake Toba) but all three projects reported that many of the issues associated with achieving project objectives were constrained, not by technical issues, but by social and institutional issues. All three projects were reasonably successful in terms of achieving their specific objectives and contributing to their development objectives. However, there were several issues which constrained the projects from being more successful, in particular: (i) how some of the social aspects were conceptualized and translated into project activities, and (ii) the extent to which "models" were developed to extend the impact of findings beyond the immediate project area.

**Thematic Group Evaluation: Criteria and Indicators for SFM**

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

171. The Joint Session took note of the presentation of the synthesis of the ex-post evaluations as contained in document CRF(XLVI)/6 by the Team Leader of the evaluation team, Dr. Don Dayapala Wijewardana. The synthesis was prepared with the information and data analyzed in two full reports prepared by the Team Leader and Mr. Roger Foteu. He highlighted the lessons learned and recommendations for similar projects in the future and the improvements of project management. He reminded the importance of Criteria and Indicators (C&I) which are at the heart of all ITTO work since this is the key internationally recognized tool for achieving and monitoring SFM. He informed the Joint Session that all outputs of both projects were achieved. However, he also informed the Committee that the main project outcomes were not internalized in the forest policy of India and Republic of Congo, due to bureaucratic processes in both countries. The Joint Sessions commended the consultant for the ex-post evaluation reports and presentation of the synthesis. The Delegation of the Republic of Congo also commended the evaluation team for the interesting recommendations and presentation of the lessons learnt.

**Thematic Group Evaluation: Environmental Services (CDM, REDD, Carbon Credits, Kyoto, etc.)**

- 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)

172. The Joint Session took note of the presentation of the ex-post evaluation of PD 359/05 Rev.1 (F) as contained in Document CRF(XLVI)/7 by the consultant, Dr Kwame Asumadu. He highlighted the lessons learned from the ex-post evaluation including:

- The need for on-going capacity building activities, to ensure sustainability, given the complexity and ever changing nature of the rules and requirements for AR-CDM projects.



- For future workshops, better screening of participants to ensure that individuals have some background in AR-CDM activities;
- Future workshops should use real projects already under implementation as case studies, to better assist participants in understanding and grasping the critical issues and challenges involved in developing and implementing AR-CDM projects;
- More field visits and practical demonstrations would have assisted the participants better in understanding the concepts;
- More scientists dealing with AR-CDM related issues should attend such workshops;
- Future training workshops should include participants from the private sector.

### ***Study on Criteria and Indicator Processes***

173. The Joint Session considered the report on “Study on Criteria and Indicator Processes” which was presented by Ms. Stephanie Caswell (Consultant). The consultant presented the key findings and conclusions of the study as contained in document JC(XLVI)/2.
174. The following conclusions were drawn from survey responses, which together represent a broad cross-section of countries and stakeholders, as well as ITTO ex-post evaluations on C&I projects in Asia and recent international forest assessment reports and C&I collaborative meetings:
  - C&I have helped countries and the international community to understand and operationalize the evolving concept of SFM since ITTO pioneered C&I in the early 1990's;
  - Differences among countries in terms of forest governance structures, ownership patterns, existing policy frameworks and forestry traditions, as well as capacity issues, affect how countries use and apply C&I;
175. On forest monitoring, assessment and reporting (MAR), the report made the following conclusions:
  - ITTO producer members, often with ITTO support and other countries have made progress in using C&I for MAR, reflected in improved forest inventories and databases, systems of data collection and analysis, and information available at national, sub-national and FMU levels.
  - National and FMU trends observed from monitoring indicator data have helped officials and FMU managers to identify weaknesses in forest management and make adjustments needed.
  - Improvements in the quality, coverage and consistency in C&I data from countries has led to more comprehensive regional and international forest assessments as reflected in, inter alia, SFM Tropics 2011 and FRA 2010. Countries using C&I for MAR tend to be well-positioned to respond to external forest-related reporting requests.
176. On contribution of C&I to SFM, the study made the following conclusions:
  - While the effect of C&I on SFM varies by country, C&I have had an overall positive impact and have contributed in a variety of ways, sometimes significantly, to improved forest management and the expansion in SFM areas.
  - C&I have increased awareness of forest benefits beyond timber/fiber production and highlighted the importance of policy and management frameworks which integrate the economic, social and environmental values of forests.
  - The impact of C&I on SFM has generally been greater in countries which have incorporated C&I approaches, with stakeholder involvement, into legislation, policies, programmes, strategies, guidelines and/or standards which govern forest practices.
  - FMU level C&I in particular have provided a basis for a number of ITTO producers, often with ITTO support, to formulate, approve and monitor compliance with FMPs, best management practices, and concession contracts, agreements and permits.
  - Innovative applications of C&I in the areas of research, education, training, conservation financing and environmental assessments have also positively impacted SFM in some countries.
  - C&I have contributed to (and in many cases provided a basis for) forest certification which has expanded significantly in response to market demands for sustainably and legally harvested products. FMU C&I applications have helped private operators move toward certification.
177. On challenges encountered by countries in the application of C&I, the report made a number of conclusions including:

- Despite progress in operationalizing C&I, all countries, particularly tropical producer countries and other developing countries, face challenges in applying C&I due to insufficient capacity, commitment, policy frameworks and/or stakeholder engagement.
  - The nature and extent of the challenges vary by country. Some challenges can only be addressed internally by raising the priority of forests on national agendas. Others can be facilitated through enhanced international cooperation, partnerships, and collaborative C&I initiatives.
  - Strengthening the ability of countries to collect data and report on indicators, and integrate C&I into policies and programmes at operational levels, will continue to be important for SFM decision-making in many regions.
178. The recommendations called on ITTO to retain its leadership on C&I, organize national and sub-regional workshops on C&I, review/update the C&I, and to convene a joint meeting of C&I processes and other stakeholders.
179. The representative of Malaysia noted the linkage between C&I and certification, pointing out that with the implementation of the EU Timber Regulations in 2013 as well as the US Lacey Act, certification was rapidly becoming a requirement to maintain access to these markets rather than a voluntary mechanism.

### ***ITTO Resource Mobilization Strategy***

180. The Joint Session considered a report on ITTO's resource mobilization strategy presented by Dr. Maharaj Muthoo (Consultant). The report stated that considering the current global economic situation and the limited resources available for ITTO to achieve its mission, vision and related goals there was the need to support and strengthen ITTO upfront through adequate resources. Towards this end, a resource mobilization strategy would be required to leverage resources and fundraising in the short term. Keeping in view ITTO's mandate of sustainable management of tropical forests, there was a need to establish an effective mechanism for entrepreneurship and leadership to mobilize the resources and raise funds.
181. The report proposed that a Resource Mobilization and Fundraising Committee and/or task force (RMFC) would have to be setup to sensitize and identify potential donors to attract the required resources. The RMFC could act as the coordinator of donor resource mobilization for tropical forests in order to promote policies, plans and programmes of the producer member countries and meet the perspectives of consumer member countries. Among other suggestions made was to tap resources from the emerging economies.
182. The report called for tasks to be assigned to the RMFC to review funding gaps and identify priorities for resource mobilization. Specifically, the consultant proposed that a revolving Global Tropical Forest Fund should be established. The GTFF should be managed by ITTO and overseen and supported by its governing body's collaborators and member countries. The report called for a SWOT analysis to be conducted to identify the strengths, weaknesses, opportunities, and threats of ITTO to formulate the breakout strategy. The strategy should aim at raising at least US\$40 million per upcoming biennia. The strategy should embrace the top-down as well as the bottom-up opportunity-driven business development model that could prove to be effective in new and unstable environments. The strategy called for bringing about a change to make ITTO a unique Centre of excellence with core competency in selected areas such as sustainable forest management and ethical timber trade in the tropics. ITTO should enter into a collaborative partnership with other international organizations on the theme of forests.
183. Taking into account the global wood perspective and the forest environment and development with specific reference to the tropics, ITTO should devise sustainable development strategies to address the Millennium Development Goal, issues relating to biodiversity, combating desertification, climate change, etc.
184. In conclusion, the consultant called for the development of synergies and environmental agreements and opportunities for economic growth. A partnership perspective would have to be taken so that considered action could be taken at international, regional and at local levels. The perspective should cut across sectors, and bring upon changes in policies and institutions that would result in enhanced resource mobilization.
185. The delegate of USA stated that there were several interesting elements including the adaptability to change, establishing of a task force, business model etc. that could be of importance to the

Organization. She commented that a business plan should be attached to the ITTO Strategic Action Plan to attract funding from non-traditional sources and requested for a copy of the presentation to be made available for their consideration.

186. The delegate of Ecuador complimented the Consultant for bringing out some aspects which could be pertinent for a change of approach in mobilizing funds. She wanted to know if the Secretariat had analyzed these aspects, including the question of participation of private organizations and a strategy devised for mobilization of funds in the light of the Consultant's recommendations.
187. The delegate of Malaysia complimented the presentation and stated that the presentation was thought provoking and insightful.
188. The delegate of Japan sought more details on the branding of the image of ITTO, enhancing collaborations with the private sector and seeking partnerships with other entities. He also stated that it was not appropriate to state that the Global Environment Facility (GEF) was led by Japan and indicated that it is only the CEO who is a Japanese and that GEF is an independent body.
189. In his response to the comment made by the delegation of Japan, the Consultant stated that GEF would not have been established but for the \$ 1Billion funds committed by Japan in 1991 that was followed up with a large contribution in 1992 although later on the World Bank and other co-founders supported GEF.
190. In responding to the comments about Public-Private Partnerships (PPP), the Consultant mentioned that many organizations leverage funds from the private sector. Apart from the Bill Gates and Melinda Gates Foundation, Ford Foundation, etc., there are other sources that should be tapped. He mentioned that Carlos Slim, the wealthiest man according to Forbes magazine, was planning to establish a foundation that would fund tree planting, conservation etc. The Private sector is, therefore, willing to contribute a percentage of their profits towards sustainable goals. He also indicated that there were many business models of PPP or models of private sector funding through a foundation and gave the example of IKEA of Sweden providing funding for the FSC certification for sourcing of wood products from Russia. He stated that the private sector will provide funds as they have a goal to market and sell certified timber products.
191. Commenting on the response provided by the Consultant, the delegate of Japan stated that GEF V had raised resources to the tune of \$4.6 billion to replenish its accounts. However, in the area of biodiversity alone countries' request was between US\$ 5 billion and US\$29 billion. He indicated that all other sectors were also making similar requests. The delegate noted that unfortunately, in the area of forestry, ITTO has no access to GEF funds. He also stated that all Health related organizations are rushing to seek funds from the Bill Gates Foundation and underlined that although the private sector has abundance of money, accessing these funds is difficult. He acknowledged that although the direction given to build a strong brand image for ITTO and the public-private partnership was right, accessing these funds is difficult. He called on the Council to think strategically about how to implement resource mobilization. He reiterated that it is not an easy job.

### ***ITTO Annual Market Discussion 2012***

192. The ITTO Annual Market Discussion – 2012, was held in the Joint Session of the Committees on 7 November 2012. The theme of the Market Discussion was "Trading in Challenging Markets". Mr. Rob Busink, Chairperson of CEM, chaired the meeting and Mr. Brent McClendon (TAG Coordinator) served as the moderator of the Market Discussion.

The following feature presentations were made during the Market Discussion:

Mr. Brent J. McClendon, CAE Intl. Wood Products Association (USA)	"Market Dialogue and Trade Advisory Group Presentation"
Mr. Michael S. Snow, Executive Director American Hardwood Export Council (USA)	"LCA, EPDs and Promoting the Environmental Credentials of American Hardwoods"
Mr. Takashi Fujiwara, Managing Director Japan Federation of Wood Industry Associations	"Green Procurement Policies and Timber Industries in Japan"
Mr. André de Boer, Secretary General	"Overview of Importer's Markets" (EU)

European Timber Trade Federation

193. The TAG Coordinator informed the Committees that collaboration between TAG and the Secretariat would continue for the planning and organization of the ITTO Annual Market Discussion 2013. He informed the Committees that the tentative theme for the discussion would be "Trade Approaches to Meeting Market Demands for Legality."

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

194. Mr. Rob Busink (The Netherlands), Chairperson of the Committee on Economic Information and Market Intelligence, presented the report of the Committee, as contained in document CEM-CFI(XLVI)/6. The Committee met in Joint Session with the Committee on Forest Industry.
195. The Committee considered the reports of three (3) completed projects and one pre-project and declared these duly complete. The Committee further considered the progress in implementation of five (5) projects and two (2) pre-projects and noted that one (1) project previously approved by the Committee was still pending financing and recommended to the Council that funding be made immediately available for this project.
196. On policy work, the Committee on Economic Information and Market Intelligence held discussions on the following issues: (i) market access; (ii) forest and timber certification; (iii) selected data and analysis from ITTO Annual Review and Assessment of the World Timber Situation; (iv) Enhancement of Statistical Work and Training Workshops on Statistics; (v) Promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources; and (vi) Establishment of a working group to develop guidelines on legality and sustainability for timber products for public procurement; and (vii) Draft ITTO Biennial Work Programme 2013-2014.
197. In view of the lack of available funding, no project was selected for ex-post evaluation. The Committees agreed to include the following projects declared complete at the Session in the list of projects that could be selected for ex-post evaluation at the future sessions of the CEM.

PD 406/06 Rev.1 (M)

Establishment of the National Forest and Timber Marketing Statistics System (Ecuador)

PD 479/07 Rev.2 (M)

Timbers of Tropical Africa Part 2: Group 7(2) within the PROTA Programme (Ghana)

198. Following the usual consultations undertaken by the producer and consumer groups, Mr. Harrison S. Karnwea, Sr. (Liberia) was elected Chairperson of the CEM and Mr. Osamu Hashiramoto (Japan) was elected Vice-chair for 2013.
199. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

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

200. Dato' Dr. Abdul Rahman Abdul Rahim (Malaysia), Chairperson of the Committee on Reforestation and Forest Management presented the report of the Committee, as contained in document CRF(XLVI)/10.
201. The Committee considered the reports on twelve (12) completed projects and three (3) completed pre-projects and declared these as duly complete. The Committee took note of a status report [document CRF(XLVI)/3] by the Secretariat on the 75 projects, in the field of Reforestation and Forest Management, that have been approved by the Council, and which were either: A) in the process of implementation (49), B) awaiting the signing of an Agreement (1), C) projects awaiting financing (20), or D) falling under the sunset provision since the last Session (5). 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 were:
- 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.

202. On policy work, the Committee considered the following issues: (i) Review and update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to take into account recent developments in tropical forestry; (ii) Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests; (iii) strengthening cooperation and collaboration between ITTO and ACTO countries on C&I and related topics, including organizing a regional workshop to consolidate ITTO C&I and the Tarapoto Process; (iv) Review of draft ITTO Biennial Work Programme 2013 – 2014, as contained in Document ITTC(XLVIII)/8, especially the section pertaining to the activities of the Committee on Reforestation and Forest Management within the framework of the draft ITTO Strategic Action Plan 2013-2018 and (v) Study on Criteria and Indicator Processes.
203. The Committee further requested the Secretariat to finalize the necessary arrangements for the conduct of ex-post evaluations still pending before the Committee Session in November 2013, and also prepare an updated “Shortlist of Completed Projects Relevant for Ex-post Evaluation in the Field of Reforestation and Forest Management” for the November 2013 Session, which should include all completed projects since 2010 not previously selected for ex-post evaluation.
204. Ms. Alicia Grimes (U.S.A) was elected as Chairperson for 2013 and Mr. Jorge Malleux (Peru) was elected as Vice-Chairperson.
205. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

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

206. Dr. James Gasana (Switzerland), Chairperson of the Committee on Forest Industry presented the report of the Committee as contained in document CEM-CFI(XLVI)/6.
207. The Committee considered the completion reports on three (3) projects and three pre-projects and duly declared these as complete and selected the following completed projects for ex-post evaluation:
- |                     |   |
|---------------------|---|
| PD 40/00 Rev.4 (I)  | Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)   |
| PD 306/04 Rev.1 (I) | Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia   |
| PD 334/05 Rev.2 (I) | Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (Philippines) |
| PD 425/06 Rev.1 (I) | Production and Utilization Technology for Sustainable Development of Eaglewood (Gaharu) in Indonesia  |
208. The Committee further reviewed the progress in implementation of fourteen (14) projects and noted that nine (9) projects and one (1) pre-project previously approved were still pending finance and recommended to the Council that funding be made immediately available for these projects.
209. On policy work, the Committee on Forest Industry held discussions on the following:
- (i) Strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries [PP-A/45-247];
  - (ii) Matching the needs of the forest industry with innovations, technologies and know-how developed through ITTO projects;
  - (ii) Life Cycle Assessment (LCA) analysis of tropical wood products; and
  - (iii) Draft ITTO Biennial Work Programme 2013-2014.
210. Following the usual consultations undertaken in the Producer and Consumer caucus groups, Dr. Ruth Turia (Papua New Guinea) was elected Chairperson of the CFI and Mr. Björn Merckell (Sweden) was elected Vice-chair for 2013.
211. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

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

212. Dr. Atsushi Suginaka (Japan), Chairperson of the Committee on Finance and Administration presented the report of the Committee, as contained in document CFA(XXVII)/7.
213. The Committee on Finance and Administration reviewed the Organizational Structure proposed by the Executive Director in line with the restructuring of the Secretariat and recommended to the Council to approve twenty-nine (29) positions in the ITTO Secretariat. The Committee noted that this was a very difficult exercise in light of the entry into force of the new Agreement and the huge burden placed on the Secretariat and that the exercise had been carried out owing to financial constraints, and the need to enhance efficiency at the Secretariat.
214. The major changes in the new Organizational structure include:
  - (a) Creation of three Divisions in place of the existing four: (i) Division of Forest Management; (ii) Division of Trade and Industry; and (iii) Division of Operations;
  - (b) Reduction in the total number of staff establishment from 44 to 29, including abolishing of two D-1 positions;
215. The Committee decided to recommend to the Council to approve the new Organizational Structure as contained in Annex II of Document CFA(XXVII)/7.
216. The CFA reviewed the draft administrative budget for 2013, and noted with satisfaction that the changes to the Organizational structure had reduced the overall budget by US\$ 1 million. Accordingly, the Committee decided to recommend to the Council to approve the Administrative Budget for 2013 in the amount of US\$7,689,505.00 (US\$7,003,105 for the basic administrative costs and US\$686,400 for Core Operational costs, representing an increase of US\$351,775.00 (4.6%) compared to the approved budget for 2012, due mainly to the inclusion of "core operational costs as a new component in the budget in accordance with Article 19 of the ITTA, 2006.
217. Following extensive discussions and after careful examination and consideration of the financial situation of the Organization, the Committee further decided to recommend to the Council to approve an increase in the Programme support cost from 8% to 12% and from 13% to 15% for ITTO executed projects.
218. The Committee reviewed members' contributions to the Administrative budget and noted that in 2012, an amount of US\$2,392,991.00 had been received from Producer Members out of the total net assessment of US\$2,559,520.00; and US\$3,597,854.00 had been received from Consuming Members out of the net assessed amount of US\$3,651,080. The Committee noted that the arrearages in contributions to previous years' budgets from Producing Members amount to US\$3,357,358.13 and arrearages from Consuming Members amount to US\$115,603.40. The arrearages of former members under the ITTA, 1983 and ITTA, 1994 amount to US\$2,414,919.28.
219. On the issue of arrearages, many delegations expressed concern about the huge amount of arrearages owed to the Organization by producer member countries and urged countries in arrears to take the necessary actions to settle these arrears. The Committee further requested the Secretariat to contact these countries and to report to the Committee at its next Session in 2013.
220. The Committee examined the current status of the Administrative Account and noted that in spite of the weaker U.S. dollar which would have increased the expenditures in 2012, the estimated expenditures for 2012 would amount to US\$6,749,853.00 (i.e. US\$587,877.00 less than the total amount approved in the budget for 2012 of US\$7,337,730.00).
221. The Committee further noted that the total contributions received was US\$5,990,845.00 and together with contributions expected to be paid by members before the end of 2012 (of US\$310,218.00), it was anticipated that a deficit in the amount of US\$447,223.00 would be incurred in 2012. The Committee noted that the Council had already taken a decision to authorize the Executive Director to utilize funds in the Working Capital Account to cover such shortfall up to the limit of US\$500,000. The Committee noted that the resources of the Working Capital Account had been slightly increased from the balance of US\$2,796,103.00 at the beginning of 2011 to US\$3,285,361.25 as at 1 November 2012. However, taking into account the estimated deficit of US\$447,223 to be drawn from the Working Capital Account,

the expected balance of the Working Capital Account by 31 December 2012 would be US\$2,838,138.25

222. The Committee on Finance and Administration reviewed the Auditor's report for the Financial Year 2011 and recommended to the Council to approve the report of the Independent Public Accountants on the Accounts of the Organization for the Year 2011. The Committee also recommended to the Executive Director to re-engage the same Auditor for the third year to audit the Accounts of the Organization for the financial year 2012.
223. The Committee noted that the Government of Japan had introduced a new activity into the Biennial Work Programme of the Committee for 2013–2014 to promote resource mobilization. The Committee supported the proposal.
224. The Committee examined the assessed contributions of member countries and expressed concern about the huge financial burden on Producer Member Countries in 2013, as a result of their reduced membership under the ITTA, 2006. The Committee, therefore, decided to propose the following measures for the consideration of the Council:
  - a) The assessed initial contributions of countries joining ITTA, 2006 after the Forty-eighth Session of the Council and in 2013 should be put into the Working Capital Account (WCA);
  - b) The basic Administrative costs of the budget for the year 2014 should be reduced as follows:
    - The amount of the initial contributions of late joining Producer members shall be disbursed from the WCA and applied to reduce the share of the basic administrative costs to be paid by producer countries that are members at the time of the 48th Council Session; and
    - The amount of the initial contributions of late joining Consumer members shall be disbursed from the WCA and applied to reduce the share of the basic administrative costs to be paid by Consumer countries that are members at the time of the 48th Council Session
225. Following the usual consultations among Producers and Consumers the Committee elected Mr. Mario Rafael Rodriguez Palma (Guatemala) as Chairperson of the Committee for 2013 and Ms. Ellen Shaw (USA) was elected Vice-Chairperson.
226. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

#### **ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2013 (Agenda Item 22)**

227. Ms. Ellen Shaw (USA.), on behalf of the Consumer Group, nominated Mr. José Trinidad Suazo Bulnes (Honduras) as Chairperson of the Council for 2013.
228. Dr. Agus Sarsito (Indonesia), on behalf of the Producer Group, nominated Mr. Rob Busink (The Netherlands) as Vice-Chairperson of the Council for 2013.
229. The Council unanimously approved both nominations.
230. Mr. Rob L. Busink (The Netherlands), Vice-chairperson elect expressed gratitude to the Council for electing him as Vice-chairperson of the Council for 2013. He noted that there were many challenges to achieve the main goals for the ITTA, 2006. However, he was confident that with the good cooperation of all members of the Council these challenges could be overcome. He acknowledged ITTO's uniqueness in linking policies to project work in the field and pledged to work together with the Chairperson and the Council to achieve the goals of the Organization.
231. Mr. Jose Trinidad Suazo Bulnes (Honduras), the Chairperson-elect, expressed his gratitude to the Council for the honour and confidence reposed in him as Chairperson of the Council for 2013. He thanked the Government of Japan and the City of Yokohama, for the warm and friendly environment offered to ITTO for the past 26 years to discuss the management of tropical forests. He also commended Amb. Masahiko Horie for his effective leadership during the Forty-eighth Session of the Council. The Chairperson-elect stated that he would focus his efforts on accomplishing the objectives of the ITTA 2006. He noted that certain activities of global interest needed better articulation, particularly climate change, conservation of biodiversity, reduction of poverty, and good governance.

He underlined that the new ITTO Strategic Action Plan has defined the main strategic steps for the next six years and has set the framework for its implementation and called on the Council to continue its collaboration with the Secretariat of CITES and the Convention on Biological Diversity, and also continue to follow progress in the UNFCCC in the areas of forestry and its potential repercussions for tropical forest and world tropical timber economy. The Chairperson-elect stated that since ITTO Producer Member Countries together account for more than 1,000 million ha of tropical forest, ITTO must have a leadership role in climate change. As the representative of Honduras, Mr. Suazo Bulnes informed the Council that Honduras had started negotiations with the European Union on FLEGT as a step towards SFM, harmonization of legislation, good governance and public policies, as well as in response to illegal logging and reduction of poverty. He called on other member countries to support this initiative. He also expressed concern about mangroves facing severe danger of over-exploitation as a result of urban expansion and stated that mangroves are a fragile ecosystem, which support traditional culture of coastal populations as a source of food, forage, medicine, and the development of various industries. He noted that ITTO has a mandate to support sustainable development of member countries through SFM and with an excellent historical background of achievements. He, however, called on the Council to do much more. He highlighted his confidence in the capacity of the Council to redouble its efforts and build on the foundation of 25 years and strengthen the capacities of member countries to formulate and implement projects, and increase funding for projects. He recognized the cooperation between the consumer and producer countries to achieve the objectives of the Organization for the benefit of future generations. He hoped to work with everyone to achieve the goals of the Organization during the Forty-ninth Session in Libreville, Gabon in November 2013. He appealed to the government of Brazil to speed its internal processes towards the ratification of the ITTA, 2006.

#### **DATES AND VENUES OF THE FORTY-NINTH AND FIFTIETH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 23)**

232. H. E. Mr. Tchango Jean Gabriele, Minister of Forests and Water of Gabon, on behalf of the Government and People of Gabon invited the Council to hold its Forty-ninth Session in Libreville, Gabon on 25-30 November 2013.
233. Dr. Atsushi Suganaka, Director of the Global Environment Division of the Ministry of Foreign Affairs of Japan, on behalf of the Government and People of Japan invited the Council to convene its Fiftieth Session in Yokohama, Japan on 3 – 8 November 2014.
234. The Council accepted both invitations and would convene its Forty-ninth Session in Libreville, Gabon on 25 – 30 November 2013 and its Fiftieth Session in Yokohama, Japan on 3 – 8 November 2014.

#### **OTHER BUSINESS (Agenda Item 24)**

235. There was no other business.

#### **DECISIONS AND REPORT OF THE SESSION (Agenda Item 25)**

236. The Chairperson referred to documents ITTC(XLVIII)/17 – ITTC(XLVIII)/23 comprising the seven (7) Decisions for consideration and adoption by the Council.
237. The delegate of Indonesia expressed gratitude to donors for the financing of the Indonesian project – PD 477/07 Rev.4 (F) “Improving Forest Functions in Bengkulu Province through Community Participation in Rehabilitation of Degraded Forest by Using Local Prospective Commodities.” He also expressed appreciation for the extension and additional funding for the project PD 617/11 Rev.3 (F) “Promoting Biodiversity Conservation in Betung Kerihun National Park as the Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia – Phase III.”
238. Dr. Agus Sarsito (Indonesia), on behalf of the Producer Group, expressed concern regarding Decision 2(XLVIII) on the ITTO Biennial Work Programme for the Years 2013-2014. He stated that there was lack of consultation and involvement of the Producer Group in the finalization of that decision. He expressed the deep regret of the Producer Member Countries for the non-timely and inadequate information as well as the amendments that were incorporated into certain activities which were in the interest of Consumer Member Countries. He reiterated that ITTO must represent the interest of both Producer and Consumer countries and this must be taken into consideration in arriving at any decision of the Council.



239. The Council approved all the seven (7) Decisions. Amendments and editorial corrections were noted. Rule 33 of the Rules of Procedures is to be applied to the circulation of the decisions and the report of the Council to Members.
240. The texts of the seven decisions adopted by the Council are contained in Annex III.

#### **CLOSING OF THE SESSION (Agenda Item 26)**

241. The delegate of Benin expressed gratitude to the Council and the Secretariat for the warm welcome accorded to the delegation of Benin as a new member of the Organization. He also expressed his gratitude to all donors who had financed the two projects submitted by the Government of Benin.
242. The delegate of Estonia expressed gratitude to Japan and the City of Yokohama. He described Estonia as a small country of 45,000km<sup>2</sup>, with more than 50% of its land area covered by forests making the forestry sector essential for Estonia. He indicated that as part of the European Union, one of the biggest timber consumers in the world, Estonia has common goals in SFM and legality of timber. He indicated that tropical timber was not competing with temperate timber as nature-friendly building material. He also underscored the awareness that timber from sustainably managed forests is substantially more nature-friendly than any other building material. Finally, he encouraged all potential members of ITTO to ratify the ITTA, 2006, in order to achieve the goals of SFM and the fight against illegal logging.
243. Dr. Agus Sarsito (Indonesia), on behalf of the Producer Group, welcomed the new member countries of the Organization. He conveyed his appreciation to the Government of Gabon for the invitation to host the Forty-ninth Session of the Council in Libreville, in November 2013. He expressed his gratitude to the producer member countries for their hard work and support which had contributed to the success of the session. He also thanked the Consumer countries for demonstrating flexibility and willingness to compromise on issues. He expressed his gratitude to all delegates for their contributions to the successful and productive Forty-eighth Session of the Council.
244. Ms. Ellen Shaw (USA.), on behalf of the Consumer Group, expressed gratitude to the Executive Director and Staff for organizing a successful session of the Council. She commended the Chairpersons of the Council and Committees for their hard work and thanked the city of Yokohama for the gracious hosting. She also thanked the Government of Japan for considering many issues, especially financial issues and challenges before the Council as well as providing constructive ways forward for the benefit of all members. Ms. Shaw thanked the Consumer and Producer Group for their contributions and Dr. Agus Sarsito, the Producer Spokesperson for his hard work, despite the short notice and the full challenging agenda. She thanked the Ministers of Cameroon, Gabon and Myanmar for their excellent speeches and expressed gratitude to the Minister of Gabon for the invitation to host the Forty-ninth Session in Libreville in 2013. She also thanked CSAG and TAG for their important contributions and hoped to see their continuous active participation in future years. She noted that all members had worked together in the spirit of flexibility despite the challenges, being the first session under the ITTA, 2006. She stated that the ITTO Strategic Action Plan was a historic achievement and hoped that it would help to focus the work of the Organization and provide strategic guidance to the Organization. She highlighted the increase in transparency in the functioning of the Organization, including putting the Thematic Programmes on firm footing as great achievements. She hoped that in future, the Council would work to put equally an effective focus on gender diversity and continue to make progress on the structure of the Secretariat. As the Spokesperson of the Consumer Group, she hoped to see the full participation of African member countries, CSAG, TAG, and all other partners at the next Session of the Council in Libreville in 2013.
245. The representative of the European Union noted that the Forty-eighth Session was a landmark Session for ITTO. He indicated that many important decisions had been adopted by the Council including, decisions on Rules and Procedures, an ambitious Strategic Action Plan for 2013–2018, Biennial Work Programme 2013 – 2014 to guide ITTO in focusing its work on key priority areas, and most importantly the establishment of a process for the mobilization of new and additional resources. He was glad to note that all the 27 Member States of the European Union have ratified the new ITTA 2006; thereby the EU has added 11 new member countries to the Organization. This, he indicated was a demonstration of the European Union's strong commitment to ITTO. He stated that ITTO is a unique organization with a lot of potential and demonstrated capacity for developing policies and putting them into action. He congratulated all countries that had completed the ratification or accession process to become Parties to the ITTA, 2006 and welcomed the membership of Mozambique and Trinidad and

Tobago which acceded to the ITTA, 2006 during the Session. He encouraged other countries to ratify the agreement in order to strengthen and further expand the membership. He thanked the government of Japan and the City of Yokohama for their hospitality. He also thanked the Secretariat, the interpreters and all persons that contributed to the smooth running of the meetings. The EU representative expressed his appreciation to the delegates for the constructive cooperation and to Ms. Ellen Shaw and Dr. Agus Sarsito for their excellent work as Spokespersons for the Consumer and Producer Groups respectively and extended special thanks to Dr. Suginaka for his excellent work as Chairperson for the Committee on Finance and Administration. He also thanked the Chairperson of the Council for his able leadership.

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

246. In his closing address to the Council, Ambassador Masahiko Horie, Chairperson of the Council stated that the outcomes achieved at the Forty-eighth Session of the Council were worth the efforts of member countries. He thanked all member countries for the spirit of cooperation which had resulted in achieving some excellent results during the historic first Session under the ITTA, 2006. He highlighted the decision on the ITTO Strategic Action Plan for the period 2013-2018, and noted that it would provide a guide to the future direction of the Organization in what would certainly be a time of great change for ITTO and global forestry. He also cited the decision on the Biennial Work Programme 2013 – 2014 and noted that activities already funded at the session from the Biannual Work Program would open up new opportunities for the Organization and its members. He thanked donor countries for their generosity in pledging nearly US\$1.5 million to finance activities under the Biennial Work Programme, nearly US\$4 million to new projects, and US\$550,000 to the Thematic Programmes. He hoped that unfunded activities in the new Biennial Work Programme as well as other approved projects and activities which were still pending financing would receive funding and be implemented in the near future, to the benefit of all member countries. He noted that the activity on resource mobilization proposed by Japan would undoubtedly assist in this goal.
247. The Chairperson stated that the Council should also be proud for having adopted the necessary procedural decisions on the functions of the Committees, Rules of Procedure and Financial Rules tied to the entry into force of the ITTA, 2006. He was confident that these decisions, together with the strengthened procedures for the Thematic Programmes should put everything in place for the successful operation of ITTO under the ITTA, 2006.
248. The Chairperson expressed his delight that the Organization has increased its total membership under the ITTA, 2006 and welcomed Benin, as a new Producer Member for being present for the first time as a member of the Council. He was equally pleased that the Producer membership had increased during the Session, with the accession of both Mozambique and Trinidad and Tobago following the Council's adoption of the decision on the "Establishment of the Conditions of Accession to the ITTA, 2006." He hoped that all the new member countries would be able to attend the next Session of the Council in Libreville, Gabon. The Chairperson also welcomed all the new Consumer Members: Albania, Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Romania, Slovakia and Slovenia. In welcoming the new members to the ITTO family, the Chairperson also called on all governments that had not yet completed the necessary procedures to become Parties to the new agreement to do so as soon as possible. He noted that a strong ITTO would require an expanded membership on the Producer side under the new agreement just as already achieved on the Consumer side.
249. The Chairperson was pleased that the Forty-eighth Session of the Council had run very smoothly. He noted that there were tough negotiations to approve the first administrative budget under the ITTA, 2006, including on the new core operational costs component of the budget as well as consideration of a restructuring plan for the Secretariat. He acknowledged that these deliberations took time and were sometimes difficult. He was pleased that the Council was able to reach good compromises, and these decisions taken would allow the Executive Director to strengthen ITTO's lean and efficient operating structure while maintaining a desirable environment for the talented Secretariat staff.
250. On behalf of the Council, the Chairperson expressed profound gratitude and appreciation to the City of Yokohama for the hospitality and the provision of support staff to assist the running of the Session. He also expressed his gratitude to the Executive Director and staff for their professionalism and unwavering support to the Council.
251. In his concluding remarks, the Chairperson expressed his sincere thanks and appreciation to the Council for the opportunity to serve as Chairperson at the Council's historic first Session under the

ITTA, 2006 and extended his best wishes to his successor, José Trinidad Suazo Bulnes, Chairperson-elect for 2013.

252. The Chairperson officially closed the Forty-eighth Session of the International Tropical Timber Council.



## **ANNEX I**

### **LIST OF PARTICIPANTS**

**Document: ITTC(XLVIII)/Info. 2**



Distr.  
General

ITTC(XLVIII)/Info.2  
10 November 2012

English/French/Spanish

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

**LIST OF PARTICIPANTS**

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**LISTE DES PARTICIPANTS**

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**LISTA DE PARTICIPANTES**





## MEMBERS

### AUSTRALIA

- \* Mr. Ben Mitchell Director, International Forest Policy, Department of Agriculture, Fisheries and Forestry, Canberra
- \*\* Mr. Malcolm Jamieson Assistant Director, Domestic and International Forest Programs, Department of Agriculture, Fisheries and Forestry, Canberra

### BENIN

- \* H.E. Mr. Zomahoun D.C. Rufin Ambassadeur Extraordinaire et Plénipotentiaire, Ambassade du Benin, Tokyo
- \*\* Mr. Comlan Bessan Minister-Counsellor, Embassy of Benin, Tokyo
- \*\* Mr. Kouchade Adéyèmi Clément Directeur Général, Office National du Bois, Porto Novo
- \*\* Mr. Jean Maboudou Chef Division Protection de la Nature, Direction Générale des Forêts et des Ressources Naturelles, Cotonou

### CAMBODIA

- \* Mr. Eang Savet Director, Mekong Forestry Administration Inspectorate, Forestry Administration, Ministry of Agriculture Forestry and Fisheries, Phnom Penh

### CAMEROON

- \* H.E. Mr. Ngole Philip Ngwese Ministre, Ministère des Forêts et de la Faune, Yaoundé
- \*\* Mr. Bruno Mfou'ou Mfou'ou Directeur des Forêts, Ministère des Forêts et de la Faune, Yaoundé
- \*\* Ms. Eheth Nee Ongmanong Victorire Chef Division de la Coopération et la Programmation, Ministère des Forêts et de la Faune, Yaoundé
- \*\* Mr. Ngo'o Bitomo Adrian Attaché aux Services du Premier Ministre, Premier Ministère, Yaoundé
- \*\* Mr. Bekolo Bekolo Directeur Général, ANAFOR, Yaoundé

### CANADA

- \* Mr. Jean-François Renaud Second Secretary (Economic), Embassy of Canada, Tokyo

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5-10 November 2012  
Yokohama, Japan

## PROVISIONAL AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Report of the Credentials Committee
6. Proposed Distribution of Votes for 2012
7. Admission of Observers
8. Statement by the Executive Director
9. Report of the Informal Advisory Group (IAG) – Decision 5(XXVI)
10. Enhancing Cooperation between ITTO and CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)
  - (a) CITES Listing Proposals by Members – Decision 3(XVI)
  - (b) Report on the Implementation of the CITES Programme
11. Annual Review and Assessment of the International Tropical Timber Situation in 2012
12. Entry into force of the ITTA, 2006 – Decisions 3(XLI), 7(XLIV) and 3(XLV)
13. ITTO Biennial Work Programme
  - (a) Progress Report on the Implementation of the ITTO Biennial Work Programme 2012 – 2013
  - (b) ITTO Biennial Work Programme 2013 – 2014
14. ITTO Thematic Programmes
  - (a) Report on the Current Status of Implementation of the ITTO Thematic Programmes
  - (b) Review of Implementation of the Pilot Phase of the ITTO Thematic Programmes
15. ITTO Action Plan 2013 – 2018 – Decision 3(XLVII)
16. Developments in the UNFCCC regarding Forests and their Potential Implications for Tropical Forests and the World Tropical Timber Economy – Decisions 2(XXXIX) and 1(XLI)
17. ITTO/CBD Collaborative Initiative to Conserve Tropical Forests – Decision 6(XLVI)

18. ITTO Fellowship Programme – Decision 4(XXVII)
  - (a) Progress Report on the ITTO Fellowship Programme
  - (b) Report of the Chairperson of the Fellowship Selection Panel
19. Annual Report for 2011
20. Special Account and Bali Partnership Fund
  - (a) Pledges to the Special Account (Thematic Programme Sub-Account and Project Sub-Account) and the Bali Partnership Fund
  - (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)
21. Reports of the Associated Sessions of the Committees
22. Election of Chairperson and Vice-Chairperson of the Council for 2013
23. Dates and Venues of the Forty-ninth and Fiftieth Sessions of the Council and the Associated Sessions of the Committees
24. Other Business
25. Decisions and Report of the Session
26. Closing of the Session

## ANNOTATIONS TO THE PROVISIONAL AGENDA

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

The Forty-eighth Session of the Council will be opened by the Chairperson of the Council.

### **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(XLVIII)/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(XLVIII)/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 2012** [Document ITTC(XLVIII)/1 Annex]

The proposed distribution of votes for the year 2012, in accordance with Article 10(7) of the ITTA, 2006, is shown in the Annex of the Provisional Agenda (Document ITTC(XLVIII)/1). In accordance with Article 19(5) of the ITTA, 2006, this distribution of votes will be used for the assessment of the contribution of each Member to the Administrative Budget for the year 2013.

### **Item 7 - Admission of Observers** [Document ITTC(XLVIII)/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(XLVIII)/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-sixth Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 4 November 2012.

The report of the Twenty-sixth Meeting of the IAG will be presented by the Chairperson.

**Item 10 - Enhancing Cooperation between ITTO and CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)**

[Document ITTC(XLVIII)/4]

- (a) Pursuant to its Decision 3(XVI) the Council may arrange consultations on Members' proposals to list internationally traded tropical timber species in the CITES Appendices which have been reported to the Secretariat since the last Session.
- (b) The Council will receive a report on the implementation of the ITTO-CITES 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 2012**

[Document ITTC(XLVIII)/5]

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

- (i) Elements for the 2012 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 2012 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 2012 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 27(3) of the ITTA, 2006.

**Item 12 - Entry into Force of the ITTA, 2006 – Decisions 3(XLI), 3(XLIII), 7(XLIV) and 3(XLV)**

[Document ITTC(XLVIII)/6]

The International Tropical Timber Agreement, 2006 was adopted on 27 January 2006 in Geneva by the United Nations Conference for the Negotiations of a Successor Agreement to the International Tropical Timber Agreement, 1994. The ITTA, 2006 entered into force definitively on 7 December 2011 in accordance with the provisions of paragraph (1) of Article 39 of the Agreement.

- (a) Pursuant to its Decisions 3(XLI), 7(XLIV) and 3(XLV), the Council will receive the report of the Executive Director on the status of deposits of instruments of ratification, acceptance and approval to the ITTA, 2006 as contained in document ITTC(XLVIII)/6 Annex I.
- (b) In accordance with Article 37(1) of the ITTA, 2006, the Council will establish the conditions of Accession to the ITTA, 2006, including the time-limit for the deposit of instruments of accession.
- (c) In accordance with Article 26 of the ITTA, 2006, the Council shall establish the following Committees and determine the functions and scope of work of the Committees:
  - Committee on Forest Industry;
  - Committee on Economics, Statistics and Markets;
  - Committee on Reforestation and Forest Management; and
  - Committee on Finance and Administration.

The draft functions of the Committees as proposed by the Meeting on "Operational Modalities of the Future Work of the International Tropical Timber Council" convened in Accra, Ghana on 9 – 12 June 2008, pursuant to ITTC Decision 6(XLIII) is contained in Annex VII of Document ITTC(XLVIII)/6



- (d) (i) In accordance with its Decision 3(XLIII), the Council approved the draft Rules of Procedure, as contained in document ITTC(XLVIII)/6 Annex VIII for consideration and final adoption at the first meeting of the ITTC under the ITTA, 2006. The Council may wish to finally adopt its new Rules of Procedure.
- (ii) The Council may wish to finally adopt its Financial Rules and Rules Relating to Projects of ITTO, as contained in document ITTC(XLVIII)/6 Annex IX which was approved under Decision 3(XLIII).

**Item 13 - ITTO Biennial Work Programme**

[Documents ITTC(XLVIII)/7 and ITTC(XLVIII)/8]

- (a) The Council will receive the progress report on the implementation of the Biennial Work Programme for 2012–2013 as contained in Document ITTC(XLVIII)/7.
- (b) The Secretariat will present to the Council the ITTO Biennial Work Programme 2013 – 2014 with the view to streamlining the Biennial Work Programmes with the duration of the new ITTO Action Plan 2013 – 2018

**Item 14 - ITTO Thematic Programmes**

[Documents ITTC(XLVIII)/9 and ITTC(XLVIII)/10]

- (a) The Council will receive the progress report on the status of implementation of the ITTO Thematic Programmes as contained in Document ITTC(XLVIII)/9.
- (b) The Council will receive the report on the Review of Implementation of the pilot phase of the ITTO Thematic Programmes [Document ITTC(XLVIII)/10]

**Item 15 - ITTO Action Plan 2013 – 2018 – Decision 3(XLVII)**

[Documents ITTC(XLVIII)/11 and ITTC(XLVIII)/11/Info]

The Council will receive and consider the draft ITTO Action Plan covering the period 2013 – 2018 prepared by the Working Group comprising six members from producer countries, six members from consumer countries, one representative from the Civil Society Advisory Group (CSAG) and one from the Trade and Industry Advisory Group (TAG).

**Item 16 - Developments in the UNFCCC Regarding Forests and their Potential Implications for Tropical Forests and the World Tropical Timber Economy – Decisions 2(XXXIX), 1(XLI) and 2(XLIII)**

[Document ITTC(XLVIII)/12]

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

**Item 17 - ITTO/CBD Collaborative Initiative to Conserve Tropical Forests– Decision 6(XLVI)**

[Document ITTC(XLVIII)/13]

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

**Item 18 - ITTO Fellowship Programme – Decision 4(XXVII)**

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

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

**Item 19 - Annual Report for 2011**

The Secretariat will present to the Council the Annual Report for 2011.

**Item 20 - Special Account and Bali Partnership Fund**

[Document ITTC(XLVIII)/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(XLVIII)/16].

**Item 21 - 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 22 - Election of Chairperson and Vice-Chairperson of the Council for 2013**

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2013. Under Article 8 of the ITTA, 2006, 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 producer countries, and the other from among the representatives of the consumer 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 23 - Dates and Venues of the Forty-ninth and Fiftieth Sessions of the Council and the Associated Sessions of the Committees – Decision 8(XLVI)**

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

Pursuant to its Decision 8(XLVI), the Council decided that its Forty-ninth Session will be convened in Libreville, Gabon on 25 – 30 November 2013. The Council may wish to confirm the dates and venue of the Forty-ninth Session and set the dates for the Fiftieth Session to be convened in Yokohama, Japan.

**Item 24 - Other Business**

The Council may consider any matters brought under this item.

**Item 25 - Decisions and Report of the Session**

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

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

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

- (b) In order for draft decisions by Members to be considered by the Council, the following procedures will be adopted:
- In relation to the Provisional Agenda, Members submit proposals for Council decisions to the Executive Director for circulation to all Members not less than two weeks prior to the Council Session. Each proposal contains three elements: the subject, the purpose of the decision, and the proposed action, including any financial implications. The Executive Director will not circulate incomplete proposals.
  - Minus Day 1: The IAG considers the proposals for Council decisions from Members, as well as proposals from the Executive Director.
  - Council Day 1: The Chairperson presents the proposals to Council as part of the IAG report.
  - Day 2: The proposals for draft decisions are discussed in Caucuses and via informal consultations.
  - Day 3: The Council decides the topics it will consider for decision; then the Chairperson, assisted by a small group and the Executive Director, develops preliminary draft decisions for circulation to and consideration by all Members.
  - Day 4: The Chairperson's Open-Ended Drafting Group convenes to discuss and finalise draft decisions.
  - Noon, Penultimate Day: Final decisions are submitted for translation. Decisions still under negotiation are deferred to the next Council Session.

The Council may wish to review the above procedures.

**Item 26 - Closing of the Session**

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

**Annex**

**PROPOSED DISTRIBUTION OF VOTES FOR 2012**

**PRODUCER MEMBERS & POTENTIAL MEMBERS**

	<u>No. of Votes</u>
<b>Africa</b>	
Benin	31
Cameroon	31
Central African Republic */	
Congo	31
Côte d'Ivoire	31
Democratic Republic of the Congo	32
Gabon	31
Ghana	31
Liberia	31
Madagascar */	
Mali	31
Mozambique	31
Nigeria */	
Togo	31
<b>Asia &amp; Pacific</b>	
Cambodia	22
Fiji	17
India	45
Indonesia	112
Malaysia	129
Myanmar	53
Papua New Guinea	47
Philippines	20
Thailand **/	
Vanuatu **/	
<b>Latin America/Caribbean</b>	
Bolivia **/	
Brazil */	
Colombia */	
Ecuador	25
Guatemala	18
Guyana	25
Honduras	19
Mexico	43
Panama	18
Paraguay */	
Peru	48
Suriname **/	
Trinidad and Tobago	17
Venezuela **/	

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Total: 1,000

\*/ Countries that have signed the ITTA, 2006 but have not yet ratified the Agreement.

\*\*/ Countries that were members under the ITTA, 1994 but have not yet taken any action towards the ratification of the ITTA, 2006

	<u>No. of Votes</u> 2012
<b><u>CONSUMER MEMBERS</u></b>	
Albania	10
Australia	16
Canada	15
China	241
European Union	<b>393</b>
Austria	11
Belgium	15
Bulgaria	11
Cyprus	10
Czech Republic	12
Denmark	12
Estonia	10
Finland	10
France	32
Germany	19
Greece	11
Hungary	10
Ireland	14
Italy	28
Latvia	10
Lithuania	10
Luxembourg	10
Malta	11
Netherlands	31
Poland	11
Portugal	15
Romania	10
Slovakia	11
Slovenia	10
Spain	22
Sweden	11
United Kingdom	26
Japan	156
New Zealand	11
Norway	10
Republic of Korea	64
Switzerland	12

United States of America

72

Total: 1,000

## **ANNEX III**

### **TEXT OF THE DECISIONS**

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

DOCUMENT: ITTC(XLVIII)/17  
DOCUMENT: ITTC(XLVIII)/18  
DOCUMENT: ITTC(XLVIII)/19  
DOCUMENT: ITTC(XLVIII)/20  
DOCUMENT: ITTC(XLVIII)/21  
DOCUMENT: ITTC(XLVIII)/22  
DOCUMENT: ITTC(XLVIII)/23





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

## DECISION 1(XLVIII)

### PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Forty-eighth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM-CFI(XLVI)/6 , and CRF(XLVI)/10; and the report of the Eighteenth Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(XLVIII)/16;

Noting that the time-bound electronic no objection procedures to accept Expert Panel Ratings for Projects and Pre-Projects and requests for their funding were conducted during the project cycle for Spring and Autumn 2012;

1. Decides to:

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

(a) Spring project cycle for 2012:

PPD 160/12 Rev.1 (F)	Study for the Rehabilitation and Sustainable Management of the Mangrove Forests in the Coastal Area of Benin (Benin) ITTO Budget: \$72,900.00
PD 601/11 Rev.3 (F)	Strengthening Mangrove Ecosystem Conservation in the Biosphere Reserve of Northwestern Peru (Peru) ITTO Budget: \$496,289.60
PD 602/11 Rev.3 (F)	Tropical Forest Governance in the Region of Darien, Panama (Panama) ITTO Budget: \$350,842.00
PD 608/11 Rev.1 (I)	Life Cycle Assessment-Based Initiative for Carbon Foot Print Reduction and Improved Utilization of Tropical Timber Products from Malaysia (Malaysia) ITTO Budget: \$607,348.80
PD 612/11 Rev.2 (I)	Rural Community Development through Efficient Charcoal and Briquette Production from Logging and Corn Biomass Residues in the Afram Plains District of the Republic of Ghana (Ghana) ITTO Budget: \$550,692.00

- PD 629/11 Rev.2 (F) Protection, Management and Restoration of Forest Lands for Water Catchment and Flow Regulation as a Climate Change Adaptation Measure (Guatemala)  
ITTO Budget: \$485,136.00
- PD 653/12 Rev.1 (F) Sustainable, Mixed and Pure Forest Plantation Development in the Transitional Zone of Ghana's Biakoye District Assembly, Employing Poverty Reduction Strategies (Ghana)  
ITTO Budget: \$245,272.00

(b) Autumn project cycle for 2012:

- PPD 151/11 Rev.3 (F) Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo (Togo)  
ITTO Budget: \$50,340.00
- PPD 161/12 Rev.1 (I) Formulation of a Project Proposal for the Development of the Tara (*Caesalpinia spinosa*) Production Chain in the Andean Region, Peru and Ecuador (Peru)  
ITTO Budget: \$86,076.00
- PPD 165/12 Rev.1 (F) Study for the Rehabilitation and Sustainable Management of Sacred Forests on RAMSAR Sites 1017 and 1018 in Benin (Benin)  
ITTO Budget: \$79,380.00
- PD 605/11 Rev.3 (F) Demonstration and Extension of Fire-Break Forest Belts for Efficient Fire Management in Tropical Forests in Guangdong Province, China (China)  
ITTO Budget: \$278,020.00
- PD 609/11 Rev.3 (F) Enhancement of the Participatory Bushfire Prevention and Management System in Togo (Togo)  
ITTO Budget: \$658,825.00
- PD 618/11 Rev.3 (F) Establishment of Spatial Forest Resources Information System (SPA-FRIS) in West Papua Province (Indonesia)  
ITTO Budget: \$364,878.00
- PD 621/11 Rev.3 (M) Traceability of Timber Produced by Forest Concessions and Native Communities in Madre de Dios and Ucayali (Peru)  
ITTO Budget: \$349,032.00
- PD 623/11 Rev.3 (F) Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo (Togo)  
ITTO Budget: \$599,324.13
- PD 628/11 Rev.3 (F) Strengthening of Forest Management Practices of Local Communities and Indigenous Peoples in Guatemala (Guatemala)  
ITTO Budget: \$472,505.00
- PD 635/12 Rev.2 (F) Development of Guidelines for Buffer Zone Management for Pulong Tau National Park and Involvement of Local Communities in Management, Sarawak, Malaysia (Malaysia)  
ITTO Budget: \$517,450.00
- PD 655/12 Rev.1 (I) Capacity Building of the Builders' Woodworks Industry in the Philippines (Philippines)  
ITTO Budget: \$510,999.00

PD 661/12 Rev.1 (I)	Towards Sustainable Utilization of Bamboo Resources in Ghana: Development of Glued Bamboo Beams and Boards for Affordable Housing and Furniture in Ghana through Collaboration with Local Communities in Two Districts (Ghana) ITTO Budget: \$577,526.80
PD 668/12 Rev.1 (F)	Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and Its Range of Influence in Mexico and Guatemala (Guatemala) ITTO Budget: \$641,638.80
PD 671/12 Rev.1 (I)	Boosting Investments in the Processing and Marketing of Forest Products in Atalaya (Peru) ITTO Budget: \$993,438.00
PD 673/12 Rev.1 (F)	Strengthening the Capacity in Forest Law Enforcement and Governance of the Permanent Forest Estates in Kratie and Monduliri Provinces of Cambodia (Cambodia) ITTO Budget: \$464,033.00
PD 678/12 Rev.1 (M)	Establishment of a National Forest Statistics information Management System in Benin (Benin) ITTO Budget: \$398,704.00

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

PD 549/09 Rev.3 (I,F,M)	\$635,918.00
Provenance Evaluation, Wood Technological Characterization and Market Survey for Balsawood ( <i>Ochroma pyramidale</i> Cav.) in the Lancandon Forest, Chiapas, Mexico (Mexico)	

- (iii) Approve the extension with additional funding for the following Project which was approved earlier:

PD 617/11 Rev.3 (F)	\$691,632.00
Promoting Biodiversity Conservation in Betung Kerihun National Park (BKNP) as the Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia – Phase III (Indonesia)	
(additional funding)	
Total ITTO Budget including additional funding:	
\$1,283,191.20	

- (iv) Authorize the financing for immediate implementation of the Projects, Pre-Projects and Activities as listed in the Annex 1 to this Decision; and
- (v) Authorize the financing for immediate implementation of the Projects, Pre-Projects and Activities as listed in the Annex 2 to this Decision, as soon as earmarked funds are available in the Special Account or in the Bali Partnership Fund Account.
2. Urges Members to consider financing those approved Projects, Pre-projects and Activities for which funds are not immediately available,
  3. Appeals to Members to make unearmarked contributions to the Thematic Programmes Subaccount and the Special Account,
  4. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-projects and Activities to assist Members in achieving the Year 2000 Objective of ITTO, and

5. Requests the Executive Director to continue consultations with potential donors and the Common Fund for Commodities in order to secure financing for those Projects, Pre-projects and Activities for which funds are not immediately available.

**ANNEX 1  
to DECISION 1(XLVIII)**

**Financing during 2012 for the immediate implementation  
of the Projects, Pre-Projects and Activities  
as listed below**

(i) Approved during the 2012 project cycles:	
PD 653/12 Rev.1 (F) Sustainable, Mixed and Pure Forest Plantation Development in the Transitional Zone of Ghana's Biakoye District Assembly, Employing Poverty Reduction Strategies (Ghana)	\$245,272.00
PPD 165/12 Rev.1 (F) Study for the Rehabilitation and Sustainable Management of Sacred Forests on Ramsar Sites 1017 and 1018 in Benin (Benin)	\$79,380.00
PD 621/11 Rev.3 (M) Traceability of Timber Produced by Forest Concessions and Native Communities in Madre De Dios and Ucayali (Peru)	\$349,032.00
PD 635/12 Rev.2 (F) Development of Guidelines for Buffer Zone Management for Pulong Tau National Park and Involvement of Local Communities in Management, Sarawak, Malaysia (Malaysia)	\$517,450.00
PD 668/12 Rev.1 (F) Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and its Range of Influence in Mexico and Guatemala (Guatemala)	\$641,638.80
PD 673/12 Rev.1 (F) Strengthening the Capacity in Forest Law Enforcement and Governance of the Permanent Forest Estates in Kratie and Mondulkiri Provinces of Cambodia (Cambodia)	\$464,033.00
PD 678/12 Rev.1 (M) Establishment of a National Forest Statistics information Management System in Benin (Benin)	\$398,704.00
(ii) Approved in the earlier project cycles:	
PD 456/07 Rev.4 (F) Building the Capacities of Forestry Training Institutions Members of the Network of Central African Forestry and Environmental Training Institutions (RIFFEAC) for Concessions (ITTO) – balance fund (partial)	\$226,290.00
PD 477/07 Rev.4 (F) Improving Forest Functions in Bengkulu Province through Community Participation in Rehabilitation of Degraded Forest by Using Local Prospective Commodities (Indonesia)	\$338,256.00

PD 581/10 Rev.2 (F) Establishing a Geographic Information System for the Sustainable Management of the Forest Areas of Togo (Togo)	\$345,840.00
PD 617/11 Rev.3 (F) Promoting Biodiversity Conservation in Betung Kerihun National Park (BKNP) as Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia – Phase III (Indonesia) – Partial funding for additional budget	\$350,000.00
PP-A/47-270 Communications and Outreach: 2012 Partial funding	\$50,000.00
PP-A/39-162A ITTO CITES Programme Additional funding	\$1,926,217.20
PP-A/30-102B ITTO-RCEN Intensifying Major Groups Involvement in the Implementation of UNFF Decisions	\$347,000.00
Freezailah Fellowship Fund Balance of Budget Year 2012	\$200,000.00
PD 73/89 (M,F,I) Assistance for Project Identification and Formulation Additional funding for Pre-feasibility Study	\$210,000.00
(iii) Activities approved in the Biennial Work Programme for the years 2013-2014:	
PP-A/48-271 ITTO Meeting of Partners of the Congo Basin Forest Partnership (ITTO Biennial Programme Activity: 3) Budget for Year 2013	\$100,000.00
PP-A/ 39-162A Enhance cooperation between ITTO and CITES (ITTO Biennial Programme Activity: 8) Budget for Year 2013: partial funding	\$250,000.00
PP-A/48-272 Make provision for an additional 2-3 national workshops on C&I under Decision 4(XXXIV), incorporating related topics such as auditing, certification, international reporting requirements, etc. into the workshop curricula. (ITTO Biennial Programme Activity: 10(a)) Budget for Years 2013-2014: partial funding	\$50,000.00
PP-A/ 48-273 Convene an expert meeting to review the ITTO C&I in the light of experience gained in compiling the SFM Tropics reports, recommendations from national C&I workshops, revision of ITTO guidelines and policy papers, the review of field level implementation of the C&I carried out in 2010-2011 and developments in international forestry (e.g. climate change). Print the revised C&I following Council approval (ITTO Biennial Programme Activity: 10(b)) Budget for Years 2013-2014: partial funding	\$50,000.00

PP-A/48-274	\$25,000.00
Participate in international C&I related meetings/discussions/ initiatives, including the CPF Task Force on Streamlining Forest Reporting, initiatives to take advantage of synergies between ITTO and FAO forest reporting (SFM Tropics and FRA) and relevant meetings of other C&I processes. (ITTO Biennial Programme Activity: 10(c)) Budget for Years 2013-2014: partial funding	
PP-A/ 48-275	\$116,588.00
Organize an International Forum on Environmental Services with the aim of enhancing the capacity of members to develop strategies to strengthen the contribution of forest environmental services in the implementation of sustainable forest management, and cooperating with relevant institutions and processes to this end. (ITTO Biennial Programme Activity: 12) Budget for Year 2013: partial funding	
PP-A/48-276	\$50,000.00
Support to the establishment of a network of learning sites for forest landscape restoration in collaboration with Global Partnership on Forest Landscape Restoration (GPFLR) to promote the consolidation of best knowledge and best practices in forest landscape restoration in selected countries of Asia, Africa and Latin America in line with of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests. (ITTO Biennial Programme Activity: 14(a)) Balance for budget Year 2013	
PP-A/ 48-277	\$30,000.00
Make provisions for ITTO's contributions to the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) / Global Fire Monitoring Center (GFMC), and provide support for the Africa, Asia, and Latin America Regional Wildland Fire Networks and other inter-institutional cooperation efforts in their preparatory meetings for the 6th International Wildland Fire Conference to be held in 2015 in South Korea. (ITTO Biennial Programme Activity: 15(b)) Budget for Year 2013: partial funding	
PP-A/48-278	\$30,000.00
Participating in, convening side events and exhibiting ITTO outreach materials at relevant international events during the biennium (e.g. TICAD V in June 2013, Rio Convention COPs and related events during 2013-2014 not covered elsewhere, UNFF 10 in 2013, FAO COFO in 2014 and relevant Regional Forestry Commissions in 2013-2014, IUFRO World Congress in 2014, etc). (ITTO Biennial Programme Activity: 20(b)) Budget for Year 2013: partial funding	

PP-A/48-279 Develop an ITTO knowledge management strategy and knowledge management guidelines. (ITTO Biennial Programme Activity: 22) Budget for Year 2013	\$150,000.00
PP-A/ 48-280 Development of Environmental Product Declaration (EDP) for three tropical wood products. (ITTO Biennial Programme Activity: 23) Budget for Year 2013	\$90,000.00
PP-A/ 48-281 Encourage support for the participation of TAG and CSAG members in Council Sessions (ITTO Biennial Programme Activity: 27) Budget for Years 2013 & 2014	\$80,000.00
PP-A/48-282 Maintain ITTO's active involvement in the CPF and UNFF by providing relevant inputs, participating effectively in the relevant activities, work and meetings of the UNFF and CPF and shouldering part of the costs of relevant work and activities on the basis of equitable cost-sharing with other members of the CPF. (ITTO Biennial Programme Activity: 28) Budget for Year 2013: partial funding	\$25,000.00
PD 99/99 (I) – Freezailah Fellowship Fund Decide on eligible fellowship applications in 2013 and 2014 based on the recommendations of the Fellowship Selection Panel. (ITTO Biennial Programme Activity: 30) Budget for Year 2013: partial funding	\$101,207.73
PP-A/48-283 Upon request, provide assistance to member countries to strengthen their statistics collection and enhance reporting. (ITTO Biennial Programme Activity: 34) Budget for Year 2013: partial funding	\$40,000.00
PP-A/ 48-284 Support the final revision of the draft revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests through the engagement of two consultants (one from a producer member country and the other from a consumer member country) with the objectives of restructuring them in two components such as core and optional components and of simplifying them to ensure their effective implementation. (ITTO Biennial Programme Activity: 35(a)) Budget for Year 2013	\$35,000.00
PP-A/48-285 Expert Panel for Technical Appraisal of Project Proposals (ITTO Biennial Programme Activity: 36) Budget for Year 2013 (Including \$15,626.00 allocated from the Unearmarked Fund)	\$155,626.00



PP-A/ 48-286	\$97,443.00
Promote Resource Mobilization and Partnership of ITTO	
(ITTO Biennial Programme Activity: 54)	
Budget for Year 2013: fully funded	
Budget for Year 2014: partial funding	

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

PP-A/ 44-236	\$446,607.95
Forest Law Enforcement, Governance and Trade (TFLET)	
Decision 10(XLIV) - Additional Funding:	

PP-A/44-237	\$300,000.00
Reducing Deforestation and Forest Degradation and	
Enhancing Environmental Services in Tropical Forests	
(REDDES)	
Decision 10(XLIV) - Additional Funding:	

PP-A/44-239	\$63,625.00
Trade and market Transparency (TMT)	
Decision 10(XLIV) - Additional Funding:	

Note: Total pledges during 2012 amount to US\$8,975,210.68.

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

**Financing for the immediate implementation as soon as earmarked funds are available  
of the Projects, Pre-Projects and Activities (new) approved during 2012  
as listed below**

PPD 160/12 Rev.1 (F)	Study for the Rehabilitation and Sustainable management of the Mangrove Forests in the Coastal Area of Benin (Benin) ITTO Budget: \$72,900.00
PD 601/11 Rev.3 (F)	Strengthening Mangrove Ecosystem Conservation in the Biosphere Reserve of Northwestern Peru (Peru) ITTO Budget: \$496,289.60
PD 602/11 Rev.3 (F)	Tropical Forest Governance in the Region of Darien, Panama (Panama) ITTO Budget: \$350,842.00
PD 608/11 Rev.1 (I)	Life Cycle Assessment-Based Initiative for Carbon Foot Print Reduction and Improved Utilization of Tropical Timber Products from Malaysia (Malaysia) ITTO Budget: \$607,348.80
PD 612/11 Rev.2 (I)	Rural Community Development through Efficient Charcoal and Briquette Production from Logging and Corn Biomass Residues in the Afram Plains District of the Republic of Ghana (Ghana) ITTO Budget: \$550,692.00
PD 629/11 Rev.2 (F)	Protection, Management and Restoration of Forest Lands for Water Catchment and Flow Regulation as a Climate Change Adaptation Measure (Guatemala) ITTO Budget: \$485,136.00
PPD 151/11 Rev.3 (F)	Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo (Togo) ITTO Budget: \$50,340.00
PPD 161/12 Rev.1 (I)	Formulation of a Project Proposal for the Development of the Tara (Caesalpineia spinosa) Production Chain in the Andean Region, Peru and Ecuador (Peru) ITTO Budget: \$86,076.00
PD 605/11 Rev.3 (F)	Demonstration and Extension of Fire-Break Forest Belts for Efficient Fire Management in Tropical Forests in Guandong Province, China (China) ITTO Budget: \$278,020.00
PD 609/11 Rev.3 (F)	Enhancement of the Participatory Bushfire Prevention and Management System in Togo (Togo) ITTO Budget: \$658,825.00
PD 618/11 Rev.3 (F)	Establishment of Spatial Forest Resources Information System (SPA-FRIS) in West Papua Province (Indonesia) ITTO Budget: \$364,878.00

PD 623/11 Rev.3 (F)	Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo (Togo) ITTO Budget: \$599,324.13
PD 628/11 Rev.3 (F)	Strengthening of Forest Management Practices of Local Communities and Indigenous Peoples in Guatemala (Guatemala) ITTO Budget: \$472,505.00
PD 655/12 Rev.1 (I)	Capacity Building of the Builders' Woodworks Industry in the Philippines (Philippines) ITTO Budget: \$510,999.00
PD 661/12 Rev.1 (I)	Towards Sustainable Utilization of Bamboo Resource in Ghana: Development of Glued Bamboo Beams and Boards for Affordable Housing and Furniture in Ghana through Collaboration with Local Communities in Two Districts (Ghana) ITTO Budget: \$577,526.80
PD 671/12 Rev.1 (I)	Boosting Investments in the Processing and Marketing of Forest Products in Atalaya (Peru) ITTO Budget: \$993,438.00

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5-10 November 2012  
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## **DECISION 2(XLVIII)**

### **ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2013-2014**

The International Tropical Timber Council,

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

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

Decides to:

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



## ANNEX

### BIENNIAL WORK PROGRAMME FOR 2013-2014

#### STRATEGIC PRIORITY 1: PROMOTE GOOD FOREST GOVERNANCE AND FINANCING FOR SUSTAINABLE FOREST MANAGEMENT

Activity	Implementation Approach and Cost	Expected SAP Outcomes	SAP Indicators	Activity Targets	Responsible Body
1. Render assistance to Producer Countries, on request, 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 constraints. <i>[ITTA, 2006 Article 1(d)]</i> <i>[ITTC Decision 2(XXIX)]</i>	Conduct four technical diagnostic missions to ITTO producer member countries, especially new producer member countries under the ITTA 2006.  Estimated cost: US\$400,000 Expected funding sources: Voluntary Contributions Year 2013–US\$200,000 Year 2014–US\$200,000	<ul style="list-style-type: none"> <li>• Better managed forest sector with increased access to financing and investments</li> <li>• Increased forest area that is managed sustainably and legally harvested</li> <li>• Improvement in good governance and effectiveness of forest law enforcement</li> <li>• Reduction in illegal logging and resulting forest degradation</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue for implementation of SFM</li> <li>• Number of countries with appropriate policy framework and legislation that is consistent with ITTO Objectives</li> <li>• Member countries implementing policy framework to promote SFM</li> </ul>	<ul style="list-style-type: none"> <li>• Four technical diagnostic missions dispatched to four member countries</li> </ul>	Council
2. Demonstration and adoption of credit schemes for Small-Medium Forest Enterprises (SMFEs). <i>[ITTA, 2006, Article 1(g)]</i>	The purpose of this activity is to demonstrate the lessons learned from ITTO project, PD 233/03 Rev.2 (I). This project found that SMFEs do not require a large amount of funding, but rather a small amount of seed money and technical assistance that will enable SMFEs to effectively manage their forests and increase their incomes. Through the project, a credit scheme for SMFEs has been developed with the high potential of replication and scaling-up. The activity will assist three ITTO selected producer countries in replicating the credit scheme for SMFEs.	<ul style="list-style-type: none"> <li>• Better managed forest sector with increased access to financing and investments</li> </ul>	<ul style="list-style-type: none"> <li>• Member countries implementing policy framework to promote SFM</li> </ul>	<ul style="list-style-type: none"> <li>• The credit schemes for SMFEs replicated in three member countries</li> </ul>	CFI

	Estimated cost: US\$210,600 Expected funding sources: Voluntary Contributions Year 2013–US\$105,300 Year 2014–US\$105,300				
3. ITTO Meeting of Partners of the Congo Basin Forest Partnership [ITTA 2006, Article 15]	This activity will support the organization of a two-day meeting of CBFP Partners directly before or after the Forty-ninth Session of the Council scheduled for 25-30 November 2013 in Libreville, Gabon. Through this activity, the ITTO will be able to collaborate and contribute effectively and meaningfully to the work of the CBFP, and vice versa, participating in relevant work including on promoting forest governance and financing SFM.  Expected funding sources: Voluntary Contributions Year 2013–US\$100,000	• Better managed forest sector with increased access to financing and investments	• Member countries implementing policy framework to promote SFM	• Meeting successfully convened and collaboration on relevant CBFP work implemented	Council
	<b>Sub-total 2013:</b> US\$405,300 <b>Sub-total 2014:</b> US\$305,300 <b>Biennium Sub-total:</b> US\$710,600				

## **STRATEGIC PRIORITY 2: INCREASE THE CONTRIBUTION OF TROPICAL FORESTS TO NATIONAL AND LOCAL ECONOMIES THROUGH INTERNATIONAL TRADE**

Activity	Implementation Approach and Cost	Expected SAP Outcomes	SAP Indicators	Activity Targets	Responsible Body
4. Support selected producing member countries to promote wood-based bioenergy using wood residues and waste. [ITTA, 2006, Article 1(a), (c), (f), (p), (s)]	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 selected member countries to develop their wood-based bioenergy.  Estimated cost: US\$100,000 Expected funding sources: Voluntary Contributions Year 2013–US\$40,000 Year 2014–US\$60,000	• Increase in diversity and quantity of efficiently produced value-added products from sustainably managed forests	• Diversity and quantity of value added forest products	• Three project proposals from three member countries for developing wood-based bioenergy formulated	CFI



<p>5. Promoting roles of non-timber forest products for sustainable forest management and improved livelihood in tropical countries.  <i>[ITTA, 2006, Article 1(f), (l), (q)]</i></p>	<p>To follow 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 in developing collaborative activities oriented toward establishing a regional NTFPs network among countries in each region.</p> <p>Estimated cost: US\$200,000  Expected funding sources: Voluntary Contributions  Year 2013–US\$100,000  Year 2014–US\$100,000</p>	<ul style="list-style-type: none"> <li>• Improved livelihoods of local and indigenous communities</li> <li>• Improved access to markets for small and medium sized enterprises and community enterprises</li> </ul>	<ul style="list-style-type: none"> <li>• Value of NTFPs produced</li> <li>• Income of local and indigenous communities</li> </ul>	<ul style="list-style-type: none"> <li>• Three project proposals from three member countries for the promotion of NTFPs formulated</li> </ul>	CFI
<p>6. Study on policies and measures toward the development of sustainable forest industry in ITTO producing member countries.  <i>[ITTA, 2006, Article 1(c), (f), (i), (m)]</i></p>	<p>The development of the wood added processing sector in most tropical timber producer countries continues to be slow, thereby limiting earnings of countries and returns to forest communities. Sustainable forest industry development contributes to national economies, community development as well as a green economy and sustainable development.</p> <p>An updated baseline study on policies and measures for the development of sustainable forest industry in ITTO producer member countries will be carried out. On the basis of the updated study, guidelines for sustainable forest industry will be established.</p> <p>Estimated cost: US\$150,000  Expected funding sources: Voluntary Contributions</p>	<ul style="list-style-type: none"> <li>• Increase in diversity and quantity of efficiently produced value-added products from sustainably managed forests</li> </ul>	<ul style="list-style-type: none"> <li>• Quantity of tropical timber exports recognized as originating from sustainably managed forests</li> </ul>	<ul style="list-style-type: none"> <li>• Guidelines for sustainable forest industry developed</li> </ul>	CFI
<p>7. Engineered Wood Conference.  <i>[ITTA, 2006, Article 1(a), (f), (i)]</i></p>	<p>In the last few years, there have been a number of new developments in the production and application of engineered wood, which have expanded the use of timber and timber products and enhanced their values. Such developments include wood-plastic composites, wood-cement board, glulams, thermal modification, impregnation, chemical modification and cross-laminated timber, which offer wider use of timber in end-uses like large-scale construction, decorative works, furniture production, packaging, etc.</p>	<ul style="list-style-type: none"> <li>• Increase in diversity and quantity of efficiently produced value-added products from sustainably managed forests</li> </ul>	<ul style="list-style-type: none"> <li>• Employment and value added in further processing in producer member countries</li> <li>• Diversity and quantity of value added forest products</li> </ul>	<ul style="list-style-type: none"> <li>• One international conference convened and proceedings published as a technical series document.</li> </ul>	CFI

	<p>An international conference will be convened under the activity to share information and perspectives among a wide range of participants (architects, designers, academics, investors, forest owners and managers, as well as those from the forest industries and governments of ITTO member countries) on all the above technological advances and implications for the further development of tropical timber industries, including promoting investments in tropical forests and contributing to SFM.</p> <p>Estimated cost: US\$220,000 Expected funding sources: Voluntary Contributions Year 2014–US\$220,000</p>				
	<p><b>Sub-total 2013: US\$290,000</b> <b>Sub-total 2014: US\$380,000</b> <b>Biennium Sub-total: US\$670,000</b></p>				

**STRATEGIC PRIORITY 3: ENHANCE THE CONTRIBUTION OF TROPICAL TIMBER PRODUCING FORESTS TO THE CONSERVATION AND SUSTAINABLE USE OF BIODIVERSITY**

Activity	Implementation Approach and Cost	Expected SAP Outcomes	SAP Indicators	Activity Targets	Responsible Body
<p>8. Enhance cooperation between ITTO and CITES. [ITTA, 2006, Article 15] [ITTC Decisions 3(XVI), 7(XXXIV), 2(XXXVII), 5(XLVI)]</p>	<p>Continue to assist Members to implement CITES listings of timber species. Pursuant to Decision 5(XLVI) on “Multi-Donor Mechanism to Facilitate Enhanced Cooperation between ITTO and CITES”, the European Commission’s further grant in the amount of US\$6,127,451 (EUR 5,000,000) was approved in early 2012. This grant will extend over a period of four years and will allow continued implementation of the ITTO-CITES capacity building programme which commenced in 2006. Matching ITTO contributions from other donors in the amount of US\$ 3,063,725 (EUR 2,500,000) during the four-year period are required under the contract with the EC, with US\$ 800,060 (EUR 652,849) already pledged during 2011-2012, leaving a balance of EUR 1,847,151 to be sought over the remaining 3 years of the EC grant. The amount sought from donors during</p>	<ul style="list-style-type: none"> <li>• Conservation and sustainable use of biodiversity in tropical timber producing forests is maintained and enhanced through SFM practices</li> <li>• Trade and utilization of timber and non timber tropical forest species is consistent with their</li> </ul>	<ul style="list-style-type: none"> <li>• Rate of loss of forest-based habitats</li> <li>• Area of restored forest habitats</li> <li>• Area of forest degraded habitats</li> <li>• Number of commercial timber species and non timber tropical forest species listed in CITES Appendix I</li> <li>• Number of</li> </ul>	<ul style="list-style-type: none"> <li>• Three countries with improved inventory designs</li> <li>• Three tracking/monitoring systems established</li> <li>• Three regional training/experience workshops conducted</li> <li>• Reduced number of trade suspensions of CITES listed timber species</li> <li>• An international workshop convened</li> </ul>	Council

	<p>this biennium is therefore two-thirds of this amount (EUR 1,231,434) or approximately \$750,000 per year at prevailing exchange rates (note that US dollar/Euro exchange rates will be updated to reflect prevailing rates at the time the actual contributions are received).</p> <p>Matching ITTO contributions: US\$1,509,110 (EUR 1,231,434)</p> <p>Expected funding sources: Voluntary Contributions Year 2013–US\$754,555 (EUR 615,717) Year 2014–US\$754,555 (EUR 615,717)</p>	conservation	partnerships developed for biodiversity conservation		
<p>9. Facilitate the application of the <i>ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests</i>. [ITTA, 2006, Articles 1(m), (r)] [ITTC Decision 6(XLVI)]</p>	<p>Pursuant to Decision 6(XLVI), ITTO is required to promote the application of the Biodiversity Guidelines at a range of scales in partnership with timber producers, local communities and other stakeholders. In cooperation with other international organizations, civil society organizations and others, the activity will encourage members and timber producing companies to adapt and make use of the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests wherever appropriate in their work, including in ITTO project proposals and reporting.</p> <p>(a) Support will be provided to interested member countries and forest concessionaires to formulate proposals to adapt and implement the Guidelines at forest management unit level, as well as for the dissemination of the Guidelines in relevant fora.</p> <p>Estimated cost: US\$100,000 Expected funding sources: Voluntary Contributions Year 2013–US\$50,000 Year 2014–US\$50,000</p>	<ul style="list-style-type: none"> <li>• Conservation and sustainable use of biodiversity in tropical timber producing forests is maintained and enhanced through SFM practices</li> </ul>	<ul style="list-style-type: none"> <li>• Rate of loss of forest-based habitats</li> <li>• Area of restored forest habitats</li> <li>• Area of forest degraded habitats</li> <li>• Number of partnerships developed for biodiversity conservation</li> </ul>	<ul style="list-style-type: none"> <li>• Three project proposals in three member countries in three tropical regions formulated</li> <li>• One partnership established</li> </ul>	CRF

	(b) Attendance at CBD, IUCN and other meetings where biodiversity conservation in tropical forests will be on the agenda. Estimated cost: US\$100,000 Expected funding sources: Voluntary Contributions Year 2013–US\$50,000 Year 2014–US\$50,000				
	<b>Sub-total 2013:</b> US\$854,555 <b>Sub-total 2014:</b> US\$854,555 <b>Biennium Sub-total:</b> US\$1,709,110				

**STRATEGIC PRIORITY 4: REDUCE TROPICAL DEFORESTATION AND FOREST DEGRADATION AND ENHANCE PROVISION OF ENVIRONMENTAL SERVICES**

Activity	Implementation Approach and Cost	Expected SAP Outcomes	SAP Indicators	Activity Targets	Responsible Body
10.Continue to monitor progress in the application of criteria and indicators for sustainable forest management. <i>[ITTC Decisions 3(XXVI), 5(XXX), 9(XXX), 4(XXXIV)]</i>	<p>Regular Sessions' work, which includes monitoring the implementation of Decision 4(XXXIV) under which 28 national workshops to promote application of C&amp;I have already been implemented.</p> <p>(a) Make provision for an additional 2-3 national workshops on C&amp;I under Decision 4(XXXIV), incorporating related topics such as auditing, certification, international reporting requirements, etc. into the workshop curricula.</p> <p>Estimated cost: US\$100,000 Expected funding sources: Voluntary Contributions</p> <p>(b) Convene an expert meeting to review the ITTO C&amp;I in the light of experience gained in compiling the SFM Tropics reports, recommendations from national C&amp;I workshops, revision of ITTO guidelines and policy papers, the review of field level implementation of the C&amp;I carried out in 2010-2011 and developments in international forestry (e.g. climate change). Print the revised C&amp;I following Council approval.</p>	<ul style="list-style-type: none"> <li>• Increase in area of forest under SFM and use of ITTO guidelines and C&amp;I</li> </ul>	<ul style="list-style-type: none"> <li>• Number of member countries with forest policy framework for climate change mitigation and adaptation</li> <li>• Number of countries with initiatives in place for payments for environmental services or similar mechanisms</li> </ul>	<p>(a)</p> <ul style="list-style-type: none"> <li>• Two to three national C&amp;I training workshops convened</li> </ul> <p>(b)</p> <ul style="list-style-type: none"> <li>• Expert meeting convened and C&amp;I revised</li> </ul>	Council

	<p>Estimated cost: US\$100,000 Expected funding sources: Voluntary Contributions</p> <p>(c) Participate in international C&amp;I related meetings/discussions/initiatives, including the CPF Task Force on Streamlining Forest Reporting, initiatives to take advantage of synergies between ITTO and FAO forest reporting (SFM Tropics and FRA) and relevant meetings of other C&amp;I processes.</p> <p>Estimated cost: US\$50,000 Expected funding sources: Voluntary Contributions</p>				
<p>11. In cooperation with relevant organizations, continue to study the implications of climate change for tropical forests and the contribution of tropical forests to the mitigation of the effects of climate change. [ITTA, 2006, Articles 1(f), (p)] [ITTC Decision 1(XXXVIII)]</p>	<p>Support is required for ITTO to provide information for members interested in formulating and implementing an integrated forest sector response to climate change, and for participation in the global debate related to the role of tropical forests in climate change mitigation and adaptation, including:</p> <ul style="list-style-type: none"> <li>• Attendance at UNFCCC meetings where tropical forests will be brought to debate;</li> <li>• Facilitate the participation of ITTO member countries in events where the theme of forests and climate change will be high in the agenda, to make sure that ITTO producer member countries are well informed, actively involved, and benefit from possible incentives for sustainable forest management in the tropics;</li> <li>• Organization of a side event at UNFCCC COPs on the role of sustainable forest management in the tropics to support climate change mitigation and adaptation, and to restore degraded tropical forests;</li> <li>• In collaboration with CPF members, organization of a Discussion Forum at Forest Days to be held in parallel with UNFCCC COPs;</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in the capacity of members to address climate change adaptation and mitigation through SFM</li> <li>• Financial support for SFM is increased by payments for the environmental services of tropical forests</li> <li>• Increase in income generation based on forest related environmental services and other forest outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Number of member countries with forest policy framework for climate change mitigation and adaptation</li> <li>• Number of countries with initiatives in place for payments for environmental services or similar mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in two UNFCCC COPs and the organization of side events</li> <li>• Participation in four selected forest and climate change related meetings</li> </ul>	Council

	<ul style="list-style-type: none"> <li>• Taking into account the CPF Strategic Framework on Forests and Climate Change, participate in CPF related initiatives on forests and climate change to bring up tropical forest perspectives; and</li> <li>• Participation of ITTO Secretariat in selected REDD+ meetings such as REDD+ Partnership meetings to discuss technical and financial issues relating to REDD+.</li> </ul> <p>Estimated cost: US\$125,000 Expected funding sources: Voluntary Contributions Year 2013–US\$50,000 Year 2014–US\$75,000</p>				
12.Promote the understanding of the contribution of environmental services to the sustainable management of tropical forests. [ITTA, 2006, Articles 1(g), (j), (m), (q), (r), (s)]	<p>Organize an International Forum on Environmental Services with the aim of enhancing the capacity of members to develop strategies to strengthen the contribution of forest environmental services in the implementation of sustainable forest management, and cooperating with relevant institutions and processes to this end. The Forum shall cover aspects related to conservation of tropical forest ecosystems, existing experiences and knowledge on payment for environmental services (PES), forest carbon as an emerging forest commodity, equity and gender balance in benefit sharing, and others.</p> <p>Estimated cost: US\$300,000 Expected funding sources: Voluntary Contributions</p>	<ul style="list-style-type: none"> <li>• Increase in the capacity of members to address climate change adaptation and mitigation through SFM</li> <li>• Financial support for SFM is increased by payments for the environmental services of tropical forests</li> <li>• Increase in income generation based on forest related environmental services and other forest outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Number of member countries with forest policy framework for climate change mitigation and adaptation</li> <li>• Number of countries with initiatives in place for payments for environmental services or similar mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• International Forum on Environmental Services convened in 2013</li> </ul>	CRF
13.Review and update the <i>ITTO Guidelines</i>	Assess, review and update the ITTO Guidelines for the Establishment and Sustainable Management of	<ul style="list-style-type: none"> <li>• Increase in area of forest under</li> </ul>	<ul style="list-style-type: none"> <li>• Number of member</li> </ul>	<ul style="list-style-type: none"> <li>• Revised ITTO Guidelines</li> </ul>	CRF

<p><i>for the Establishment and Sustainable Management of Planted Tropical Forests to take into account recent developments in tropical forestry. [ITTA, 2006, Articles 1(j), (m)]</i></p>	<p>Planted Tropical Forests (ITTO document PS 4, 1993), taking into account new developments emphasizing the role of tree planting in the tropics, including timber supply, energy production, provision of environmental services, restoration potential, as well as the potential of agroforestry and trees outside forests to provide forest goods and services.</p> <p>Estimated cost: US\$250,000 Expected funding sources: Voluntary Contributions Year 2013–US\$150,000 Year 2014–US\$100,000</p>	<p>SFM and use of ITTO guidelines and C&amp;I</p> <ul style="list-style-type: none"> <li>• Increase in income generation based on forest related environmental services and other forest outputs</li> </ul>	<p>countries with forest policy framework for climate change mitigation and adaptation</p> <ul style="list-style-type: none"> <li>• Number of countries with initiatives in place for payments for environmental services or similar mechanisms</li> </ul>	<p>developed by 2014</p>	
<p>14. Promote the implementation of guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land. [ITTA, 2006, Articles 1(j), (m)] [ITTC Decisions 1(XXXV), 4(XXXV)]</p>	<p>(a) Support to the establishment of a network of learning sites for forest landscape restoration in collaboration with Global Partnership on Forest Landscape Restoration (GPFLR) to promote the consolidation of best knowledge and best practices in forest landscape restoration in selected countries of Asia, Africa and Latin America in line with of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests.</p> <p>Estimated cost: US\$100,000 (US\$50,000 already pledged under Activity 43 of the 2012-2013 BWP)</p> <p>Expected funding sources: Voluntary Contributions Year 2013–US\$50,000</p> <p>(b) The sub-activity will allow for ITTO participation in major international restoration forums in order to work with many partners in the tropics and with international organizations engaged in the implementation of rehabilitation and restoration</p>	<ul style="list-style-type: none"> <li>• Increase in the capacity of members to address climate change adaptation and mitigation through SFM</li> <li>• Increase in area of forest under SFM and use of ITTO guidelines and C&amp;I</li> </ul>	<ul style="list-style-type: none"> <li>• Number of member countries with forest policy framework for climate change mitigation and adaptation</li> <li>• Number of countries with initiatives in place for payments for environmental services or similar mechanisms</li> </ul>	<p>(a)</p> <ul style="list-style-type: none"> <li>• Establishment of network learning sites supported</li> </ul> <p>(b)</p> <ul style="list-style-type: none"> <li>• Two partnerships on Bonn Challenge established</li> </ul>	<p>CRF</p>

	<p>activities in degraded forests in the tropics and serve as an ITTO contribution to the achievement of the Bonn Challenge, a global call for the restoration of 150 million ha by 2020 using a forest and landscape restoration approach.</p> <p>Estimated cost: US\$50,000 Expected funding sources: Voluntary Contributions Year 2013–US\$25,000 Year 2014–US\$25,000</p>				
<p>15. Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests. [ITTA, 2006, Article 1(m)] [ITTC Decision 6(XXXIII)]</p>	<p>(a) Review and update the ITTO Guidelines on Fire Management in Tropical Forests to take into account scientific insights into the state of forests and forest protection in the tropics in the last 15 years and the progress made in fire management research and development globally.</p> <p>Estimated cost: US\$150,000 Expected funding sources: Voluntary Contributions Year 2013–US\$50,000 Year 2014–US\$100,000</p> <p>(b) Make provisions for ITTO's contributions to the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) / Global Fire Monitoring Center (GFMC), and provide support for the Africa, Asia, and Latin America Regional Wildland Fire Networks and other inter-institutional cooperation efforts in their preparatory meetings for the 6th International Wildland Fire Conference to be held in 2015 in South Korea.</p> <p>Estimated cost: US\$150,000 Expected funding sources: Voluntary Contributions Year 2013–US\$75,000 Year 2014–US\$75,000</p>	<ul style="list-style-type: none"> <li>• Increase in the capacity of members to address climate change adaptation and mitigation through SFM</li> <li>• Increase in area of forest under SFM and use of ITTO guidelines and C&amp;I</li> </ul>	<ul style="list-style-type: none"> <li>• Number of member countries with forest policy framework for climate change mitigation and adaptation</li> <li>• Number of countries with initiatives in place for payments for environmental services or similar mechanisms</li> </ul>	<p>(a)</p> <ul style="list-style-type: none"> <li>• Revised ITTO Guidelines published in 2014</li> </ul> <p>(b)</p> <ul style="list-style-type: none"> <li>• Assistance to three preparatory fora in three ITTO producing regions provided</li> </ul>	CRF



	<b>Sub-total 2013:</b>	<b>US\$950,000</b>				
	<b>Sub-total 2014:</b>	<b>US\$375,000</b>				
	<b>Biennium Sub-total:</b>	<b>US\$1,325,000</b>				

# **STRATEGIC PRIORITY 5: IMPROVE THE QUALITY AND AVAILABILITY OF INFORMATION ON TROPICAL FORESTS, TIMBER MARKETS AND TRADE**

Activity	Implementation Approach and Cost	Expected SAP Outcomes	SAP Indicators	Activity Targets	Responsible Body
16.Continue to publish the ITTO Tropical Forest Update (TFU). [ITTA, 2006, Articles 27, 28]	Regular Sessions' work.  Estimated cost: US\$520,000 Expected funding sources: Core Operational Costs Year 2013–US\$260,000 Year 2014–US\$260,000	<ul style="list-style-type: none"> <li>Information on tropical forests, production of timber and non-timber forest products and trade is accurate and widely available</li> <li>Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>Number of ITTO members providing timely, accurate data</li> <li>Coverage and accessibility of ITTO databases</li> <li>Number of countries using information for policy, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>Up to four issues of TFU published and distributed in three ITTO working languages both in 2013 and 2014</li> </ul>	Council
17.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 2013 and 2014. [ITTA, 2006, Articles	Regular Sessions' work. The themes for the Annual Market Discussions will be determined at the Council Sessions immediately preceding the discussions.  Estimated cost: US\$70,000 Expected funding sources: Core Operational Costs Year 2013–US\$35,000 Year 2014–US\$35,000	<ul style="list-style-type: none"> <li>Information on tropical forests, production of timber and non timber forests products and trade is accurate and widely available</li> <li>Accurate information is</li> </ul>	<ul style="list-style-type: none"> <li>Number of ITTO members providing timely, accurate data</li> <li>Number of countries using information for policy, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>ITTO Annual Market Discussions convened in 2013 and 2014</li> </ul>	Council

1(e), (h)]		used by ITTO members in policy making, forest management, market development and investment promotion			
18.Continue to publish the ITTO Market Information Service (MIS). [ITTA, 2006, Articles 27, 28]	Regular Sessions' work.  Estimated cost : US\$400,000 Expected funding sources: Core Operational Costs Year 2013–US\$200,000 Year 2014–US\$200,000	<ul style="list-style-type: none"> <li>• Information on tropical forests, production of timber and non timber forests products and trade is accurate and widely available</li> <li>• Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Number of ITTO members providing timely, accurate data</li> <li>• Coverage and accessibility of ITTO databases</li> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Up to forty-four TTMRs published both in 2013 and 2014</li> </ul>	Council
19.Enhancement of statistical work and databases on statistics. [ITTA, 2006, Article 27]	Regular Sessions' work. 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.  Estimated cost: US\$40,000 Expected funding sources: Core Operational Costs	<ul style="list-style-type: none"> <li>• Information on tropical forests, production of timber and non timber forests products and trade is accurate and widely available</li> <li>• Accurate</li> </ul>	<ul style="list-style-type: none"> <li>• Number of ITTO members providing timely, accurate data</li> <li>• Coverage and accessibility of ITTO databases</li> <li>• Number of countries using information for</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in two meetings of the Intersecretariat Working Group in 2013 and 2014</li> <li>• Updating and refinement of JFSQ</li> </ul>	Council and CEM

	Year 2013–US\$20,000 Year 2014–US\$20,000	information is used by ITTO members in policy making, forest management, market development and investment promotion	policy, market development and investment promotion		
20. Further enhance public relations, education and outreach activities to best convey the achievement of the objectives of the Organization. [ITTA, 2006, Article 1] [ITTC Decision 5(XXVII)]	<p>Continue to ensure that ITTO reaches as wide an audience as possible by:</p> <p>(a) Undertaking regular communications and outreach activities including, inter alia, continuing to improve the ITTO website; updating the ITTO website in the three official languages; publishing and disseminating relevant ITTO reports, including Annual Reports; editing, producing and disseminating public relations materials (posters, calendars, etc).</p> <p>Estimated cost: US\$121,254 Expected funding sources: Core Operational Costs Year 2013–US\$60,627 Year 2014–US\$60,627</p> <p>(b) Participating in, convening side events and exhibiting ITTO outreach materials at relevant international events during the biennium (e.g. TICAD V in June 2013, Rio Convention COPs and related events during 2013-2014 not covered elsewhere, UNFF 10 in 2013, FAO COFO in 2014 and relevant Regional Forestry Commissions in 2013-2014, IUFRO World Congress in 2014, etc).</p> <p>Estimated cost: US\$200,000 Expected funding sources: Voluntary Contributions</p>	<ul style="list-style-type: none"> <li>• Information on tropical forests, production of timber and non-timber forest products and trade is accurate and widely available</li> <li>• Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Number of ITTO members providing timely, accurate data</li> <li>• Coverage and accessibility of ITTO databases</li> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>	<p>(a)</p> <ul style="list-style-type: none"> <li>• Up to four new technical series documents published and disseminated</li> <li>• Two Annual Reports in three languages published</li> <li>• Photo database enhanced</li> <li>• Regular updating of ITTO website</li> </ul> <p>(b)</p> <ul style="list-style-type: none"> <li>• Participation and side events/booths at up to six international fora</li> </ul>	Council

		Year 2013–US\$100,000 Year 2014–US\$100,000			
21.Undertake the biennial review and assessment of the world timber situation. [ITTA, 2006, Article 28]	<p>(a) Publication of the annual review and assessment of the world timber situation for 2012 in 2013</p> <p>(b) Consideration of the draft elements for the biennial review and assessment of the world timber situation for 2013-2014</p> <p>Estimated cost: US\$50,000 Expected funding sources: Core Operational Costs Year 2014–US\$50,000</p> <p>(c) Publication of the biennial review and assessment of the world timber situation for 2013-2014 in 2015</p> <p>Estimated cost: US\$40,000 Expected funding sources: Core Operational Costs Year 2014–US\$40,000</p>	<ul style="list-style-type: none"> <li>• Information on tropical forests, production of timber and non-timber forest products and trade is accurate and widely available</li> <li>• Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Number of ITTO members providing timely, accurate data</li> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>	<p>(a)</p> <ul style="list-style-type: none"> <li>• Annual review and assessment for 2012 published in 2013</li> </ul> <p>(b)</p> <ul style="list-style-type: none"> <li>• Draft elements considered at the Fiftieth Session of the Council in 2014</li> </ul> <p>(c)</p> <ul style="list-style-type: none"> <li>• Biennial review and assessment published in 2015</li> </ul>	Council
22.Develop and ITTO knowledge management strategy and knowledge management guidelines [ITTA, 2006, Articles 1(c), (r)]	Two consultants will be contracted to develop an ITTO strategic framework and guidelines required for developing an integrated knowledge management system which is contributing to take advantage to use lessons learned and build modular learning approaches to further strengthen/improve the effectiveness of future project work. The system will be robust enough to be used in a context of dramatic transformations that are changing the practices in forestry and in the use of forest products. The strategy will show how ITTO will be more agile in devising appropriate innovations and improving its systems and its institutional readiness for continuous learning and sharing.	<ul style="list-style-type: none"> <li>• Information on tropical forests, production of timber and non-timber forest products and trade is accurate and widely available</li> <li>• Accurate information is used by ITTO members in policy making,</li> </ul>	<ul style="list-style-type: none"> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• ITTO knowledge management strategy</li> <li>• ITTO knowledge management system</li> </ul>	Council/Joint Committees

	<p>Estimated cost: US\$150,000</p> <p>Expected funding sources: Voluntary Contributions</p> <p>Year 2013–US\$150,000</p>	forest management, market development and investment promotion			
<p>23. Development of Environmental Product Declaration (EDP) for three tropical wood products.</p> <p><i>[ITTA, 2006, Articles 1(a), (f), (s)]</i></p>	<p>This activity will compile Environmental Product Declarations (EPDs) through the development of a Life Cycle Inventory database and Life Cycle Assessment (LCA) reports for three products, namely meranti plywood, ipe decking and khaya lumber representing three important products from the three tropical regions.</p> <p>Estimated cost: US\$180,000</p> <p>Expected funding sources: Voluntary Contributions</p>	<ul style="list-style-type: none"> <li>• Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• LCA reports, carbon footprint and EPD developed for three products</li> </ul>	CFI
<p>24. Review of the timber market in two significant tropical timber importing countries.</p> <p><i>[ITTA, 2006, Articles 1(e), (h)]</i></p>	<p>Regular Sessions' work. Provisions for the studies and markets to be covered may be proposed by the Committee.</p> <p>Estimated cost: US\$200,000</p> <p>Expected funding sources: Voluntary Contributions</p> <p>Year 2013–US\$100,000</p> <p>Year 2014–US\$100,000</p>	<ul style="list-style-type: none"> <li>• Information on tropical forests, production of timber and non timber forests products and trade is accurate and widely available</li> <li>• Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Number of ITTO members providing timely, accurate data</li> <li>• Coverage and accessibility of ITTO databases</li> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Review of two timber markets in two significant timber importing countries carried out in 2013 and 2014</li> </ul>	CEM
<p>25. Promote trade in tropical timber and</p>	<p>Further promote the development and implementation of web-based information systems designed and</p>	<ul style="list-style-type: none"> <li>• Information on tropical forests,</li> </ul>	<ul style="list-style-type: none"> <li>• Number of ITTO members</li> </ul>	<ul style="list-style-type: none"> <li>• Web-based information system</li> </ul>	CEM

<p>tropical timber products from sustainably managed and legally harvested sources. [ITTA, 2006, Articles 1(d), (k), (n), (o)]</p>	<p>operated to make sound data and information available to assist consumers in identifying/purchasing legally/sustainably produced timber, in cooperation with governments and public-private partnerships.</p> <p>Estimated cost: US\$300,000 Expected funding sources: Voluntary Contributions</p>	<p>production of timber and non timber forests products and trade is accurate and widely available</p> <ul style="list-style-type: none"> <li>• Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> </ul>	<p>providing timely, accurate data</p> <ul style="list-style-type: none"> <li>• Coverage and accessibility of ITTO databases</li> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>	<p>developed and implemented</p> <ul style="list-style-type: none"> <li>• Policy implications of study considered at Forty-eighth Session of CEM in 2014</li> </ul>	
<p>26. Analyze the economic impact of governmental procurement policies on tropical timber markets. [ITTA, 2006, Articles 1(k),(o)]</p>	<p>Consider the policy implications of the results and outcomes of the study being carried out under ITTO Thematic Programme on Trade and Market Transparency (TMT).</p>	<ul style="list-style-type: none"> <li>• Information on tropical forests, production of timber and non timber forests products and trade is accurate and widely available</li> <li>• Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Number of ITTO members providing timely, accurate data</li> <li>• Coverage and accessibility of ITTO databases</li> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Project TMT-SPD 012/13 Rev.1 (M) fully implemented</li> </ul>	CEM
<b>Sub-total 2013:</b>		<b>US\$1,405,627</b>			

	<b>Sub-total 2014:</b>	<b>US\$865,627</b>				
	<b>Biennium Sub-total:</b>	<b>US\$2,271,254</b>				

**STRATEGIC PRIORITY 6: BUILD AND DEVELOP HUMAN RESOURCE CAPACITY TO IMPLEMENT SFM AND INCREASE TRADE IN FOREST GOODS AND SERVICES FROM SUSTAINABLY MANAGED FORESTS**

Activity	Implementation Approach and Cost	Expected SAP Outcomes	SAP Indicators	Activity Targets	Responsible Body
27. 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)]	Regular Sessions' work.  Encourage support for the participation of TAG and CSAG members in Council Sessions.  Estimated cost: US\$80,000 Expected funding sources: Voluntary Contributions/ Unearmarked Funds Year 2013–US\$40,000 Year 2014–US\$40,000	<ul style="list-style-type: none"> <li>Public institutions, communities and commercial entities have adequate forest management, planning, policy and business skills needed to implement SFM and engage in international trade</li> <li>Increase in the awareness of the contribution of SFM to economies</li> <li>Increase in exchange of experiences, knowledge innovations in SFM, and promotion of trade and timber processing among members</li> </ul>	<ul style="list-style-type: none"> <li>Number of stakeholders participating in SFM policy development processes</li> </ul>	<ul style="list-style-type: none"> <li>At least four representatives from TAG and CSAG assisted to participate in the Sessions of the Council in 2013 and 2014</li> </ul>	Council
28. Continue to provide for ITTO's cooperation and consultation with	Maintain ITTO's active involvement in the CPF and UNFF by providing relevant inputs, participating effectively in the relevant activities, work and meetings	<ul style="list-style-type: none"> <li>Public institutions, communities and</li> </ul>	<ul style="list-style-type: none"> <li>Number of stakeholders participating in</li> </ul>	<ul style="list-style-type: none"> <li>Participation of ITTO in UNFF10 in 2013 and four CPF</li> </ul>	Council

<p>the Collaborative Partnership on Forests (CPF) in support of the United Nations Forum on Forests (UNFF) and other relevant international and regional organizations, institutions and initiatives.</p> <p><i>[ITTA, 2006, Article 15]</i></p> <p><i>[ITTC Decision 7(XXX)]</i></p>	<p>of the UNFF and CPF and shouldering part of the costs of relevant work and activities on the basis of equitable cost-sharing with other members of the CPF.</p> <p>Estimated cost: US\$100,000</p> <p>Expected funding sources: Voluntary Contributions</p> <p>Year 2013–US\$50,000</p> <p>Year 2014–US\$50,000</p>	<p>commercial entities have adequate forest management, planning, policy and business skills needed to implement SFM and engage in international trade</p> <ul style="list-style-type: none"> <li>• Increase in the awareness of the contribution of SFM to economies</li> <li>• Increase in exchange of experiences, knowledge innovations in SFM, and promotion of trade and timber processing among members</li> </ul>	<p>SFM policy development processes</p>	<p>meetings in 2013 and 2014</p> <ul style="list-style-type: none"> <li>• Contributions to three CPF joint initiatives in 2013 and 2014</li> </ul>	
<p>29. Support for the ITTO Children's Environmental Education Programme on Tropical Forests (CEEP).</p> <p><i>[ITTA, 2006, Article 1]</i></p> <p><i>[ITTC Decision 1(XLIV)]</i></p>	<p>Following the approval of the Children's Environmental Education Programme on Tropical Forests (CEEP) at the Forty-fourth session of the Council, the Secretariat secured the initial fund to begin the Programme. The first Environmental Education Conference under the CEEP was convened in Yokohama on July 2009 with the presence of the Crown Prince and Princess of Japan. Activities to be undertaken in 2013-2014 include:</p> <ul style="list-style-type: none"> <li>• Convening a second environmental education conference</li> <li>• Assistance to establish "school forests"</li> <li>• Dispatching lecturers</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in the awareness of the contribution of SFM to economies</li> <li>• Increase in exchange of experiences, knowledge innovations in SFM, and promotion of trade and timber processing</li> </ul>	<ul style="list-style-type: none"> <li>• Number of individuals receiving training or education</li> <li>• Number of stakeholders participating in SFM policy development processes</li> </ul>	<ul style="list-style-type: none"> <li>• Convening of a second Environmental Education Conference in 2014</li> <li>• Assistance to establish model school forests in three member countries in three tropical regions</li> <li>• Lecturers dispatched to six schools in member</li> </ul>	<p>Council</p>



	<p>Estimated cost: US\$240,000 Expected funding sources: Voluntary Contributions Year 2013–US\$120,000 Year 2014–US\$120,000</p>	among members		countries	
<p>30. Decide on eligible fellowship applications in 2013 and 2014 based on the recommendations of the Fellowship Selection Panel. [ITTC Decision 4(XXVII)]</p>	<p>The objective of the fellowship programme is to develop human resources and enhance professional expertise in member countries in tropical forestry and related disciplines, with a view to promoting sustainable management of tropical forests, efficient utilization and processing of tropical timber, and better economic information on the international trade in tropical timber. Eligible activities include:</p> <ul style="list-style-type: none"> <li>• Participation in short term training courses, training internships, study tours, lecture/demonstration tours and international/regional conferences;</li> <li>• Technical document preparation, publication and dissemination, such as manuals and monographs; and</li> <li>• Postgraduate studies.</li> </ul> <p>Estimated cost: US\$820,000 Expected funding sources: Voluntary Contributions Year 2013–US\$420,000 Year 2014–US\$400,000</p>	<ul style="list-style-type: none"> <li>• Public institutions, communities and commercial entities have adequate forest management, planning, policy and business skills needed to implement SFM and engage in international trade</li> <li>• Increase in the awareness of the contribution of SFM to economies</li> <li>• Local communities are informed and able to participate in SFM policy development and related activities</li> <li>• Increase in exchange of experiences, knowledge innovations in SFM, and promotion of trade and timber</li> </ul>	<ul style="list-style-type: none"> <li>• Number of individuals receiving training or education</li> <li>• Number of trained individuals per hectare of forest per country</li> <li>• Number of visitors to ITTO's website</li> </ul>	<ul style="list-style-type: none"> <li>• 100-120 fellowships awarded in 2013 and 2014</li> <li>• Fellowship alumni network established</li> </ul>	Council

		processing among members			
31.Strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries. [ITTA, 2006, Articles 1(f), (i)]	<p>This pilot activity begun under the 2012-2013 BWP will continue to focus on producer member countries in the Africa, Asia Pacific and Latin America and Caribbean Regions in which their forest industry production chains encounter problems of inefficiency and lack of human resource capacity. The scope of the in-house training to be provided to industries in producing member countries, will include strengthening capacity in common problem areas in the wood-based industries, namely: log stocking and loading, kiln drying and boilers, saw doctoring, finger jointing, laminating, packaging, waste control, maintenance and work safety.</p> <p>Estimated cost: US\$250,000 Expected funding sources: Voluntary Contributions Year 2013–US\$100,000 Year 2014–US\$150,000</p>	<ul style="list-style-type: none"> <li>Public institutions, communities and commercial entities have adequate forest management, planning, policy and business skills needed to implement SFM and engage in international trade</li> </ul>	<ul style="list-style-type: none"> <li>Number of individuals receiving training or education</li> </ul>	<ul style="list-style-type: none"> <li>Three in-house trainings conducted in three producer member countries in 2013 and 2014</li> </ul>	CFI
32.Facilitating technology and knowledge sharing to enhance sustainable forest industry among ITTO producing member countries. [ITTA, 2006, Articles 1(f),(l),(o),(p)]	<p>This activity will facilitate capacity building activities by knowledge hub countries for countries with less developed forest industries by making provisions to conduct training workshops. The activity will:</p> <ul style="list-style-type: none"> <li>Identify knowledge hub countries in each of the major forest industry fields (e.g. efficient wood processing, biomass energy, RIL, implementation of code of conduct);</li> <li>Engage research/training center of knowledge hub countries in designing appropriate training workshops; and</li> <li>Organize specific training workshop and identify participants from ITTO producer member countries with less developed forest industries.</li> </ul> <p>Estimated cost: US\$200,000 Expected funding sources: Voluntary Contributions Year 2013–US\$100,000</p>	<ul style="list-style-type: none"> <li>Increase in exchange of experiences, knowledge innovations in SFM, and promotion of trade and timber processing among members</li> </ul>	<ul style="list-style-type: none"> <li>Number of individuals receiving training or education</li> <li>Number of stakeholders participating in SFM policy development processes</li> </ul>	<ul style="list-style-type: none"> <li>Three training workshops conducted in producer member countries in 2013 and 2014</li> <li>Three hub countries identified for south-south cooperation</li> </ul>	CFI

	Year 2014–US\$100,000				
33. Matching the needs of forest industry with the innovations, technologies and know-how developed through ITTO projects. [ITTA, 2006, Articles 1(f), (i), (p)]	<p>During the last 10 years ITTO projects under the Committee of Forest Industry have produced a number of innovations and technologies along with associated expertise. This activity will disseminate findings, outputs and lessons from completed ITTO projects to support the development of the tropical forest industry sector, including SMFes.</p> <p>Estimated cost: US\$150,000  Expected funding sources: Voluntary Contributions (US\$80,000 already pledged under Activity 28 of the 2012-2013 BWP)  Year 2013–US\$20,000  Year 2014–US\$50,000</p>	<ul style="list-style-type: none"> <li>• Increase in exchange of experiences, knowledge innovations in SFM, and promotion of trade and timber processing among members</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in number of innovations in member countries</li> </ul>	<ul style="list-style-type: none"> <li>• Three matches of innovation, technologies and know-how undertaken in three producer member countries</li> </ul>	CFI
34. Enhance the technical capacity of member countries, particularly developing member countries, to meet the statistics and reporting requirements. [ITTA, 2006, Article 28(5)]	<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 sources: Voluntary Contributions  Year 2013–US\$50,000  Year 2014–US\$50,000</p>	<ul style="list-style-type: none"> <li>• Public institutions, communities and commercial entities have adequate forest management, planning, policy and business skills needed to implement SFM and engage in international trade</li> <li>• Increase in the awareness of the contribution of SFM to economies</li> <li>• Increase in exchange of experiences,</li> </ul>	<ul style="list-style-type: none"> <li>• Number of individuals receiving training or education</li> </ul>	<ul style="list-style-type: none"> <li>• Four country-level workshops conducted in four ITTO member countries in 2013 and 2014</li> </ul>	CEM

		knowledge innovations in SFM, and promotion of trade and timber processing among members			
<p>35. Promote the publication, dissemination and application of the revised <i>ITTO Guidelines for the Sustainable Management of Natural Tropical Forests</i>. [ITTA, 2006, Articles 1(c), (f), (l), (o), (p)]</p>	<p>To facilitate the final revision of the draft revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests for approval at the Forty-ninth Session of the Council, it is essential to engage two consultants to prepare a final draft version of the ITTO Principles and Guidelines. There is also a need to facilitate the publication of the revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests as a policy document together with the organization of training workshops to facilitate the preparation of specific national or sub-national guidelines to promote the continued systematic development of SFM.</p> <p>(a) Support the final revision of the draft revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests through the engagement of two consultants (one from a producer member country and the other from a consumer member country) with the objectives of restructuring them in two components such as core and optional components and of simplifying them to ensure their effective implementation.</p> <p>Estimated cost: US\$35,000 Expected funding sources: Voluntary Contributions Year 2013–US\$35,000</p> <p>(b) Publish the revised Principles and Guidelines as a policy document in the three languages (English, French and Spanish) after Council</p>	<ul style="list-style-type: none"> <li>Public institutions, communities and commercial entities have adequate forest management, planning, policy and business skills needed to implement SFM and engage in international trade</li> <li>Local communities are informed and able to participate in SFM policy development and related activities</li> <li>Increase in exchange of experiences, knowledge innovations in SFM, and promotion of trade and timber processing among members</li> </ul>	<ul style="list-style-type: none"> <li>Number of stakeholders providing comments on the draft Principles and Guidelines</li> <li>Number of individuals receiving training or education</li> <li>Number of stakeholders participating in SFM policy development processes</li> </ul>	<p>(a) Revised Principles and Guidelines adapted in 2013</p> <p>(b)</p> <ul style="list-style-type: none"> <li>Revised SFM Guidelines published in three ITTO working languages in 2014</li> </ul> <p>(c)</p> <ul style="list-style-type: none"> <li>Three regional workshops conducted in three tropical regions in 2014</li> </ul>	CRF

	<p>approval and disseminate these guidelines to key stakeholders in ITTO member countries and the international community.</p> <p>Estimated cost: US\$100,000 Expected funding sources: Voluntary Contributions Year 2014–US\$100,000</p> <p>(c) Organize three regional capacity building training workshops (one in each tropical region) to facilitate the effective and wider application of the revised SFM Principles and Guidelines in particular to revitalize and renew the basics of sustainable forest management especially among professional foresters of producer countries.</p> <p>Estimated cost: US\$240,000 Expected funding sources: Voluntary Contributions Year 2014–US\$240,000</p>				
	<p><b>Sub-total 2013:</b> US\$935,000 <b>Sub-total 2014:</b> US\$1,300,000 <b>Biennium Sub-total:</b> US\$2,235,000</p>				

## ROUTINE, ADMINISTRATIVE AND FINANCIAL ACTIVITIES

Activity	Implementation Approach and Cost	Activity Targets	Responsible Body
<p>36. 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, 2006, Article 26] [ITTC Decisions 6(IX), 2(X), 7(XXI), 7(XXII)]</p>	<p>Expert Panel for Technical Appraisal of Project Proposals.</p> <p>Estimated cost: US\$295,626 Expected funding sources: Programme Support Year 2013–US\$140,000 Year 2014–US\$140,000</p> <p>Unearmarked Funds Year 2013–US\$15,626</p>	<ul style="list-style-type: none"> <li>Two meetings of the Expert Panel convened in 2013 and 2014</li> </ul>	Council and Committees
37. Conduct a mid-term review of the Thematic	Following the entry into force of the ITTA, 2006, and	<ul style="list-style-type: none"> <li>Mid-term review conducted in 2014</li> </ul>	Council

<p>Programmes.  <i>[ITTA, 2006, Articles 20, 24.3, 25]</i>  <i>[ITTC Decisions 9(XLIV), 8(XLIV), 10 (XLIV)]</i></p>	<p>taking into account the outcomes of the review of the effectiveness of the TP pilot operation in 2012, a mid-term review of the approved Thematic Programmes will be conducted by a panel composed of TPAC members (two for each TP), one representative of TAG and one representative of CSAG.</p> <p>Estimated Cost: US\$100,000  Expected funding Source: Voluntary Contributions  Year 2014–US\$100,000</p>		
<p>38. Consider the progress in the implementation of the ITTO Biennial Work Programme for 2013-2014.  <i>[ITTA, 2006, Article 24]</i>  <i>[ITTC Decisions 7(XXV), 2(XXXI), 9(XXXIV)]</i></p>	Regular Sessions' work.	<ul style="list-style-type: none"> <li>Progress reviewed at the Forty-ninth and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	Council
<p>39. Consider the Draft ITTO Biennial Work Programme for 2015-2016.  <i>[ITTC Decisions 7(XXV), 2(XXXI), 9(XXXIV)]</i></p>	Regular Sessions' work.	<ul style="list-style-type: none"> <li>Draft ITTO Biennial Work Programme for 2015-2016 considered at the Fiftieth Session of the Council in 2014</li> </ul>	Council
<p>40. Decide on eligibility of approved actions, projects and pre-projects for funding out of Sub-account B of the Bali Partnership Fund.  <i>[ITTA, 2006, Article 21]</i>  <i>[ITTC Decision 4(XXX)]</i></p>	Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises the Council on eligibility of actions, pre-projects and projects for funding out of Sub-Account B.	<ul style="list-style-type: none"> <li>Decisions taken at the Forty-ninth and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	Council
<p>41. 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.  <i>[ITTA, 2006, Articles 20, 21, 25]</i></p>	Regular Sessions' work.	<ul style="list-style-type: none"> <li>Decisions taken at the Forty-ninth and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	Council
<p>42. 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.  <i>[ITTA, 2006, Article 21]</i></p>	Regular Sessions' work. The Panel established under ITTC Decision 4(XXX) advises Council on allocations of unearmarked funds.	<ul style="list-style-type: none"> <li>Allocations made at the Forty-ninth and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	Council

<i>[ITTC Decision 4(XXX)]</i>			
43. Consider progress in the implementation, monitoring and evaluation of pre-projects, projects and activities under the Thematic Programmes Sub-Account. <i>[ITTA, 2006, Article 20(6)]</i> <i>[ITTC Decisions 9(XLIV), 10(XLIV)]</i>	Regular Sessions' work	<ul style="list-style-type: none"> <li>• Progress considered at the Forty-ninth and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	Council
44. Consider the reports of the Informal Advisory Group (IAG). <i>[ITTC Decisions 3(XXII), 5(XXVI)]</i>	Regular Sessions' work.	<ul style="list-style-type: none"> <li>• Report of the Twenty-seventh and Twenty-eighth IAG considered at the Forty-ninth and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	Council
45. Review the results of relevant project and policy work of the Committees. <i>[ITTA, 2006, Articles 24, 26]</i>	Regular Sessions' work.	<ul style="list-style-type: none"> <li>• Reports of the Committees presented at the Forty-ninth and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	Council
46. Approve selected projects for ex-post evaluation following procedures outlined in ITTC Decision 3(XXVIII). <i>[ITTC Decision 3(XXVIII)]</i>	Regular Sessions' work.	<ul style="list-style-type: none"> <li>• Projects selected for ex-post evaluation approved at the Forty-ninth and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	Council
47. Consider and, if appropriate, take action to disseminate information on project findings and results. <i>[ITTA, 2006, Article 26]</i>	Regular Sessions' work.	<ul style="list-style-type: none"> <li>• Dissemination considered at the Forty-ninth and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	Council
48. Consider the reports of mid-term and ex-post evaluations on on-going and completed projects. <i>[ITTA, 2006, Articles 24, 26]</i>	Regular Sessions' work.	<ul style="list-style-type: none"> <li>• Reports considered at the Forty-ninth and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	Joint Committees
49. Review the independent audited statements for the 2012 and 2013 financial years, and make recommendation to the Council for their approval. <i>[ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.	<ul style="list-style-type: none"> <li>• Reports of independent auditors published in ITTO Annual Reports in 2012 and 2013</li> </ul>	CFA

50. Make recommendations to Council on the appointment of auditor for a three-year term for the purpose of auditing the accounts of the Organization for the 2013, 2014 and 2015 financial years. <i>[ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.	<ul style="list-style-type: none"> <li>• Twenty-eighth CFA Report presented at the Forty-ninth Session of the Council in 2013</li> </ul>	CFA
51. Examine and make recommendations to Council, regarding the approval of the Organization's administrative budget proposals for the financial years 2014 and 2015. <i>[ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.	<ul style="list-style-type: none"> <li>• Twenty-eighth CFA Report presented at the Forty-ninth Session of the Council in 2013</li> </ul>	CFA
52. 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, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.	<ul style="list-style-type: none"> <li>• Report of the independent auditors for the financial years 2012 and 2013 presented at the Forty-ninth Session and Fiftieth Sessions of the Council in 2013 and 2014</li> </ul>	CFA
53. 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, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.	<ul style="list-style-type: none"> <li>• Decision on the ITTO Biennial Work Programme 2013-2014 presented at the Forty-eighth Session of the Council in 2012</li> </ul>	CFA
54. Promote Resource Mobilization and Partnership of ITTO <i>[ITTA, 2006, Articles 1(g), (j)]</i>	<p>This 24-month activity will be divided into a first year of preparing and launching a funds mobilization and partnership strategy and a second year of active implementation. Specific activities will be refined in the first quarter of year one, but are expected to include, in the first year:</p> <ul style="list-style-type: none"> <li>• Formation of an informal, open-ended ad hoc advisory group including producer and consumer members and stakeholders to advise the Executive Director in developing and launching the strategy</li> <li>• Drafting of a proposal of fund mobilization and</li> </ul>	<ul style="list-style-type: none"> <li>• Report of work in 2013 and plan for 2014 presented to the Forty-ninth Session of the Council in 2013.</li> </ul>	CFA



	<p>partnership strategy/action plan by the Secretariat</p> <ul style="list-style-type: none"> <li>• Convening of one or more meetings of members, partners and resource persons</li> <li>• Further consultation and refinement of the strategy</li> <li>• Submit a draft strategy and progress report to the Forty-ninth Session of the Council</li> </ul> <p>Year Two activities will be defined in detail during Year One, and will be provided in a report to the Council at its Forty-ninth Session.</p> <p>Expected funding sources: Voluntary Contributions Year 2013–US\$50,000 Year 2014–US\$50,000</p>		
	<p><b>Sub-total 2013: US\$205,626</b></p> <p><b>Sub-total 2014: US\$290,000</b></p> <p><b>Biennium Sub-total: US\$495,626</b></p>		

**TOTAL 2013: US\$5,046,108**  
**TOTAL 2014: US\$4,370,482**  
**BIENNIUM GRAND TOTAL: US\$9,416,590**



**TERMS OF REFERENCE FOR THE ACTIVITIES  
CONTAINED IN THE  
BIENNIAL WORK PROGRAMME  
FOR THE YEARS 2013-2014**



Activity No. 1

**RENDER ASSISTANCE TO PRODUCER MEMBER COUNTRIES TO IDENTIFY THOSE FACTORS WHICH MOST SEVERELY LIMIT PROGRESS TOWARDS ACHIEVING OBJECTIVE 2000 AND SUSTAINABLE FOREST MANAGEMENT AND TO FORMULATE AN ACTION PLAN TO OVERCOME THESE CONSTRAINTS**

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

*[ITTC Decision 2(XXIX)]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 1]*

**I. Background**

In November 2000 the International Tropical Timber Council(ITTC) adopted Decision 2(XXIX) concerning ITTO Objective 2000 and achieving sustainable forest management in ITTO Producing member countries and authorized the Executive Director to render assistance to producer countries, on request, to identify, in each country, those factors which most severely limit progress towards achieving ITTO Objective 2000 and sustainable forest management and to formulate an action plan to overcome these constraints.

Pursuant to this Decision, ITTO has conducted 23 diagnostic missions in member countries in Africa, Asia-Pacific and Latin America. However, in the context of implementing strategic policy actions, in 2009, the Council conducted a review and assessment of all the technical diagnostic missions on the validity, efficiency and effectiveness of such diagnostic missions on the basis of six case studies. The report was presented to the Council at its Forty-fifth Session [Document ITTC(XLV)/11].

**II. Description**

Taking into account the review of diagnostic missions referred to above, the activity will be implemented based exclusively on the initiative of the member country and on an official request that expresses willingness of the national forest authorities to use the results of the diagnostic mission. The planning of such missions would be done with the full participation of the country's authorities. Members of any diagnostic mission will be selected on the basis of their political experience, ability and local influence (if possible). The Secretariat will ensure that members of any technical mission receive all pertinent information on the country well in advance of the beginning of the mission in the country.

**III. Expected Outputs**

Four diagnostic missions in two years.

**IV. Target Countries**

Four Producer member countries especially targeting new member countries in Africa such as Mozambique, Benin, Mali, and any other countries where diagnostic missions have not been conducted in the past.

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

**VI. Budget** US\$400,000

Activity No. 2

**DEMONSTRATION AND ADOPTION OF CREDIT SCHEMES FOR  
SMALL-MEDIUM FOREST ENTERPRISES**

*[ITTA, 2006, Article 1(g)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 1]*

**I. Background**

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

The project demonstrated that:

- A credit line, with effective capacity building, can move-up small holders within the production chain;
- Simple financing schemes with smaller or local financial institutions can be effective to facilitate access to credit for SFM and have potential for replication:
  - It builds trust;
  - It provides more exposure of the forestry sector to the financial institutions;
  - Familiarize SMEs with the policies and procedures of financial institutions;
  - Motivates more SMEs to formalize their economic activities.
- Small seed capital (\$7,000 – as repayment rate has been 85%) could serve to mobilize credits for value of approximately \$200,000.

Other important findings of the project include:

- Capacity building focused on the use of intermediate technologies for forest harvesting, such as portable sawn-millers, allows SMEs to process logs into sawn timber right at the concession, along with benefits such as:
  - Reduction of losses and damages of logs during transportation;
  - Ease logistics and reduce transportation cost;
  - Reduce the impact on the forests;
  - Add value to the timber right in the forest; and
  - Increase income and market access.
- Establishment of a guarantee fund at a local bank provides SMEs with a credit line for the acquisition of the technology. As credits are repaid, further credits can be extended to others interested SMEs.

In general the scheme works as follows:

- Promotion activities and training on benefits of the use of the intermediate technology are carried out by a local partner;
- A guarantee fund of \$50,000.00 is established within partnership with a local financial institution, who will extend credits to the forest owners (target beneficiaries);
- The fund guarantee 50% of the credit, while the remaining 50% is guaranteed by the asset ;
- Credit applications are carefully selected and accompany by a set of training in the use of the technology and the development of business plans for each SMEs until repayment of the credit;
- Credits are given up to a value of \$16,000.00;
- Repayment allows to extend further credits to more interested concessionaires;

**II. Description**

ITTO will further demonstrate this practical experience, adapting it to the local conditions, by assisting three ITTO selected producer countries in replicating the credit scheme for SMEs.

**III. Expected Outputs**      Three credit schemes implemented, documented and disseminated.

**IV. Target Countries**

Selected producing member countries (one from each region) where local institutions could step-on for the extension of capacity building and management of the guarantee fund.

- V. **Duration and Timing** 24 months
- VI. **Expected Budget** US\$210,600

Activity No. 3

**ITTO MEETING OF PARTNERS OF THE CONGO BASIN FOREST PARTNERSHIP**

*[ITTA 2006, Article 15]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 1]*

**I. Background**

The Congo Basin Forest Partnership (CBFP), of which the ITTO is a member, is a public-private partnership launched in 2002 at the World Summit on Sustainable Development. The CBFP has become a key platform for dialogue and cooperation among central African member states, the Central African Forest Commission (COMIFAC), and more than 50 other governments, international organizations, NGOs and private sector organizations. The CBFP supports the goals and priorities of the ITTO through partnership activities that promote the conservation and sustainable management of the world's second largest tropical rainforest, ranging from state-of-the-art science and research, to livelihoods and enterprise development, sustainable timber production, forest governance, and civil society engagement. The ITTO and the CBFP enjoy the membership and support of many of the same countries and stakeholder organizations.

Holding a CBFP Meeting of Partners directly before or after the Forty-ninth Session of the Council scheduled for 25-30 November 2013 in Libreville, Gabon will present an unprecedented opportunity to capitalize on the strengths and membership of both organizations for mutual advantage to share knowledge and information, strengthen membership and commitments, and catalyze strategic initiatives and cooperation that will benefit this critical tropical forest region well into the next decade.

**II. Description**

This activity will support the organization of a two-day meeting of CBFP Partners directly before or after the Forty-ninth Session of the Council scheduled for 25-30 November 2013 in Libreville, Gabon. Through this activity, the ITTO will be able to collaborate and contribute effectively and meaningfully to the work of the CBFP, and vice versa, participating in the relevant work and meetings. Participants in the CBFP Partners Meeting will have the opportunity to focus on one of the world's most important tropical forest regions to understand the regional challenges and opportunities and to catalyze new activities. The agenda for the meeting and dates will be determined cooperatively by the CBFP Facilitator in conjunction with host country and sponsor representatives. Core activities of these meetings typically include a review of the state of science and research on forests in the region; strategic discussions on economic and institutional issues; and thematic discussions of special interest issues such as climate change, livelihoods, and community-based forest management, which can be tailored to the interests of the ITTO.

**III. Expected Outputs**

- a) Representation of ITTO in the CBFP is enhanced;
- b) Efficiency and effectiveness of ITTO's work in the Congo Basin region is strengthened through cooperation and collaboration with a wider variety of partner countries and organizations;
- c) The ITTO benefits from the knowledge and information generated by the CBFP partners, and builds awareness of major and emerging forest issues and developments in the region;
- d) ITTO's outreach, communication, and interaction at regional level is broadened.
- e) Cooperation and collaboration are strengthened among the ITTO, COMIFAC, and the Congo Basin Forest Partnership.

**IV. Target Countries**

ITTO members who are partners or may become partners in the CBFP. These include, but are not limited to, central African COMIFAC member states, Canada, France, Germany, Japan, Norway, Spain, the UK, and the United States. The EU is also a member of both organizations.

**V. Duration and Timing**

Two days, before or after the November 25-30, 2013 ITTO Council session in Libreville, Gabon. Planning will begin in May, 2013.

**VI. Budget**            US\$100,000



Activity No. 4

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

*[ITTA, 2006, Articles 1(a), (c), (f), (p), (s)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 2]*

**I. Background**

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

**II. Description**

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

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

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

**III. Expected Outputs**

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

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity No. 5

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

*[ITTA, 2006, Articles 1(f), (l), (q)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 2]*

**I. Background**

The International Conference on the Sustainable Development of Non-Timber Forest Products (NTFPs) and Services was held in Beijing, China 26-28 September 2007. The Conference was organized in collaboration with Chinese Academy of Forestry, the International Network for Bamboo and Rattan, the International Centre for Bamboo and Rattan (ICBR) and FAO. The main recommendations of the Conference include: 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, and 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 been benefited from the implementation of ITTO projects through which processing techniques were enhanced and capacity was developed. However, weakness still exists in those countries with regard to the market requirements on products quality and markets' sustainability at international level.

To follow up 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 in developing collaborative activities oriented toward establishing a regional NTFPs network among countries in each region.

**II. Description**

Assist two or three countries in each region in organizing a regional workshop with the objectives to:

- a) Collect 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 a network among participating countries and identify strategies for interventions; and
- c) Formulate a regional project proposal focusing on the establishment of a regional network to promote roles of NTFPs for SFM and improved livelihood.

A national consultant is to be engaged in facilitating the organization of the regional workshop. Specific tasks include collecting necessary data and information on NTFPs, together with the international consultant preparing a discussion paper, organizing and facilitating the workshop, and finalizing the project proposal.

**III. Expected Outputs**

- a) Working papers for regional workshops on the promotion of NTFPs to improve livelihood; and
- b) Project proposals of three selected countries on the establishment of a regional network to promote roles of NTFPs for SFM and improved livelihood.

**IV. Target Countries**      Three regions of ITTO

**V. Duration and Timing**      24 months

**VI. Budget**      US\$200,000

Activity No. 6

**STUDY ON POLICIES AND MEASURES TOWARD THE SUSTAINABLE FOREST INDUSTRY IN  
ITTO PRODUCING MEMBER COUNTRIES**

*[ITTA, 2006, Articles 1(c), (f), (i), (m)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 2]*

**I. Background**

The trend in the international trade and utilization of tropical forest products has drastically changed since the last study conducted under ITTO Pre-Project PPD 11/92 (I) "Policies and measure toward the development of domestic further processing of tropical timber". For example, China is now a global player in the production and export of value added products produced from tropical timber. India is also emerging as a large importer of tropical timber. Tropical timber and timber products have also come to face increasing competition with a variety of new products, such as engineered wood and heat-treated temperate hardwoods and softwoods.

The development of the value added processing sector in most tropical timber producer countries, however, continues to be slow, thereby limiting the earning of countries and the return to forest communities. Such new development must be well analyzed in order to help ITTO producer member countries improve their forest industry trend and thereby contribute to their national economy, community development and people's as well as a green economy and sustainable development.

**II. Description**

An updated baseline study on policies and measures for the development of sustainable forest industry in the ITTO producing member countries will be carried out. On the basis of the updated study, a guideline for sustainable forest industry will be established.

An international consultant and regional consultants will be engaged in undertaking the study and organizing an experts meeting to enhance the result of the study.

**III. Expected Outputs**

- a) An updated baseline study on policies and measures for the development of sustainable forest industry; and
- b) A guideline for sustainable forest industry.

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

**V. Duration and Timing** 24 months

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

Activity No. 7

**ENGINEERED WOOD CONFERENCE**

*[ITTA, 2006, Articles 1(a), (f), (i)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 2]*

**I. Background**

In the last few years, there have been a number of new developments in the production and application of engineered wood, which have expanded the use of timber and timber products and enhanced the increase in their value.

Such developments include genetic improvement, wood-plastic composites, wood-cement board, glulams, thermal modification, impregnation, chemical modification and cross-laminated timber, which offer wider use of timber as a structural components of architecture, construction material, secondary-processed wood products, furniture, packaging, etc.

**II. Description**

In view of recognizing all the above technological advances and its implication for the further development of tropical timber industries, and thus, promoting investments in tropical forests and contributing to SFM, ITTO will convene an international conference to share information and experiences among participants from the forest and related industries, relevant organizations, research and training institutes, forest owners and managers, investors, and governments of ITTO member countries.

**III. Expected Outputs**

One international conference and the publications of its proceedings as a Technical Series document.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

**VI. Expected Budget** US\$220,000

Activity No. 8

**ENHANCE COOPERATION BETWEEN ITTO AND CITES**

*[ITTA, 2006, Article 15]  
[ITTC Decisions 3(XVI), 7(XXXIV), 2(XXXVII)]  
[ITTO Strategic Action Plan 2013-2018, Strategic Priority 3]*

**I. Background**

ITTO and CITES have increasingly strengthened collaborative activities to improve implementation of timber listing requirements over the past 15 years. This collaboration culminated in the large capacity building programme first proposed in the 2006-2007 BWP that was funded through 2010 via a large grant from the EC, together with on-going funding from the US and other donors through the Organization's Biennial Work Programmes. The on-going funding from these other donors allowed a modest continuation of programme activities during 2011 following the completion of the initial EC grant period. A second grant proposal was submitted by ITTO to the EC in 2011 seeking a total budget of EUR 7.5 million to continue ITTO's capacity building work on CITES. This proposal was approved by the EC and the first installment of funds was provided in early 2012. This activity seeks contributions from other donors to make up the EC requirement that one third of the total grant amount requested come from other sources.

**II. Description**

The activity will allow for full continuation of ITTO's CITES capacity building programme through 2015 (the 2015-2016 BWP will also include this activity which is now an on-going part of ITTO's work). The programme continues to be implemented in a country-driven manner as under previous BWPs, but with an expansion in scope of species covered to include additional timber species and non-timber trees listed in CITES and a widening of coverage to additional range states of species of concern. The activity is overseen by an advisory committee made up of representatives of donors, target countries, the ITTO and CITES secretariats and trade/civil society stakeholders. Regional coordinators recruited in the initial phase of this programme have been retained to assist with activity formulation, implementation and monitoring in target countries. A programme assistant has been employed at ITTO headquarters to assist in overseeing implementation of this activity. Currently more than 10 country activities with budgets totaling over US\$2 million are being funded through this programme, with several more under preparation or revision as of mid-2012.

**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) A reduced number of trade suspensions of CITES listed timber species and an increased capacity of countries to undertake non-detriment findings;
- e) An international workshop to disseminate outcomes of ITTO work to strengthen capacity to implement CITES listings of timber species; and
- f) Attendance and participation of ITTO in relevant CITES meetings and fora.

**IV. Target Countries**

ITTO member countries with significant (or potentially significant) trade in CITES listed tree species.

**V. Duration and Timing**      24 months

**VI. Budget**      US\$1,509,110 (This is two-thirds of the net amount required from non-EC donors after deducting contributions received in 2011-2012).

Activity No. 9(a)

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

**(A) SUPPORT WILL BE PROVIDED TO INTERESTED MEMBER COUNTRIES AND FOREST CONCESSIONAIRES TO FORMULATE PROPOSALS TO ADAPT AND IMPLEMENT THE GUIDELINES AT FOREST MANAGEMENT UNIT LEVEL, AS WELL AS FOR THE DISSEMINATION OF THE GUIDELINES IN RELEVANT FORA**

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

*[ITTC Decision 6(XLVI)]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 3]*

**I. Background**

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

**II. Description**

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

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

**III. Expected Outputs**

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

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity No. 9(b)

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

**(B) ATTENDANCE AT CBD, IUCN AN OTHER MEETINGS WHERE BIODIVERSITY CONSERVATION IN TROPICAL FORESTS WILL BE BROUGHT TO DEBATE**

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

*[ITTC Decision 6(XLVI)]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 3]*

**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, and further disseminate it throughout the international community.

**II. Description**

Support is required for ITTO to assist members in implementing an integrated approach toward the conservation of biodiversity in tropical forests and to guarantee an organized participation in the global debate related to the role of tropical forests in the conservation of biodiversity, including:

- Attendance of CBD and IUCN meetings where tropical forests will be brought to debate.
- Facilitate the participation of ITTO member countries in events where the theme of forests and biodiversity conservation will be high in the agenda, for ITTO producer member countries to be well informed and benefit from possible incentives for biodiversity conservation in the tropics.

**III. Expected Outputs**

- a) ITTO producer member countries informed and supported on their initiatives related to the conservation of biodiversity in tropical forests, including project development and policy reforms;
- b) Active ITTO participation in the CBD and IUCN initiatives related to forests and biodiversity conservation.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity No. 10

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

*[ITTC Decisions 3(XXVI), 5(XXX), 9(XXX), 4(XXXIV)]  
[ITTO Strategic Action Plan 2013-2018, Strategic Priority 4]*

**I. Background**

Under the decisions listed above, 28 ITTO producer member countries have benefited from a series of national workshops to train forest stakeholders on the use of the ITTO Criteria and Indicators (C&I) for SFM to monitor, assess and report on forests and forest management. The most recent workshops were held in Kinshasa, DRC in July 2010 and Paramaribo, Suriname in August 2011. This activity will allow for additional workshops during 2013-2014. It will also allow for a review of the ITTO C&I and for on-going collaboration with other related forest reporting processes.

**II. Description**

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

**III. Expected Outputs**

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

**IV. Target Countries**      Global

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

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



Activity No. 11

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

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

*[ITTC Decision 1(XXXVIII)]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 4]*

**I. Background**

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

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

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

**II. Description**

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

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

**III. Expected Outputs**

- a) ITTO producer member countries informed and supported on their initiatives to relate sustainable forest management and climate change, including project development and policy reforms;
- b) Relevant literature and statistical data on tropical forests and climate change available and regularly updated in the ITTO web page and through its other communications means, including TFU if it recommences publication;
- c) A report to inform the Forty-ninth and Fiftieth Sessions of the ITTC, including the participation of a UNFCCC representative;
- 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 and Timing** 24 months

**VI. Budget** US\$125,000

Activity No. 12

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

*[ITTA, 2006, Articles 1(g), (j), (m), (q), (r), (s)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 4]*

**I. Background**

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

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

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

**II. Description**

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

- a) To explore experiences, opportunities and challenges on how payment of environmental services can help reduce poverty and support SFM with a particular attention to the following issues:
  - Existing and emerging carbon markets for ARCDM and REDD+
  - Biodiversity conservation and sustainable use
  - Watershed management
  - Community based ecotourism/landscape
- b) To report on the potential and challenge of remuneration systems for compensating environmental services;
- c) To identify the policy, legal, socio-economic and environmental issues, including gender, tenure and traditional knowledge, for the effective development of PES with a view to make recommendations for further advancement of PES mechanisms at local, national and international levels; and
- d) To promote and facilitate cooperation among partners including South-South partnerships and among bilateral and multilateral PES initiatives.

### **III. Expected Outputs**

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

The expected outputs of the Forum include:

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

**IV. Target Countries** ITTO member countries

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

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

Activity No. 13

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

*[ITTA, 2006, Articles 1(j), (m)]  
[ITTO Strategic Action Plan 2013-2018, Strategic Priority 4]*

**I. Background**

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

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

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

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

**II. Description**

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

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

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

### **III. Expected Outputs**

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

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity No. 14(a)

**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**

**(A) SUPPORT TO THE ESTABLISHMENT OF A NETWORK OF LEARNING SITES FOR  
FOREST LANDSCAPE RESTORATION**

*[ITTA, 2006, Articles 1(j), (m)]*  
*[ITTC Decisions 1(XXXV), 4(XXXV)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 4]*

**I. Background**

Degraded forests form a substantial part of the accessible areas in the tropics. Recent findings indicate that there are up to 2 billion ha of tropical forests are actually in some stage of degradation<sup>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. In September 2011 a Ministerial Roundtable was convened by the Government of Germany and IUCN on forest landscape restoration. This event resulted in the Bonn Challenge, a global call for the restoration of 150 million ha by 2020 using a forest and landscape restoration approach. The design and implementation of successful restoration projects in the tropics is essential to achieving such a global goal by scaling up best knowledge and experiences in tropical forest restoration and rehabilitation.

**II. Description**

The aim of this sub-activity is support to the establishment of a network of learning sites for forest landscape restoration by the Global Partnership on Forest Landscape Restoration (GPFLR) to promote the consolidation of best knowledge and practices in forest landscape restoration in selected countries of Asia, Africa and Latin America in line with of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests

**III. Expected Outputs**

- a) Best practices in the restoration and rehabilitation of degraded forests in selected countries including ITTO on-going and completed projects, assessed and made available to the public and web page of ITTO and GPFLR;
- b) Greater application of ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests;
- c) 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 and Timing** 24 months

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

<sup>1</sup> Global Partnership on Forest Landscape Restoration, World Resources Institute, South Dakota State University, International Union for Conservation of Nature, September 2011

Activity No. 14(b)

**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**

**(B) PROMOTE ITTO PARTNERSHIPS WITH IUCN AND OTHER CPF MEMBERS TO FACILITATE THE  
DESIGN AND IMPLEMENTATION OF FOREST LANDSCAPE RESTORATION INITIATIVES**

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

*[ITTC Decisions 1(XXXV), 4(XXXV)]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 4]*

**I. Background**

The Bonn Challenge on Forests, Climate Change and Biodiversity recognized the importance of achieving globally significant the UNFCCC goal on REDD-plus and Target 15 of the CBD Strategic Plan 2011-2020 through the restoration of 150 million ha of degraded forests by 2020. Follow-up to this global commitment, numerous restoration related initiatives, forums and capacity building workshops are taking place at local, national, regional and international levels. Knowledge-sharing is critical for the design or refinement of restoration strategies, taking into account existing guidance including the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests.

**II. Description**

This sub-activity will facilitate ITTO participation in major forest landscape restoration initiatives, forums and training workshops to work with many partners in the tropics and with international organizations involving in forest landscape restoration as part of ITTO contribution to the achievement of the Bonn Challenge for Forests, Climate Change and Biodiversity. This will allow for the wider application of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests to ensure the benefits of restoration in climate change mitigation and conservation of forest biodiversity.

**III. Expected Outputs**

- a) Greater application of ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests;
- b) Fostering ITTO partnerships with IUCN and other CPF members towards the achievement of the Bonn Challenge and the enhancing of collaboration with various restoration initiatives ; and
- c) Knowledge-sharing towards the effective implementation of forest landscape restoration initiatives in ITTO producer member countries.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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



Activity No. 15(a)

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

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

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

*[ITTC Decision 6(XXXIII)]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 4]*

**I. Background**

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

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

**II. Description**

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

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

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

### **III. Expected Outputs**

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

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity No. 15(b)

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

**(B) MAKE PROVISION FOR ITTO'S CONTRIBUTIONS TO THE UNISDR GLOBAL WILDLAND  
ADVISORY GROUP, ANT THE RELATED GWFN AND THE GFMC, AND PROVIDE SUPPORT FOR  
REGIONAL WILDLAND FIRE NETWORKS AND OTHER INTER-INSTITUTIONAL COOPERATION  
EFFORTS TOWARDS THE 6<sup>TH</sup> INTERNATIONAL WILDLAND FIRE CONFERENCE**

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

*[ITTC Decision 6(XXXIII)]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 4]*

**I. Background**

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

**II. Description**

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

**III. Expected Outputs**

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

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity No. 16

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

*[ITTA, 2006, Articles 27, 28]  
[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**I. Background**

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

**II. Description**

The activity will allow for production and distribution of up to 4 issues of the TFU in ITTO's three working languages in both 2013 and 2014. Each issue of the TFU will be distributed to a combined mailing list of over 15,000 people (mostly in producer member countries) and will also be posted on the ITTO website. The number of issues published each year will be contingent on funding made available.

**III. Expected Outputs**

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

**IV. Target Countries**      Global

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

**VI. Budget**                      US\$520,000

Activity No. 17

**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 2013 AND 2014**

*[ITTA, 2006, Articles 1(e), (h)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**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 and Timing** 24 months

**VI. Budget** US\$70,000

Activity No. 18

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

*[ITTA, 2006, Articles 27, 28]  
[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**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 *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.

**III. Expected Outputs**

- a) Publication of up to 88 issues of the Tropical Timber Market Report (the number of issues published annually will depend on funding availability);
- 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 and Timing**    24 months

**VI. Budget**                      US\$400,000

Activity No. 19

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

*[ITTA, 2006, Article 27]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**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 and Timing** 24 months

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

Activity No. 20

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

*[ITTA, 2006, Article 1]*

*[ITTC Decision 5(XXVII)]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**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 two-part activity will allow the Secretariat to undertake:

- a) A range of regular, on-going public relations and outreach activities including 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; translation and updating of the website in the three official languages of ITTO; enhancement of the ITTO photo database; development of posters and other outreach materials; and other ad hoc initiatives, possibly in collaboration with relevant partners.
- b) Side events/booths at important forest related fora; participation in important forest related fora; other ad hoc outreach activities deemed important to Council.

**III. Expected Outputs**

- a) At least 4 new Technical Series documents or other official publications; 2 Annual Reports; Regularly updated/improved website in 3 languages; Enhanced photo database; Various outreach materials.
- b) Side events/information booths and participation at relevant fora (e.g. TICAD V in June 2013, Rio Convention COPs and related events during 2013-14 not covered elsewhere, UNFF 10 in 2013, FAO COFO in 2014 and relevant Regional Forestry Commissions in 2013-14, IUFRO World Congress in 2014, etc); other ad hoc outputs (e.g. translation of website and selected outreach materials into Japanese).

**IV. Target Countries**      Global

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

**VI. Budget**

- a) US\$121,254 (publication of reports including Annual Reports: \$70,000; improvement, translation and updating of website: \$30,000; balance for other regular outreach activities)
- b) US\$200,000 (participation and side events/booths at up to 3 fora per year at average cost of \$30,000 per fora; balance for other ad hoc outreach activities)



Activity No. 21

**UNDERTAKE THE BIENNIAL REVIEW AND ASSESSMENT OF THE WORLD TIMBER SITUATION**

*[ITTA, 2006, Article 28]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**I. Background**

ITTO's Biennial Review and Assessment of the World Timber Situation compiles the most up-to-date and reliable international statistics available on global production and trade of timber, with an emphasis on the tropics. It also provides information on trends in forest area, forest management and the economies of ITTO member countries. The review is based on information submitted by ITTO member countries through the Joint Forest Sector Questionnaire, supplemented by other sources as necessary.

Under the ITTA, 1994, draft elements were produced by the ITTO Secretariat to assist the International Tropical Timber Council (ITTC) in undertaking its annual review of the international timber situation. In accordance with Article 28 of ITTA, 2006, the review and assessment of the international timber situation will be undertaken biennially beginning with the 2013-2014 biennium to be undertaken by the ITTC at its Fiftieth Session in 2014.

The ITTC will undertake the biennial review and assessment based on draft elements for the review and assessment of the international timber situation. These draft elements will be prepared by the Secretariat and will comprise statistics and available data on production, imports and exports of timber products, with emphasis on tropical timber products, and an analysis of economic and market developments. The elements for the review will be mainly based on information extracted from national responses to the ITTO/UNECE/FAO/EUROSTAT Joint Forest Sector Questionnaire and from other sources.

**II. Description**

This activity involves the publication of the annual review and assessment of the world timber situation for 2012 in 2013, based on the consideration of the elements for the review and assessment of the international timber situation by the ITTC at its Forty-eighth Session in 2012. The draft elements for the biennial review and assessment of the world timber situation for 2013-2014 will be considered by the ITTC at its Fiftieth Session in 2014, and the publication of the biennial review and assessment of the world timber situation for 2013-2014 will be released in 2015.

**III. Expected Outputs**

- a) Annual review and assessment for 2012 published in 2013;
- b) Draft elements for the biennial review and assessment for the 2013-2014 biennium considered at the Fiftieth Session of the ITTC in 2014;
- c) Biennial review and assessment for the 2013-2014 biennium published in 2015.

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity No. 22

**DEVELOP AN ITTO KNOWLEDGE MANAGEMENT STRATEGY AND  
KNOWLEDGE MANAGEMENT GUIDELINES**

*[ITTA, 2006, Articles 1 (c), (r)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**I. Background**

In fulfilling its mission, ITTO deals with a diversity of knowledge and the most critical knowledge is related to field practice through projects and thematic programmes. This knowledge is embedded in project teams and project partners who work in areas of forest management and conservation, forest industry, timber and NTFPs trade, and on issues linked to community development, biodiversity conservation, poverty alleviation, SME development, etc. The aim of this Activity is to develop a knowledge management strategy that makes knowledge a key deliverable of ITTO's action for improving its effectiveness in achieving its mission.

**II. Description**

Two consultants will be contracted to develop an ITTO strategic framework and guidelines required for developing an integrated knowledge management system which is *contributing to take advantage to use lessons learned and build modular learning approaches to further strengthen/improve the effectiveness of future project work*. The system will be robust enough to be used in a context of dramatic transformations that are changing the practices in forestry and in the use of forest products. The strategy will show how ITTO will be more agile in devising appropriate innovations and improving its systems and its institutional readiness for continuous learning and sharing.

In preparing the knowledge management strategy, the consultants will consult widely both within and outside ITTO, conduct a baseline assessment of ITTO's current knowledge situation; gather and understand the kind of lessons learned, learn from efforts of other institutions and obtain and incorporate guidance from them as appropriate.

The proposed knowledge management strategy must be based on three premises:

- a) Be firmly rooted in ITTO's core competencies
- b) Be embedded in its work processes; and
- c) Be closely linked to its priority areas of work

A three-day workshop of experts will be organized to discuss the proposed strategy. The report will be presented to the ITTC for discussion and decision

**III. Expected Outputs**

- a) Report
- b) ITTO knowledge management strategy
- c) ITTO knowledge management system

**IV. Target Countries**            Global

**V. Duration and Timing**    24 months

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

Activity No. 23

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

*[ITTA, 2006, Articles 1(a), (f), (s)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**I. Background**

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

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

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

**II. Description**

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

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

**III. Expected Outputs**

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

**IV. Target Countries**      Global

**V. Duration and Timing**    24 months

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

Activity No. 24

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

*[ITTA, 2006, Articles 1(e), (h)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**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 nontropical 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 and Timing**    24 months

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

Activity No. 25

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

*[ITTA, 2006, Articles 1(d), (k), (n), (o)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**I. Background**

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

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

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

**II. Description**

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

**III. Expected Outputs**

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

**IV. Target Countries** Global

**V. Duration and Timing** 24 months

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

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

*[ITTA, 2006 Articles 1(k), (o)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 5]*

**I. Introduction**

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

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

**II. Terms of Reference**

This proposal aims to analyze the economic impact of governmental procurement policies on tropical timber markets, update the developments on legality requirements and timber procurement policies and assess market implications and opportunities for ITTO producers and consumers. Corollary to this objective, this small project proposal will, inter alia, cover the following main outputs:

- Update of the ITTO Study “The Pros and Cons of Procurement”, published as Technical Series 34 in April 2010;
- Comprehensive analysis of the impacts of procurement policies on markets and trade, taking into consideration their relevant effects on demand, supply, costs, prices as well as financial implications for exporting countries;
- Examination of the challenges faced by producer and consumer members in complying with and implementing procurement requirements;
- Recommendations for further action by ITTO to promote trade in tropical timber in the context of procurement policies.

**III. Approach**

One consultant from an ITTO producer member country and one consultant from an ITTO consumer member country will assist the Executive Director in the conduct of the study under this proposal.

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

**IV. Timeline**

The study shall be conducted within 12 months and submitted to the ITTO Secretariat not later than 31 August 2013.

The study will be presented by the consultants at the Forty-seventh Session of the Committee.

Activity No. 27

**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 Strategic Action Plan 2013-2018, Strategic Priority 6]*

**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 and Timing** 24 months

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

Activity No. 28

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

*[ITTA, 2006, Article 15]*

*[ITTC Decision 7(XXX)]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 6]*

**I. Background**

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

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

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

**II. Description**

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

**III. Expected Outputs**

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

**IV. Target Countries**      Global

**V. Duration and Timing**      24 months

**VI. Budget**      US\$100,000



Activity No. 29

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

*[ITTA, 2006, Article 1]  
[ITTC Decision 1(XLIV)]*

*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 6]*

**I. Background**

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 the CEEP. The Council unanimously approved the proposal.

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

**II. Description**

This programme is geared towards students in rural and urban settings around the world. The programme emphasizes the importance of forests in the context of climate change. It includes holding an environmental education conference, assistance in establishing school forests and dispatching lecturers. This programme will help fill the gap in the educational content on forests.

**III. Expected Outputs**

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

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 24 months

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

Activity No. 30

**DECIDE ON ELIGIBLE FELLOWSHIP APPLICATIONS IN 2013 AND 2014 BASED ON THE  
RECOMMENDATIONS OF THE FELLOWSHIP SELECTION PANEL**

*[ITTC Decision 4(XXVII)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 6]*

**I. Background**

The ITTO Fellowship programme began in 1989 under PD 60/89(M,F,I) and was replaced by PD 001/93 (M,F,I) in 1993 which was also subsequently replaced in 1999 by the Freezailah Fellowship Fund through Council Decision 4(XXVII). As at November this year, the Programme which began in 1989, has enabled more than 1,180 young and mid-career people from over 42 countries working for governments, research institutions, universities, civil society and the private sector to pursue their professional development and improved their career prospects. The Fellowships are awarded mainly to nationals of ITTO Producer member countries.

**II. Description**

Based on the strategic priority 6 of the ITTO Strategic Action Plan 2013-2018 on "Building and Developing Human Resource Capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests" the Fellowship programme is geared towards building capacity in the following priority areas:

- Improving the transparency of the tropical timber market
- Improving marketing and distribution of tropical timber species from
- Improving market access for tropical timber exports from sustainably managed source ;
- Securing the tropical timber resource base;
- Improving the tropical timber resource base, including through the application of criteria and indicators for sustainable forest management;
- Enhancing, technical, financial and human capacities to manage the tropical timber resource base;
- Promoting increased and further processing of tropical timber from sustainably managed sources;
- Improving marketing and standardization of tropical timber exports; and
- Improving efficiency of processing tropical timber from sustainable sources.

**III. Expected Outputs**

100-120 Awards for the two year period of 2013-2014 as established by Decision 4(XXVIII).

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

**V. Duration and Timing** 24 months

**VI. Budget** US\$820,000

Activity No. 31

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

*[ITTA, 2006, Articles 1(f), (i)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 6]*

**I. Background**

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

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

**II. Description**

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

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

An international consultant will be engaged as the trainer. The consultant will prepare the training modules/materials and facilitate the trainings, assist the national consultant in planning and organizing the training, and prepare a report of the overall implementation of the activities. A national consultant will be selected to organize and facilitate the in-house training. The specific tasks will include selecting two participating companies for in-house trainings, identify participants, and prepare the report of the in-house training implementation.

**III. Expected Outputs**

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

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

**V. Duration and Timing**    24 months

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

Activity No. 32

**FACILITATING TECHNOLOGY AND KNOWLEDGE SHARING TO ENHANCE  
SUSTAINABLE FOREST INDUSTRY AMONG ITTO PRODUCING MEMBER COUNTRIES**

*[ITTA, 2006, Articles 1(f), (l), (o), (p)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 6]*

**I. Background**

The capacity of ITTO producing member countries to improve efficiency in the harvesting, processing and marketing tropical timber and timber products needs to be strengthened in order to ensure the sustainability of their forest industries and tropical forest resources. To this end, it is essential for forest industries to have skilled human resources at all levels and in all functions. Government, industry and relevant organizations and research and training institute should explore suitable ways and create appropriate training opportunities to improve skills of their human resources.

For the above purpose, ITTO will facilitate sharing technologies and knowledge among ITTO producing member countries. South-south cooperation has been well acknowledged as an effective and efficient means of instrument for sharing capacity building, including:

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

Among ITTO producing member countries, some countries have succeeded to develop technologies and knowledge hubs in different fields of forest industries. The developed expertise can be shared with other ITTO producing member countries through capacity building activities. Technologies and knowledge acquired from the successful implementation of ITTO projects in the producer member countries maybe fully utilized by the leading countries. In this context, ITTO will contribute to the development of south-south cooperation.

**II. Description**

Facilitate capacity building activities by knowledge hub countries for countries with less developed forest industry by making provision to conduct training workshop:

- a) Identify knowledge hub countries in each of the major forest industry fields (e.g. efficient wood processing, biomass energy, RIL, implementation of code of conduct);
- b) Engage research/training center of knowledge hub countries in designing appropriate training workshops; and
- c) Organize specific training workshop and identify participants from ITTO producer member countries with less developed forest industry.

**III. Expected Outputs**

- a) Increased knowledge and capacity of the training workshop participants;
- b) At least three training workshops carried out with selected participants from ITTO producing member countries; and
- c) Awareness and knowledge on the need of sustainable forest industry disseminated.

**IV. Target Countries** ITTO producing member countries with less developed forest industries

**V. Duration and Timing** 24 months

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

Activity No. 33

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

*[ITTA, 2006, Articles 1(f), (i), (p)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 6]*

**I. Background**

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

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

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

**II. Description**

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

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

**III. Expected Outputs**

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

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

**V. Duration and Timing**    24 months

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

Activity No. 34

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

*[ITTA, 2006, Article 28(5)]  
[ITTO Strategic Action Plan 2013-2018, Strategic Priority 6]*

**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 and Timing** 24 months

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

Activity No. 35(a)

**PROMOTE THE PUBLICATION, DISSEMINATION AND APPLICATION OF THE  
REVISED ITTO GUIDELINES FOR THE SUSTAINABLE MANAGEMENT OF  
NATURAL TROPICAL FORESTS**

*[ITTA, 2006, Articles 1(c), (f), (l), (o), (p)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 6]*

**(A) SUPPORT FOR THE FINAL REVISION OF THE DRAFT REVISED ITTO PRINCIPLES AND  
GUIDELINES FOR THE SUSTAINABLE MANAGEMENT OF NATURAL TROPICAL FORESTS WITH THE  
OBJECTIVES OF RESTRUCTURING THEM IN TWO COMPONENTS SUCH AS CORE AND ADDITIONAL  
COMPONENTS AND OF SIMPLIFYING THEM TO ENSURE THEIR EFFECTIVE IMPLEMENTATION**

**I. Background**

The draft revised ITTO Principles and Guidelines for Sustainable Management of Natural Tropical Forests has been reviewed by the CRF at its Forty-fifth and Forty-sixth Sessions. The revision of the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests had been prepared by two consultants, Dr. Juergen Blaser (Switzerland) and Dr. Cesar Sabogal (Peru) with inputs from two experts meetings in Thun, Switzerland in June 2010 and in Antimary, Brazil in August 2011. The revised draft was presented by Dr. James K. Gasana to the CRF at its Forty-fifth Session in November 2011. The Committee at the Forty-fifth Session considered that more time was needed to allow ITTO Members to provide comments. Subsequently, ITTO Secretariat requested Member Countries to provide comments on the draft. After receiving the comments, the ITTO Secretariat established a validation process for the draft Guidelines by engaging a consultant to prepare a new working draft integrating the comments received from Members, and organizing three regional validation workshops in Asia, Africa and Latin America. The Committee at its Forty-sixth Session reviewed the draft revised ITTO Principles and Guidelines and recommended that with the support of two consultants, these Principles and Guidelines should be further revised in order to present them into two components – core and optional components and to simplify them to ensure their effective implementation.

**II. Description**

The consultants (one from a producer member country and the other from a consumer country) shall produce a final draft of the revised ITTO Principles and Guidelines for Sustainable Management of Natural Tropical Forests incorporating member comments by 1 August 2013 and attend the Forty-ninth Session of the Council in November 2013.

In revising the draft revised ITTO Principles and Guidelines for Sustainable Management of Natural Tropical Forests, the consultants should:

- a) Restructure the draft revised Principles and Guidelines by presenting them into two components such as core and optional components taking into account member comments
- b) Simplify the draft revised Principles and Guidelines which are not essential in order to reduce the length of revised ITTO Principles and Guidelines for Sustainable Management of Natural Tropical Forests and to ensure their effective implementation.

The final draft of the revised Principles and Guidelines produced by the consultants should also take into consideration: the ITTA, 2006; Strategic Action Plan 2013-2018; other relevant ITTO Guidelines; existing SFM guidelines (e.g. the UK Forestry Standard).

**III. Expected Outputs**

Approval of the revised ITTO Principles and Guidelines for Sustainable Management of Natural Tropical Forests at its Forty-ninth Session of the Council

**IV. Target Countries** ITTO member countries

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



**VI. Budget** US\$ 35,000

Activity No. 35(b)

**PROMOTE THE PUBLICATION, DISSEMINATION AND APPLICATION OF THE  
REVISED ITTO GUIDELINES FOR THE SUSTAINABLE MANAGEMENT OF  
NATURAL TROPICAL FORESTS**

**(B) PUBLISH THE REVISED PRINCIPLES AND GUIDELINES AS A POLICY DOCUMENT IN THE  
THREE LANGUAGES (ENGLISH, FRENCH AND SPANISH) AFTER COUNCIL APPROVAL AND  
DISSEMINATE THESE GUIDELINES TO KEY STAKEHOLDERS IN  
ITTO MEMBER COUNTRIES AND THE INTERNATIONAL COMMUNITY**

*[ITTA, 2006, Articles 1(c), (f), (l), (o), (p)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 6]*

**I. Background**

The revised ITTO Principles and Guidelines for Sustainable Management of Natural Tropical Forests has been submitted to the relevant Committee for Council approval. These revised Principles and Guidelines constitute an international reference document for the development or improvement of national and sub-national guidelines for the sustainable management of natural forest tropical forests. They also provide a reference on technical issues both at the landscape scale and forest management unit scale. The specific objectives of the revised Guidelines include:

- To facilitate the identification of the framework conditions for the application of forest management guidelines in natural tropical forests for the sustainable delivery of forest goods and ecosystem services;
- To provide guidance for addressing the policy, legal, institutional, ecological social and economic issues that need to be taken into account in the planning, implementation and evaluation of SFM;
- To stimulate the adoption of appropriate and adaptive management practices to maintain the capacity of natural tropical forests
- To inform international processes that deal with globally relevant issues such as climate change and biodiversity about the role that sustainable management of natural tropical forests can play in such issues.

**II. Description**

Following Council approval on the revised ITTO Principles and Guidelines for Sustainable Management of Natural Tropical Forests, these revised Guidelines will be produced as a policy document in the three languages (English, French and Spanish) through designing and translation. This activity will promote the dissemination of the revised guidelines along with promotional materials such as a memory stick and posters to key stakeholders in ITTO member countries. It will also include the dissemination of the revised Guidelines amongst the international community through special events to be held at UNFF and FAO.

**III. Expected Outputs**

- a) Publication of the revised ITTO Principles and Guidelines for Sustainable Management of Natural Tropical Forests in the three languages along with promotional materials for dissemination and
- b) Dissemination of the revised ITTO Principles and Guidelines for Sustainable Management of Natural Tropical Forests to key stakeholders in ITTO member countries and the international community

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 12 months in 2014

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

Activity No. 35(c)

**PROMOTE THE PUBLICATION, DISSEMINATION AND APPLICATION OF THE  
REVISED ITTO GUIDELINES FOR THE SUSTAINABLE MANAGEMENT OF  
NATURAL TROPICAL FORESTS**

**(C) ORGANIZE THREE REGIONAL CAPACITY BUILDING TRAINING WORKSHOPS  
(ONE IN EACH TROPICAL REGION) TO FACILITATE THE EFFECTIVE AND WIDER APPLICATION OF  
THE REVISED SFM PRINCIPLES AND GUIDELINES IN PARTICULAR TO REVITALIZE AND RENEW  
THE BASICS OF  
SUSTAINABLE FOREST MANAGEMENT ESPECIALLY AMONG PROFESSIONAL FORESTERS OF  
PRODUCER COUNTIES**

*[ITTA, 2006, Articles 1(c), (f), (l), (o), (p)]*  
*[ITTO Strategic Action Plan 2013-2018, Strategic Priority 6]*

**I. Background**

The revised Principles and Guidelines are designed as a basis for policy decisions and as a technical reference that can be used or adapted to the needs and capacities of users. They are intended for governments, public and private organizations and actors, professional practitioners and associations, scientific, educational and research institutions, civil society organizations and other groups and bodies engaged in sustainable forest management.

**II. Description**

This activity will promote the wider application of the revised ITTO Principles and Guidelines for Sustainable Management of Natural Tropical Forests through the organization of three regional capacity building training workshops. The main target groups for these training workshops include policy makers in government agencies and civil society organizations dealing with conservation and management of tropical forests. They will also include forest managers at forest management units.

- Prepare a training module featuring key subjects of the revised SFM Principles and Guidelines and including lessons learned from the implementation of SFM. These will include enabling conditions for SFM such as legal, policy and institutional framework to promote the supportive national policies, strong institutions, laws and regulations and good governance which are essential to SFM;
- Organize and conduct three regional capacity training workshops (one in each tropical region) with the participation of policy makers in government agencies and civil society organizations as well as forest management practitioners at forest management units;
- Prepare and present a report at the Forty-eighth Session of the Committee on Reforestation and Forest Management containing the outcome of the three regional capacity building training workshops

**III. Expected Outputs**

- a) Training modules featuring key subjects of the revised SFM Guidelines.
- b) Improved capacities of the workshop participants in the planning, implementation and evaluation of SFM and dissemination of SFM knowledge and
- c) Report compiling the outcome and lessons learned from the implementation of the three regional capacity building workshops as well as recommendations for future capacity building programmes/activities

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** 12 months in 2014

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

Activity No. 37

**CONDUCT A MID-TERM REVIEW OF THE THEMATIC PROGRAMMES**

*[ITTA, 2006, Articles 20, 24.3, 25]  
[ITTC Decisions 9(XLIV), 8(XLIV), 10 (XLIV)]*

**I. Background**

The Thematic Programmes (TP) are enshrined in the ITTA, 2006 as one of the strategies to implement the Organization's policy and project work. Taking into account the outcomes and recommendations of the ITTO Meta Evaluation in 2011 and the evaluation on the operational effectiveness of the implementation of the pilot phase of the Thematic Programmes in 2012, the activity will conduct a mid-term review of all TPs towards the achievement of the programmatic objectives, coherence of ongoing/completed projects and complementarity of TPs with other related key programmes and initiatives.

**II. Description**

The activity will conduct a mid-term review of the five Thematic Programmes approved by the Council in 2008 [Decision 9 (XLIV)]. The review will be conducted by a panel composed of two members from each Thematic Programme Advisory Committee (TPAC), one representative from the Trade Advisory Group (TAG) and one representative from the Civil Society Advisory Group (CSAG).

The panel will review, analyze and evaluate the progress and achievements towards the identified TP objectives, taking into account the level of funds provided by donors. The review will consider, inter alia, project/programme reports, completion reports, technical reports or results of relevant mid-term or ex-post evaluations undertaken, apply the TP Monitoring Protocols and include an assessment of progress and achievements, including lessons learned. The review will also consider the programmatic coherence of ongoing/completed projects including a gap analysis, and the complementarity of the ITTO Thematic Programmes with other (non-ITTO) related key programmes or initiatives at various levels. It will also identify new and emerging issues that warrant the establishment of new TPs, their institutional arrangements and opportunities for additional funding.

- a) Assessment of progress and achievements toward meeting TP objectives including lessons learned;
- b) Assessment of the programmatic coherence of ongoing/completed projects and gap analysis and as recommendations to improve programmatic coherence as appropriate;
- c) Identification of new and emerging issues that warrant the establishment of new TPs and their institutional arrangements;
- d) Identification of concrete actions to, inter alia, extend lessons learned and best practices to benefit member countries, improve the programmatic coherence of projects and enhance coordination with other key actors (e.g. UNFCCC, UN-REDD, World Bank, FLEGT).

**IV. Target Countries** ITTO member countries

**V. Duration and Timing** One week

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

Activity No. 54

**MOBILIZE NEW FUNDING AND PARTNERSHIPS FOR ITTO AND ITS OBJECTIVES**

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

**I. Background**

ITTO and its objectives are critical in a world where the sustainable management and conservation of tropical forests is receiving increasing attention and concern. As the organization enters a new era under ITTA, 2006, ITTO should seize the opportunity to develop and implement an innovative and proactive fundraising strategy. This will require the Executive Director, the Secretariat and ITTO's members to think creatively and learn from the successful strategies of other intergovernmental organizations, NGOs, and others. This effort should be led by an energized Secretariat, actively supported by members and partners in the NGO and private sector worlds.

**II. Description**

This 24-month activity will be divided into a first year of preparing and launching a funds mobilization and partnership strategy and a second year of active implementation. Specific activities will be refined in the first quarter of year one, but are expected to include, in the first year:

- a) Formation of an informal, open-ended ad hoc advisory group including producer and consumer members and stakeholders to advise the Executive Director in developing and launching the strategy
- b) Drafting of a proposal of fund mobilization and partnership strategy/action plan by the Secretariat
- c) Convening of one or more meetings of members, partners and resource persons to:
  - Refine a concise and compelling fundraising message;
  - Identify potential sources of financing and tailoring the message for different potential donors;
  - Seek the perspective of potential funders on ITTO's strengths and weaknesses;
  - Identify possibilities for co-financing activities and projects as well as for income generation from ITTO products;
  - Develop the Terms of Reference and recruitment strategy for a temporary fundraising professional to assist the Executive Director;
  - Refine the draft funds mobilization and partnership strategy/action plan.
- d) Further consultation and refinement of the strategy
- e) Submit a draft strategy and progress report to the Forty-ninth Session of the Council

Year Two activities will be defined in detail during Year One, and will be provided in a report to the Council at its Forty-ninth Session.

**III. Expected Output and Outcomes**

The overall expected outcome is realization of the funds mobilization targets contained in the ITTO Strategic Action Plan 2013-2018.

Specific outputs and indicators will be developed as part of the fundraising strategy, but will be oriented around the following principles:

- a) Increased funding and partnerships for achieving ITTO priorities
- b) Diversification of funding sources
- c) Sustainability of funding over time

**IV. Target Countries**      Global

**V. Duration and Timing**      24 months

**VI. Budget**      US\$100,000



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### **DECISION 3(XLVIII)**

#### **ITTO STRATEGIC ACTION PLAN 2013-2018**

The International Tropical Timber Council,

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

Reaffirming the overall aim defined in ITTO Objective 2000;

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

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

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

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

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

Decides to:

1. Adopt the ITTO Strategic Action Plan 2013-2018, as contained in the Annex to this Decision;
2. Request the Executive Director to arrange for the translation, publication and wide distribution of the ITTO Strategic Action Plan 2013-2018 to Members and other interested parties as expeditiously as possible;
3. Request the Executive Director to further refine the illustrative indicators contained in Table 1 of the ITTO Strategic Action Plan 2013-2018, in light of experience and evolving best practice; and
4. Authorize the Executive Director to seek voluntary contributions to meet the financial requirements of this Decision, not exceeding US\$50,000. In the absence of voluntary contributions, the Executive Director is requested to use funds from the Programme Support Fund.





ANNEX  
to DECISION 3(XLVIII)

**ITTO STRATEGIC ACTION PLAN  
2013-2018**

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### PART III: EXPECTED OUTCOMES, INDICATORS AND MONITORING

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**Foreword by the Executive Director [to be added]**

#### **ITTO Mission Statement**

The ITTO facilitates discussion, consultation and international cooperation on issues relating to the international trade and utilization of tropical timber and the sustainable management of its resource base.

## **PART I. CONTEXT**

### **1. Introduction**

The International Tropical Timber Organization (ITTO) is an intergovernmental organization with headquarters in Yokohama, Japan; ITTO was established by the International Tropical Timber Agreement (ITTA) 1983 and became operational in 1987. Subsequent agreements (ITTA, 1994 and the current agreement, ITTA, 2006) renewed ITTO's mandate to promote the expansion and diversification of international trade from sustainably managed and legally harvested tropical forests. The conservation and sustainable management of tropical forests and trade in sustainable forest products can be a significant contributor to poverty alleviation and sustainable development and provides incentives—as well as a possible source of financing—for sustainable management of tropical forests.

ITTO was established recognizing the multiple economic, environmental and social benefits provided by forests, including their potential to contribute to sustainable development through expansion and diversification of trade in products originating from sustainably managed forests. ITTO operates within a large, complex set of international, national and local organizations that have a variety of objectives related to forests and trade, many of which are compatible with ITTO's objectives. ITTO's approach is to use partnerships and networks at the international, regional, and national levels to advance its objectives.

ITTO's core functions include *inter alia*: providing an effective framework for consultation, international cooperation and policy development with regard to all relevant aspects of the world timber economy, developing policies, guidelines and tools for sustainable forest management (SFM) and related trade and assisting member countries to implement them. ITTO also collects, analyzes and disseminates information on all aspects of the world tropical timber economy and the sustainable management of tropical forests. As of November 2012, ITTO has 63 members which together represent nearly 90% of world trade in tropical timber and about 40% of the world's closed tropical forests.

This Strategic Action Plan covers the period 2013-2018 and is the first such plan following the entry into force of the ITTA, 2006. This plan builds on elements of ITTO's previous Action Plans<sup>2</sup> and has four objectives:

- Provide strategic policy guidance to the organization; this guidance is made operational through Biennial Work Programmes, Thematic Programmes and projects;
- Communicate ITTO's objectives and priorities to member countries, stakeholders, partner organizations and the international community, including potential donors;
- Provide a reference for members in developing project proposals and for donors in allocating their voluntary contributions; and
- Provide a reference for producer members in developing national policies for the management of their tropical forests and forest-based industries, and for consumer members in undertaking complementary policies and actions.

### **2. ITTO Objectives**

The ITTA, 2006 defines two closely related, overarching objectives for ITTO:

- To promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests
- To promote the sustainable management of tropical timber-producing forests.

The ITTA, 2006 goes on to illustrate a wide variety of means of achieving these objectives, such as: promoting further processing and greater efficiency of wood utilization; providing for technical cooperation and transfer of technologies; improving forest law enforcement and governance; recognizing the role of forest-dependent indigenous and local communities in achieving sustainable forest management; and enhancing the contribution of non-timber forest products and environmental services to sustainable forest management. The ITTA, 2006 provides broad scope for ITTO's work, allowing the Organization to assist members in all three tropical regions to define and implement sustainable management of their forests and to increase their capacity to export legally harvested timber and other forest products from those forests. The ITTA, 2006 also provides guidance to all members on policy development and other measures related to timber trade. Annex I contains the full text of the means of achieving the overarching objectives as described in the ITTA, 2006.

<sup>2</sup> There have been four ITTO Action Plans since 1990: the ITTO Action Plan 1990, the ITTO Libreville Action Plan 1996-2001, the ITTO Yokohama Action Plan 2002-2007 and the ITTO Action Plan 2008-2011.

### **3. Policy and Project Work**

ITTO develops internationally agreed policy documents to promote SFM and forest conservation. It assists tropical member countries to adapt those policies to local circumstances and to implement them in the field. In addition, ITTO collects, analyses and disseminates data on the production and trade of tropical timber and funds projects and other activities aimed at assisting members to develop and sustain tropical forest-based industries at both community and industrial scales.

ITTO has been a pioneer in developing and implementing effective policy tools, such as criteria and indicators for SFM, and has provided leadership in the use and continuing improvement of these tools. Since its establishment, ITTO has provided more than US\$300 million to finance over 800 projects designed to promote SFM, increase the efficiency of forest industries, and improve market intelligence and statistics. These projects and activities were made possible through the voluntary financial contributions of ITTO member countries. ITTO also supports capacity building through the development of guidelines and manuals, regional and international conferences and workshops, and a fellowship programme that supports education and training for young professionals. Annex II provides highlights of ITTO's recent policy work.

ITTO cooperates closely with other international organizations with forest-related mandates and was a founding member of the Collaborative Partnership on Forests (CPF), which was established in 2000 to support the work of the United Nations Forum on Forests (UNFF) and to enhance coordination among the international conventions, organizations and institutions with forest-related mandates. ITTO also cooperates with a wide range of regional and national-level organizations and civil-society and private-sector stakeholders. Annex III provides a list of organizations with which ITTO has formed partnerships.

### **4. ITTO's Comparative Advantages**

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

ITTO develops, implements, monitors and evaluates a portfolio of policy-related projects and activities, enabling it to test and operationalize policies that support the management and development of tropical forest resources and related trade. This ability to "put policies into action" is at the core of ITTO's comparative advantages. Other characteristics that contribute to ITTO's comparative advantages include:

- A mandate and demonstrated ability to take a holistic approach to the challenges and opportunities facing tropical forests, addressing the three pillars of sustainability;
- A large, diverse group of member countries that account for a significant share of the world's tropical forests, tropical timber production, trade and consumption of tropical timber products;
- Annual Council sessions that provide a regular policy forum which allows for all producer and consumer members to come together on an equal basis to discuss issues related to tropical forests and trade in tropical timber;
- A small, cost-effective Secretariat with diverse professional skills and extensive experience in all three tropical regions;
- More than 25 years of experience responding rapidly and cost-effectively to develop, implement, monitor and evaluate the results of forest-related projects and activities in all three tropical regions;
- Policy and project work that is developed on the basis of an equal partnership between tropical timber producing countries and tropical timber consuming countries;
- Partnerships with a wide spectrum of intergovernmental organizations and non-government and private sector organizations; and
- Active participation of civil society and tropical timber trade organizations in many aspects of the organization's work.

### **5. Highlights of Recent Developments Related to Tropical Forests, Trade and International Forest Policy**

This Strategic Action Plan was prepared taking into account recent trends and developments related to tropical forest management, tropical timber trade and international forest policy discussions. Highlights of these developments include:

- i. The 2012 UN Conference on Sustainable Development ("Rio+20") highlighted the critical contributions of forests to sustainable development, alleviating poverty, human well-being, and efforts to achieve green economies, and stressed the critical importance of maintaining forests and other natural

- ecosystems as a key basis for food and water security.
- ii. FAO's Forest Resource Assessment 2010 reveals that afforestation and expansion of natural and planted forests have reduced the net loss of forest area from 8.3 million hectares per year in the decade 1990-2000 to 5.2 million hectares in the decade 2000-2010, although serious losses of primary and other natural tropical forests continue.
  - iii. There has been a 50 percent increase in the area of tropical forests under sustainable forest management; although there is considerable work to be done, ITTO's Status of Tropical Forest Management 2011 shows evidence of progress in improved forest management in the tropics, from 36 million hectares in 2005 to 53 million hectares in 2011.
  - iv. The area of tropical forests certified as sustainably managed forests increased to 17.7 million hectares in 2010 from 10.5 million hectares in 2005.
  - v. Forest-based communities are playing an increasingly important role in forest management throughout the tropics with the absolute area of forests designated for use by communities growing from 43 million hectares in 2002 to 71 million hectares in 2008; devolution of tenure and forest management responsibility including to communities, is improving forest governance and livelihoods for forest communities.
  - vi. The importance and diversity of ecosystem services provided by forests are increasingly recognized at the local, regional and global level; this has been accompanied by efforts to create arrangements and market conditions to provide payments for these services and thereby support sustainable forest management.
  - vii. A pronounced and prolonged global recession, starting in 2008, has had particularly severe effects on construction and housing markets and demand for all wood products, including tropical timber; the impact has been greatest for small and medium sized forest-based enterprises.
  - viii. The value added processing sector in many tropical timber producing countries has had slow growth; investment in this sector has been limited or absent in the period 2008-2011 due in part to the global financial crisis.
  - ix. Trade and consumption patterns for tropical wood products have continued to change, with a notable shift in consumption towards emerging markets, as well as regional and domestic markets in tropical countries.
  - x. Major markets now demand timber products which have been certified for sustainability or legality through verification or due diligence to ensure compliance with relevant legislation of exporting countries.
  - xi. Discussions on forests at various international fora continue to reveal differences in views on the role that forests and forest policies should play, in particular in addressing climate change, conserving biological diversity and providing ecosystem services as a means of achieving sustainable development.
  - xii. A number of programmes have emerged to provide financial resources to developing countries engaged in activities that enhance carbon stocks and reduce emissions resulting from deforestation and forest degradation.
  - xiii. Financial resources have not been adequate to comprehensively fund the programmes and activities that support capacity building and market access among ITTO producer member countries.

## **PART II. STRATEGIC PRIORITIES FOR 2013-2018**

### **1. Overview**

Six strategic priorities were identified based on an examination of issues facing ITTO member countries, the review of recent trends and developments in international forestry policy, and consideration of ITTO's objectives, ongoing work and comparative advantages. These priorities take into consideration the benefits of a balanced work programme as well as the need to remain consistent with the core mandates of ITTO.

The purpose of this plan is to provide strategic guidance for ITTO's work over a six-year period; therefore, the priorities are described as broad areas of work. These priorities will be made operational through a variety of mechanisms that include: Biennial Work Programmes, Thematic Programmes, and projects.

- ITTO's Biennial Work Programme describes the policy-related activities that are to be carried out over a two year period. The Biennial Work Programme is approved by the Council and implemented by the Secretariat.
- Thematic Programmes are an innovation of the ITTA, 2006 to finance projects and activities in broad thematic areas of work. The themes and objectives of the Thematic programmes are established by the Council; the ITTO Secretariat plays an active role in guiding implementation of the Thematic Programmes.
- ITTO project proposals are developed and submitted by ITTO member countries. Proposed projects are reviewed by an Expert Panel and approved by the Council taking into account the advice of the Council's technical committees. Approved projects are eligible for financing; ITTO donors direct funds to specific projects.

This strategic plan is intended to address issues of particular importance to ITTO member countries over the next six years, with a particular emphasis on those issues for which ITTO has a relevant set of mechanisms and institutional skills, and a comparative advantage as compared to other organizations. As noted, ITTO is one among a number of international organizations with objectives related to forests and trade. This strategic plan defines a role for ITTO that draws on ITTO's strengths and complements the work of other forest-related organizations. The plan also recognizes that ITTO achieves some of its objectives and enhances the work of other international, forest-related organizations through strategic alliances and partnerships. ITTO's strategic partners are listed in Annex III.

The fund mobilization targets to implement this plan are described in Part IV of this document. Accomplishing these strategic priorities will depend on ITTO's ability to continue to develop effective partnerships with other organizations and with the private sector.

### **2. Strategic Priorities and Actions for 2013-2018**

The following are ITTO's Strategic Priorities and Actions for 2013-2018. For each of the priorities, examples of relevant actions are provided to illustrate the manner in which ITTO's operational planning can be used to accomplish the priority. The examples provided are intended only to illustrate and do not represent the full scope and variety of Biennial Work Programme activities or projects that should be considered.

In addition, where appropriate the description of relevant actions for implementation includes reference to ITTO's Thematic Programmes. The ITTA, 2006 creates the opportunity to establish Thematic Programmes as a mechanism to increase ITTO's effectiveness in organizing its work; the Thematic Programmes have particular relevance for ITTO's policy work. Thematic Programmes are also expected to enhance ITTO's attractiveness to a wider array of potential donors.

Thematic Programmes were started in 2008, on a pilot basis, pending the entry into force of the ITTA, 2006, but now can be fully incorporated into the operational activities that implement these strategic priorities. More detailed information on the Thematic Programmes implemented on a pilot basis is contained in the respective Thematic Programme Documents.<sup>3</sup> New Thematic Programmes proposed for consideration in this Strategic Action Plan will need to be further elaborated through the Thematic Programme development process.

<sup>3</sup> All Thematic Programme Documents are available on ITTO's web site at [www.itto.int/thematic\\_programme\\_general/](http://www.itto.int/thematic_programme_general/)

**Strategic Priority 1. Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment**

There is a need for long-term investment in all aspects of forest management, efficient processing and developing an enabling environment for SFM and internationally competitive trade. Adequate and reliable financing for all aspects of forest management continues to be a constraint to SFM in many tropical countries. Although harvesting, processing and international trade in timber and a number of other forest products can generate revenue in the short term, funds from these activities are not always sufficient to cover the cost of SFM or, in some cases, are not effectively collected.

Payments for the ecosystem services<sup>4</sup> provided by forests hold great promise to increase funds available for SFM, but also require investment, including in new institutions and market arrangements. At the same time, corruption and illegal activity undermine the economic benefits of forests to many countries. There is widespread recognition of the importance of secure, long-term tenure and the link between good forest governance and the ability to collect revenue from forest products and services and attract investment in the sector. ITTO has demonstrated an ability to develop, implement and evaluate innovative policy tools that can be applied to make progress on the intertwined challenges of SFM financing and forest governance.

Examples of specific actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Develop approaches that increase financing from all sources for SFM and increase investment in the forest sector
- Enhance partnerships with CPF members and other organizations to further develop innovative financing plans, processes and mechanisms for financing SFM, particularly for financing for small and medium-sized forest enterprises and community-based enterprises
- Collaborate with CPF partners (World Bank and FAO) to promote the use of the framework on forest governance
- Assist ITTO members to implement the revised SFM guidelines, and develop guidelines for promoting legal and sustainable timber

Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber is one of the means of achieving the objectives of the ITTA, 2006. Continued implementation of the Tropical Forest Law Enforcement and Trade (TFLET) Thematic Programme can contribute to accomplishing this strategic priority. The general objective of the TFLET Thematic Programme is to improve national forest law enforcement and governance in tropical ITTO member countries in order to enhance and diversify international trade in tropical timber from sustainably managed forests and to help alleviate poverty in those countries. Examples of relevant TFLET-supported activities include:

- Strengthening forest law compliance and governance
- Support to production and marketing of legally produced tropical timber and effective supply chain management
- Strengthening capacity of community and other small and medium-sized enterprises
- Improve international cooperation in forest law enforcement and governance

**Strategic Priority 2. Increase the contribution of tropical forests to national and local economies, including through international trade**

Tropical countries face a number of challenges in their efforts to maximize the economic benefits of sustainable forest management resulting from harvesting, processing and trade in timber and non-timber forest products. International markets can be a source of considerable economic benefits, but these markets are also highly competitive and subject to pronounced cycles. Forest-based communities and community enterprises, and small and medium-sized enterprises, face particular challenges, for example in gaining access to information and in meeting requirements in international markets, and need guidance and tools to enable them to succeed. Changes in consumer demands, public policies and private sector practices in many major markets for tropical forest products require investments on the part of producers and exporters in order to ensure their continuing access to markets and competitiveness.

ITTO has ongoing work to develop, field test and implement a variety of tools and training programmes to help community and other tropical forest-based enterprises sustainably manage resources, increase efficiency in processing and effectively market products and services. Improving the management and business skills of forest-based enterprises will provide incentives as well as financing for sustainable forest management.

<sup>4</sup> The terms “ecosystem services” and “environmental services” are used interchangeably.

Examples of specific actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Develop, demonstrate and disseminate information on financial tools for forest-based communities and community enterprises
- Assist communities and forest-based enterprises with business skills, including marketing
- Promote understanding of new initiatives related to trade in legal and sustainable timber
- Promote complementary policies and actions on the part of consumer members

Implementation of two existing Thematic Programmes, and continued implementation of an ongoing programme to enhance capacity to meet CITES requirements can contribute to accomplishing this strategic priority.

The Community Forest Management and Enterprises (CFME) Thematic Programme seeks to contribute to poverty reduction in tropical forest areas by: (i) strengthening the ability of forest communities and smallholders to sustainably manage their tropical forest resources; and (ii) assisting community forest enterprises (CFEs) to add value to and market the products and services obtained from these resources. Examples of relevant CFME activities include:

- Strengthening of community-level capacity in sustainable forest management and adding value to the forest resource
- Strengthening of country capacity and enabling conditions in the development of community forest management and community forest enterprises
- Knowledge management

Although not yet under implementation, the Industry Development and Efficiency (IDE) Thematic Programme was approved for implementation on a pilot basis and will contribute to this strategic priority. The general objective of the IDE Thematic Programme is to strengthen the capacity of tropical timber-producing countries to: (i) increase the production, further processing and trade of tropical timber and other forest products and services from sustainably managed and legally harvested forests; and (ii) improve efficiency in the processing and utilization of tropical timber and timber products and non-timber forest products (NTFPs).

Examples of specific activities to be supported under the IDE Thematic Programme include:

- Support for industrial planning, investment promotion and business development
- Development of efficient harvesting and processing technologies, including utilization of wood residues and wood wastes
- Assistance in organizing commercial supply chains and producer networks and the strengthening of relevant stakeholder associations

Efforts to assist countries meet the CITES requirements for international trade in CITES-listed timber species have yielded conservation and economic benefits. Continuing and building on the existing ITTO-CITES programme to assist ITTO members by building capacity to implement CITES obligations for tropical tree species, will also make a contribution to accomplishing this strategic priority. The ITTO-CITES programme provides assistance to national authorities to meet the scientific, administrative and legal requirements for managing and regulating trade in a number of CITES-listed, commercially valuable tree species in Asia, Latin America and Africa. The programme helps develop guidance to ensure that utilization is not detrimental to the survival of the listed species and assists members in meeting CITES requirements for international trade. Examples of specific activities include:

- Develop or improve inventories, management plans and/or non-detriment findings for species in each of the range states
- Develop co-operative and cost-effective regulatory systems for product tracking and chains of custody
- Strengthen CITES trade compliance systems through training workshops for relevant staff and capacity-building in key CITES compliance areas

### **Strategic Priority 3. Enhance the conservation and sustainable use of biodiversity in tropical timber producing forests**

The time horizon for this Strategic Action Plan coincides with the United Nations Decade of Biodiversity. Natural tropical forests are estimated to account for up to half of the world's biodiversity; therefore, sustaining tropical forests and habitats is a critical component of broad-scale success in biodiversity conservation. In turn, sustaining tropical forest biodiversity will depend in large part on the ability to conserve or enhance biodiversity in the context of sustainably managed forests that yield products and services that also sustain forest-dependent communities. Therefore, ITTO's mandate and expertise is especially relevant to biodiversity conservation, as illustrated by the pioneering work, collaborating with others, to develop, field test and disseminate guidelines for biodiversity conservation in tropical timber producing forests. ITTO also



has an ongoing work programme to guide cooperation with the Convention on Biological Diversity (CBD), based on a Memorandum of Understanding (MoU) signed in 2011.

Examples of specific actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Further develop and disseminate guidelines for the conservation and sustainable use of biodiversity in tropical timber producing forests
- Promote regional and transboundary cooperation for biodiversity conservation and sustainable timber production

Over the course of the implementation of this plan, the Council will take actions to implement the existing MoU and work programme jointly established by ITTO and the CBD. This may include consideration of a new Thematic Programme as a means of organizing and highlighting the joint effort. Relevant objectives of the ITTO-CBD Joint Work Programme include (i) transboundary conservation of tropical forest resources; (ii) combating forest degradation and invasive alien species; (iii) biodiversity conservation in tropical production forests; and (iv) forest biodiversity and livelihoods. Examples of possible activities include:

- Enhance local capacity for biodiversity conservation in production forests
- Improve conservation and management of protected areas
- Safeguard tropical forest biodiversity in forestry interventions, including in REDD+ related projects
- Improve health and welfare of local communities and indigenous groups through biodiversity conservation and sustainable use of natural resources, including medicinal and aromatic plants

#### **Strategic Priority 4. Reduce tropical deforestation and forest degradation and enhance the provision of environmental services**

Efforts to reduce deforestation and forest degradation in developing countries and enhance the provision of environmental services of forests are now in the mainstream of both international climate change negotiations and national policy development in many tropical countries. The importance of tropical forests in helping to mitigate the consequences of global climate change is now well established.

ITTO can contribute critically important technical expertise to the ongoing development and implementation of programmes to provide financial resources for efforts to reduce tropical deforestation and forest degradation in the context of climate change mitigation and adaptation. In particular, ITTO can help tropical timber producing countries ensure that management to enhance climate services complements management of tropical forests for timber and non-timber forest products.

Examples of specific actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Assist ITTO members to gain access to sources of financing for REDD+
- Assist members in developing capacity for monitoring, reporting and verification of REDD+ in the context of SFM, including social and environmental safeguards
- Assist member countries to implement mechanisms for payment of environmental services in support of SFM

Continued implementation of the Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES) Thematic Programme will contribute to accomplishing this strategic priority. The objectives of the REDDES Thematic Programme are to strengthen capacity to reduce forest degradation and unplanned deforestation, maintain and enhance environmental services of forests, contribute to social and economic sustainability through forest restoration, rehabilitation and payments for environmental services, and enhance the adaptation and resilience of tropical forests to climate change. Examples of activities supported under the REDDES Thematic Programme include:

- Improving data and knowledge regarding forest environmental services and their enhancement
- Creating enabling conditions for reducing deforestation and forest degradation and establishing mechanisms for payment for environmental services
- Demonstrating successful approaches at the community or forest management unit level
- Replicating, scaling up and disseminating successful experiences, approaches and appropriate technologies

**Strategic Priority 5. Improve the quality and availability of information on tropical forests, forest product markets and trade**

Collecting, reporting and analyzing information on tropical forests and trade in forest products and promoting improved understanding of markets including long term trends in consumption and production is mandated by the ITTA, 2006 and is therefore a core function for ITTO. Ensuring the availability of relevant, reliable information serves the needs of the international policy dialogue, national policy makers as well as enterprises trying to be successful in competitive markets. Reliable, widely available information on production and trade is a foundation for efficient, transparent markets. In addition to supporting effective policy and market discussions for the Council, ITTO contributes critically important trade-related expertise in the context of the CPF.

There is a need for steady improvement in the quality of information, efficiency of data collection and, especially, adding value through interpretation and analysis. ITTO can inform ongoing and emerging policy discussions through, for example: information on market conditions for tropical timber and other tropical forest products; the environmental benefits of sustainably harvested tropical timber; and the role of forest industries and products in a "green economy."

Examples, of specific actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Conduct studies, disseminate information and provide regular reports on conditions in tropical forests and markets for tropical forest products
- Assist members in improving quality of timber and non timber information collected and reported
- Build capacity of member countries for data analysis and policy formulation
- Develop partnerships with other organizations to collect forest and trade data and further harmonize information

Continued implementation of the Trade and Market Transparency (TMT) Thematic Programme will contribute to accomplishing this strategic priority. The general objectives of the TMT Thematic Programme are to: (i) increase the capacity of producer member countries to develop and employ market intelligence and marketing skills; and (ii) improve market transparency through improved data and analysis. Examples of activities supported under the TMT Thematic Programme include:

- Strengthening of information systems
- Improvement of market transparency
- Facilitation of market access and trade development

**Strategic Priority 6. Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests**

ITTO is, at its core, an organization that generates and disseminates knowledge and assists members to build capacity to address complex, forest-related problems. Human resource development is the essential component of that capacity and is therefore a critical element of success in implementing SFM and assisting members in developing efficient, competitive industries that can compete successfully in international markets utilizing sustainably managed forest resources. Building human resource capacity is, in many respects, an overarching priority that will be reflected in efforts to accomplish all of the priorities of this Strategic Action Plan.

Examples of specific actions to accomplish this strategic priority through the Biennial Work Programme and projects include:

- Continue and expand the ITTO Fellowship programme
- Provide assistance to national and regional institutions for training,
- Develop cooperation with international organizations in enhancing training and outreach related to SFM
- Assisting members to support research and development
- Assist members to engage in the transfer of forest management and trade related expertise and technology, including south-south, north –south and triangular cooperation
- Enhanced ITTO communication and outreach efforts
- Strengthen involvement of stakeholders in the work and activities of the ITTO through CSAG and TAG

## **PART III. EXPECTED OUTCOMES, INDICATORS AND MONITORING**

### **1. Overview**

This is a broad, strategic plan designed to describe ITTO's efforts to address large, complex problems. ITTO's contribution is intended to be, in most instances, initial development and field testing of policies, guidelines and practices that must be subsequently adopted and widely implemented by national and local governments, the private sector and others in order to achieve the objectives of sustainably managed tropical forests and expanded and diversified trade in tropical timber from legally harvested and sustainably managed forests. As a consequence, it is challenging to directly link the specific actions and measurable inputs (such as capacity building projects, guidelines, studies, workshops, etc.) to the intended results and expected outcomes (such as improved forest governance, increased trade and employment in forest-based communities, slowing biodiversity loss, etc.).

In addition, because ITTO depends almost entirely on voluntary contributions for its work programmes, there is some degree of unpredictability and inevitable variability in the Organization's finances. In the absence of a dedicated and predictable source of financing, ITTO relies on the importance of its work and quality of its performance to attract funding year after year. One measure of success is that over the past 25 years ITTO has succeeded in attracting more than USD 300 million in voluntary contributions for projects and policy work in tropical forests.

Although it is an increasingly competitive environment for the sources of financing that ITTO has traditionally relied on, this plan has been prepared with the expectation that ITTO will continue to be seen by the donor community as an effective, efficient way to pursue trade, conservation and sustainable development goals related to tropical forests. Evidence that thematic approaches, now fully integrated into this plan and the Organization's work, may succeed in attracting additional funds, as well as funds from new sources, supports this optimism. Nevertheless, ITTO's ability to achieve the scope of work described in this Strategic Action Plan is contingent on the continued availability of financial resources from voluntary contributions.

### **2. Expected Outcomes and Indicators**

Despite the challenges to directly link ITTO's actions to the intended results, it is possible to identify a selection of expected outcomes associated with each strategic priority; these expected outcomes can then be linked to measurable indicators. Table 1 displays expected outcomes for each strategic priority.

Table 1 also displays measurable indicators for each strategic priority. Although some indicators are closely related to one (or more) of the expected outcomes, the indicators are not intended to be used to measure the outcomes in discrete categories. Some indicators are relevant for more than one of the strategic priorities. Therefore, the indicators are provided as relevant measures that, taken as a set, can be used to assess change related to the priorities over the period of plan implementation. Indicators will be refined over time in the light of experience and subsequent review.

### **3. Monitoring**

The implementation of this strategic plan will be through the Biennial Work Programmes, Thematic Programmes and projects. The Council will also consider conducting a mid-term review of Strategic Action Plan implementation using the indicators in Table 1 as a guide. The tools for monitoring this plan are the mechanisms by which the Council monitors and reviews the operational aspects of the Organization's work, for which the strategic priorities provide a context and reference. These monitoring tools include: biennial development of work programmes; annual review of Biennial Work Programme implementation; and annual review of the Thematic Programmes. In the case of Thematic Programmes, the Thematic Programme Advisory Committees review implementation at least annually and the results are reported to the Council by the Secretariat. The Council monitors all Thematic Programmes at annual Council sessions and can regularly assess their contribution to both their thematic objectives as well as these strategic priorities. Success in attracting the voluntary contributions needed to implement this plan will provide a further mechanism for monitoring the plan.

For projects, members have a semi-annual opportunity to consider the advice contained in Expert Panel review of proposals, one element of which is consistency with the Action Plan. In addition, through the Technical Committees the Council conducts an annual review of the Organization's project work. This review includes projects under implementation as well as an ex-post evaluation of completed projects, both of which can explicitly consider the contribution to addressing the strategic priorities. Project design should make use of the indicators in Table 1 as appropriate.

**Table 1. Expected Outcomes and Illustrative Indicators**

Strategic Priority	Expected Outcomes	Illustrative Indicators
1. Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment	<ul style="list-style-type: none"> <li>• Better managed forest sector with increased access to financing and investments</li> <li>• Increased forest area that is managed sustainably and legally harvested</li> <li>• Improvement in good governance and effectiveness of forest law enforcement</li> <li>• Reduction in illegal logging</li> </ul>	<ul style="list-style-type: none"> <li>• FAO-PROFOR indicators of forest governance</li> <li>• Amount of investment in the sector (DDI/FDI)</li> <li>• Resources for implementation of SFM</li> <li>• Number of countries with policy framework and legislation that is consistent with ITTO Objectives.</li> <li>• Member countries implementing policy framework to promote SFM</li> <li>• Increased trade in verified legally harvested timber</li> <li>• ITTO indicators for SFM</li> <li>• Forest area under management plans</li> <li>• Forest area under SFM</li> <li>• Forest area certified</li> </ul>
2. Increase the contribution of tropical forests to national and local economies including through international trade	<ul style="list-style-type: none"> <li>• Increased contribution of the forest sector to the national and/or local economies of tropical countries</li> <li>• Improved livelihoods and employment of local and indigenous communities</li> <li>• Improved access to international markets for small and medium sized enterprises and community enterprises</li> <li>• Increase in diversity and quantity of efficiently produced value-added products from sustainably managed forests</li> <li>• Increased competitiveness and market access for tropical timber</li> <li>• Increased consistency and compatibility among systems to provide assurance of legality and sustainability for tropical timber</li> <li>• Increased contribution of NTFPs</li> </ul>	<ul style="list-style-type: none"> <li>• Value of exports of tropical forest products</li> <li>• Quantity of tropical timber exports recognized as originating from sustainably managed forests</li> <li>• Employment and value added in further processing in producer member countries</li> <li>• Diversity and quantity of value added forest products</li> <li>• Value of NTFPs produced</li> <li>• Income of local and indigenous communities</li> <li>• Number of commercial timber species and non timber tropical forest species listed in CITES Appendices II and III</li> </ul>
3. Enhance the conservation and sustainable use of biodiversity in tropical timber producing forests	<ul style="list-style-type: none"> <li>• Conservation and sustainable use of biodiversity in tropical timber producing forests is maintained and enhanced through SFM practices</li> <li>• Trade and utilization of timber and non timber tropical forest species is consistent with their conservation</li> <li>• Business models supporting the conservation and sustainable use of tropical forest biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Rate of loss of forest-based habitats</li> <li>• Area of restored forest habitats</li> <li>• Area of forest degraded habitats</li> <li>• Number of commercial timber species and non timber tropical forest species listed in CITES Appendix I</li> <li>• Number of partnerships developed for biodiversity conservation</li> <li>• Extent of protected forest areas</li> <li>• Extent of timber production forests incorporating biodiversity conservation areas</li> </ul>

<p>4. Reduce tropical deforestation and forest degradation and enhance provision of environmental services</p>	<ul style="list-style-type: none"> <li>• Increase in the capacity of members to address climate change adaptation and mitigation through SFM</li> <li>• Financial support for SFM is increased by payments for the environmental services of tropical forests</li> <li>• Increase in area of forest under SFM and use of ITTO guidelines and C&amp;I</li> <li>• Increase in income generation based on forest related environmental services and other forest outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Number of member countries with forest policy framework for climate change mitigation and adaptation</li> <li>• Number of countries with initiatives in place for payments for environmental services or similar mechanisms</li> </ul>
<p>5. Improve the quality and availability of information on tropical forests, forest product markets and trade</p>	<ul style="list-style-type: none"> <li>• Information on tropical forests, production of timber and non timber forests products and trade is accurate and widely available</li> <li>• Accurate information is used by ITTO members in policy making, forest management, market development and investment promotion</li> <li>• Improved use of ITTO data by other institutions and processes</li> </ul>	<ul style="list-style-type: none"> <li>• Number of ITTO members providing timely, accurate data</li> <li>• Coverage and accessibility of ITTO databases</li> <li>• Number of countries using information for policy, market development and investment promotion</li> </ul>
<p>6. Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests</p>	<ul style="list-style-type: none"> <li>• Public institutions, communities and commercial entities have adequate forest management, planning, policy and business skills needed to implement SFM and engage in international trade</li> <li>• Increase in the awareness of the contribution of SFM to economies</li> <li>• Local communities are informed and able to participate in SFM policy development and related activities</li> <li>• Increase in exchange of experiences, knowledge innovations in SFM, and promotion of trade and timber processing among members</li> <li>• Better collaboration between private sector and civil society</li> </ul>	<ul style="list-style-type: none"> <li>• Number of individuals receiving training or education</li> <li>• Number of trained individuals per hectare of forest per country</li> <li>• Increase in number of innovations in member countries</li> <li>• Number of stakeholders participating in SFM policy development processes</li> <li>• Number of visitors to ITTO's website</li> <li>• Number of websites linked to ITTO's website</li> </ul>

## **PART IV. FUND MOBILIZATION TARGETS TO ACCOMPLISH THE STRATEGIC PRIORITIES**

As noted, ITTO relies in voluntary contributions for nearly all of its work.<sup>5</sup> Therefore, the success of this plan will depend on the ability to mobilize funding from all sources. Over the past 25 years, ITTO has demonstrated an ability to attract high levels of voluntary funding, based in large part on recognition of success on the ground. This plan is designed to build on that experience. In the last decade, however, ITTO has faced a number of financial challenges resulting from increased competition for forest-related development assistance funds. Resources available to the organization have not been adequate to fully fund the programmes and activities that support capacity building among ITTO producer member countries.

The indicative targets for funds mobilization are shown in Table 2. These targets display the scale of ITTO's ambitions across all priorities over the time horizon of the plan; the targets also reveal information on the relative scale of effort (and therefore relative importance) for each of the priorities. Table 2 also displays an indicative distribution across the three implementation approaches (Biennial Work Programmes, Thematic Programmes or projects). This information is also intended to help ensure integration of the three modalities for implementation (Biennial Work Programmes, Thematic Programmes and project work) in implementation of the Strategic Action Plan.

The fund mobilization targets were developed taking into consideration recent trends in financing the work of the Organization. The column totals in Table 2 correspond to the general level of recent Biennial Work Programmes, the indicative budgets for the Thematic Programmes implemented on a pilot basis, as well as the average amount of financing that has been available for ITTO's project work over the past decade. It should be noted that the division between funding mechanisms in Table 2 is based on these historical trends and may change in the future, however, the overall balance of funding between each strategic priority should be maintained to the extent possible.

**Table 2. Fund Mobilization Targets (*million US\$*) to Accomplish ITTO's Strategic Priorities, 2013-2018<sup>1</sup>**

<b>Priority</b>	<b>Biennial Work Programmes<sup>2</sup></b>	<b>Thematic Programmes<sup>3</sup></b>	<b>Projects<sup>4</sup></b>	<b>Total</b>
1. Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment	5	TFLET: 25	10	40
2. Increase contribution of tropical forests to national and local economies, including through international trade	15	CFME: 20 IDE: 15	5	55
3. Enhance the conservation and sustainable use of biodiversity in tropical timber producing forests	4		13	17
4. Reduce tropical deforestation and forest degradation and enhance the provision of environmental services	5	REDDES: 20	3	28
5. Improve the quality and availability of information on tropical forests, forest product markets and trade	10	TMT: 15	5	30
6. Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests	10	-	20	30
<b>Total: 2013-2018</b>	<b>49</b>	<b>95</b>	<b>56</b>	<b>200</b>

<sup>1</sup>Based on voluntary contributions; does not include expenditures for the administrative budget funded through assessed contributions.

<sup>2</sup>Assumes there will be three Biennial Work Programmes over the duration of this Strategic Action Plan. The funding target for Strategic Priority 2 includes expanded funding for ITTO's CITES-related work.

<sup>3</sup>Assumes that existing Thematic Programmes will be extended.

<sup>4</sup>Projects developed and implemented through the "regular" project cycle. The funding target for Strategic Priority 3 includes expanded funding for ITTO's biodiversity-related work.

<sup>5</sup>Funding for the Secretariat and a small number of "core operational activities" is included in the organization's assessed budget.

## ANNEX I

### ITTA, 2006 Objectives and Means of Achieving the Objectives<sup>6</sup>

The objectives of the International Tropical Timber Agreement, 2006 (hereinafter referred to as "this Agreement") are:

- to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests; and
  - to promote the sustainable management of tropical timber producing forests
- by:
- (a) Providing an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy;
  - (b) Providing a forum for consultation to promote non-discriminatory timber trade practices;
  - (c) Contributing to sustainable development and to poverty alleviation;
  - (d) Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources;
  - (e) Promoting improved understanding of the structural conditions in international markets, including long-term trends in consumption and production, factors affecting market access, consumer preferences and prices, and conditions leading to prices which reflect the costs of sustainable forest management;
  - (f) Promoting and supporting research and development with a view to improving forest management and efficiency of wood utilization and the competitiveness of wood products relative to other materials, as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests;
  - (g) Developing and contributing towards mechanisms for the provision of new and additional financial resources with a view to promoting the adequacy and predictability of funding and expertise needed to enhance the capacity of producer members to attain the objectives of this Agreement;
  - (h) Improving market intelligence and encouraging information sharing on the international timber market with a view to ensuring greater transparency and better information on markets and market trends, including the gathering, compilation and dissemination of trade related data, including data related to species being traded;
  - (i) Promoting increased and further processing of tropical timber from sustainable sources in producer member countries, with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings;
  - (j) Encouraging members to support and develop tropical timber reforestation, as well as rehabilitation and restoration of degraded forest land, with due regard for the interests of local communities dependent on forest resources;
  - (k) Improving marketing and distribution of tropical timber and timber product exports from sustainably managed and legally harvested sources and which are legally traded, including promoting consumer awareness;
  - (l) Strengthening the capacity of members for the collection, processing and dissemination of statistics on their trade in timber and information on the sustainable management of their tropical forests;
  - (m) Encouraging members to develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance, in the context of the tropical timber trade;
  - (n) Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber;
  - (o) Encouraging information sharing for a better understanding of voluntary mechanisms such as, inter alia, certification, to promote sustainable management of tropical forests, and assisting member s with their efforts in this area;
  - (p) Promoting access to, and transfer of, technologies and technical cooperation to implement the objectives of this Agreement, including on concessional and preferential terms and conditions, as mutually agreed;
  - (q) Promoting better understanding of the contribution of non-timber forest products and environmental services to the sustainable management of tropical forests with the aim of enhancing the capacity of members to develop strategies to strengthen such contributions in the context of sustainable forest management, and cooperating with relevant institutions and processes to this end;
  - (r) Encouraging members to recognize the role of forest -dependent indigenous and local communities in achieving sustainable forest management and develop strategies to enhance the capacity of these communities to sustainably manage tropical timber producing forests; and
  - (s) Identifying and addressing relevant new and emerging issues.

<sup>6</sup> This is the complete text of Article 1 of the ITTA, 2006.

## **ANNEX II** **to DECISION 3(XLVIII)** **Highlights of ITTO's Recent Policy Work**

### **Forests and Climate Change**

Since 2008, the Council has continued to monitor developments and discussions at the UNFCCC and their implications for tropical forests and the world tropical timber economy. In May 2008 an Expert meeting on advancing climate change through SFM of tropical forests was held in Yokohama. The ITTO in collaboration with other CPF members have organized "Forest Days" at the UNFCCC conferences to create a platform to share experiences and knowledge with the view to raising awareness of the role forests play in mitigating and adapting to climate change. The Forest Days also provided the opportunity for forests to remain high on the global agenda and discussions at UNFCCC. During the period of the ITTO Action Plan 2008-2011 CPF members developed the CPF strategic framework for forests and climate change.

At the UNFCCC Conference of parties (COP 16) held in Cancun, Mexico, Parties agreed on the need for financial support for developing countries to halt and reverse forest cover and carbon loss through the development of a:

- National strategy for REDD+;
- National forest reference level;
- Robust and transparent monitoring system; and
- System for providing information on how safeguards are being addressed.

A Green Climate Fund has been established (arising out of decisions at COP 17– Durban, South Africa) as the operating instrument of the Convention with the understanding that the architecture for the Fund will be agreed upon at COP 18. The objectives of the Green Climate Fund include:

- Making significant contributions to the global efforts at combating climate change;
- Promoting development through low emission and climate efficient activities by providing support to developing countries; and
- Making available, new, additional, adequate and predictable financial resources to developing countries in order to optimize impacts from adaptation and mitigation measures.

### **ITTO Objective 2000**

Objective 2000 reaffirms the Council's "full commitment to moving as rapidly as possible towards achieving exports of tropical timber and timber products from sustainably managed sources". The International Tropical Timber Council's Decision 2(XXIX) requested the Organization's Executive Director to render assistance, on request, to producer member countries to identify, in each country, those factors which most severely limit progress towards achieving the ITTO Objective 2000 and SFM and to formulate an action plan to overcome these constraints. To date, 23 member countries have benefited from these ITTO diagnostic missions.

### **Criteria and Indicators**

Under the Yokohama Action Plan, 20 national training workshops were held to introduce the ITTO C&I to key stakeholders, with each workshop engaging 30–50 participants each. A revised and simplified ITTO C&I, including national and forest management unit-level formats for reporting, was adopted and published in 2005. This framework is now used by producer member countries in reporting, assessing and monitoring progress towards SFM. A manual for forest auditing using C&I has been drafted and pilot-tested at the forest management unit level in Africa, Latin America and Asia/Pacific.

ITTO continues to support producer member countries in the preparation of baseline and updated national reports on progress towards SFM based on the C&I. In this regard ITTO is working with the Montréal Process, Forest Europe and the FAO to enhance streamlining of international reporting on forest related issues and promote the global recognition of C&Is and their relevance for environmental and sustainable development activities.

### **Strengthening Policies and Opportunities for Forest Investment**

ITTO has continued to promote investment in tropical forests through international, regional and national workshops/meetings. These workshops/meetings have identified opportunities for investment in tropical forests, and proposed ways to overcome the barriers and risks involved in viable investment opportunities. In 2008 and 2009, national forums were organized in Bolivia, Congo, Philippines and Ecuador. These meetings brought together participants from different sectors, including the private sector, banks, forest industries, forest communities and concessionaires, governments, and NGOs. Recommendations included: the need to create an enabling environment for investment (secure land tenure, strengthened governance, less complex



and more equitable taxation), linking forestry operations to capital markets (developing better business skills, managing forests to include NTFPs and PES, improving marketing of forest products, developing risk insurance mechanisms, promoting access to credit for small and medium enterprises).

### **Forest Law Enforcement and Governance**

The Thematic Programme on Forest Law Enforcement Governance and Trade (FLEGT) is one of the five Thematic Programmes established on a pilot basis. FLEGT has the objective of improving national forest law Enforcement and governance in ITTO producer member countries in order to enhance and diversify international trade in tropical timber from sustainably managed forests and help alleviate poverty in these countries. Highlights of recent work include:

ITTO's participation in Country-Led Initiative on Forest Governance and Decentralization in Africa.

Promoting trade from legally harvested sources by assisting tropical timber producing countries to establish timber tracking systems.

Promoting efforts to verify legality by granting funding for civil society/private sector partnerships aimed at enhancing the capacity of small and medium size enterprises to produce and trade in timber from legal and sustainable sources.

### **Promote Efficient Wood Processing Technologies**

To improve competitiveness of tropical timber producing firms, a hands-on training programme was undertaken to promote efficient wood processing technologies. These training programmes were carried out in:

- Papua New Guinea (2010)
- Guyana (2010)
- Myanmar (2010)
- Malaysia (2011)
- Ghana (2012)

### **Other Policy Guidelines**

Since 2008, ITTO has published a series of policy guidelines to support its work in the promotion of SFM. These include:

- ITTO/IUCN Guidelines for conservation and sustainable use of Biodiversity in tropical timber producing forests. These guidelines replace the 1993 guidelines and seek to promote the conservation and sustainable use of native animal and plant species in tropical timber production forests;
- ITTO manual for project monitoring, review, reporting and evaluation to support project monitoring by member states and the secretariat
- Revised manuals and guidelines to improve and strengthen the project cycle. These manuals are:
  - Manual of project formulation, 3<sup>rd</sup> Edition
  - Manual on standard operating procedures for project cycle
  - Revised guidelines for the selection, employing of consultants, procurements, payments for goods and services, 2<sup>nd</sup> Edition;

*Status of Tropical Forest Management 2011*-The report establishes that between 2005 and 2010, the area of natural tropical forest under sustainable management across the tropical timber producing region has increased from 36 million hectares (89 million acres) to 53 million hectares (134 million acres), an area about the size of Thailand. The area of timber production forests subject to at least some type of management plan has increased by about one-third since 2005 and now totals 131 million hectares.

A report on ITTO's first 25 years was published in 2011 and titled "*25 Success stories: Illustrating ITTO's quest to sustain tropical forests*". This publication highlights the Organization's key achievements since it began operation in early 1987 and shows how ITTO has been an effective catalyst for sustainable development. The 25<sup>th</sup> Anniversary also coincided with the International Year of the forests, providing a number of opportunities for the ITTO to showcase the extent of its work.

### **ANNEX III to DECISION 3(XLVIII)**

#### **Partnerships between ITTO and Other Organizations<sup>7</sup>**

A key strategy of ITTO in promoting SFM related activities in member countries is through its leverage and collaboration with other organizations and institutions. This collaboration is carried out through a variety of formal arrangements, such as Memoranda of Understanding (MoUs) and partnership agreements (such as the Collaborative Partnership on Forests (CPF), as well as informal arrangements. CPF member organizations and organizations with which ITTO has established MoUs are noted in the list below.

- Africa Timber Organization (ATO)
- Amazon Cooperation Treaty Organization (ACTO)
- Association of South-east Asian Nations (ASEAN)
- Association Technique Internationale des Bois Tropicaux (ATIBT)
- Center for International Forestry Research (CIFOR)\* [CPF member]
- Central Africa Forests Commission (COMIFAC)
- China Academy of Forests (CAF)\*
- Common Fund for Commodities (CFC)
- Congo Basin Forest Partnership (CBFP)
- Convention on Biological Diversity (CBD)\* [CPF member]
- Convention on International Trade in Endangered Species (CITES)\*
- C&I processes
  - Montreal
  - Pan-European (Ministerial Conference on the Protection of Forests in Europe)
  - ATO/ITTO
  - Tarapoto (Amazon),
  - Lepaterique (Central America)
  - Dry-zone Asia
- Forestry Department of the Food and Agriculture Organization of the United Nations (FAO)\* [CPF member]
- Global Environmental Facility (GEF) Secretariat [CPF member]
- Global Forest Watch
- International Partnership for Forestry Education (IPFE)\*
- International Society for Mangrove Ecosystems (ISME)\*
- International Trade Centre (ITC)
- International Union for Forestry Research Organizations (IUFRO)\* [CPF member]
- IUCN – The World Conservation Union\* [CPF member]
- Tropical Forest Trust (TFT)\*
- UNECE Timber Committee
- United Nations Conference on Trade and Development (UNCTAD)
- United Nations Forum on Forests (UNFF)\* [CPF member]
- United Nations Convention to Combat Desertification (UNCCD) Secretariat [CPF member]
- United Nations Development Programme (UNDP) [CPF member]
- United Nations Environment Programme (UNEP) [CPF member]
- United Nations Framework Convention on Climate Change (UNFCCC) Secretariat
- World Agroforestry Centre (ICRAF) [CPF member]
- World Bank [CPF member]
- World Trade Organization (WTO)

\*       \*       \*

<sup>7</sup> An asterisk (\*) Indicates the existence of a Memorandum of Understanding or other formal arrangement with ITTO.

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## **DECISION 4(XLVIII)**

### **STRENGTHENING ITTO THEMATIC PROGRAMMES**

The International Tropical Timber Council,

Recalling Decision 8(XLIV) establishing the Thematic Programmes Sub-Account under the Special Account, Decision 9(XLIV) on operational procedures and guidelines for Thematic Programmes on a pilot basis, and Decision 10(XLIV) approving Thematic Programme Profiles for five thematic areas;

Welcoming the subsequent launch of ITTO Thematic Programmes on Forest Law Enforcement, Governance and Trade (TFLET), Reducing Deforestation and Forest Degradation and Enhancing Environmental Services (REDDES), Community Forest Management and Enterprises (CFME), and Trade and Market Transparency (TMT);

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

Also recalling the provisions of Articles 20, 24 and 25 of the ITTA, 2006 on the establishment and implementation of Thematic Programmes;

Noting the Draft Report on the Effectiveness of Pilot Operation of ITTO Thematic Programmes;

Considering experiences gained in developing and implementing Thematic Programmes during the pilot phase;

Decides to:

1. Adopt the procedures and guidelines for Thematic Programmes contained in Annexes 1 and 2 of this decision, and the terms of reference for Thematic Programme Advisory Committees (TPACs) contained in Annex 3 of this decision;
2. Utilize the Thematic Programme procedures, guidelines and terms of reference for the continued implementation of TFLET, REDDES, CFME and TMT and for any new Thematic Programmes that may be established;
3. Initiate a process to review and, as needed, update or supplement existing ITTO project-related manuals to ensure their full relevance to Thematic Programmes;
4. Urge Members to contribute to the Thematic Programmes Sub-Account in order to fully implement ongoing Thematic Programmes as soon as possible;
5. Urge Members to submit high quality, well-focused Thematic Programme proposals and, as needed, seek assistance from the Secretariat in this regard;

6. Urge ITTO Focal Points to ensure that proposals submitted to the Secretariat are complete, properly-formatted and contribute to national priorities in the thematic area;
7. Review and evaluate the effectiveness of individual Thematic Programmes when decided by Council; and
8. Request the Executive Director to:
  - a) Include activities in the Biennial Work Programme to implement paragraph 3 of this Decision and encourage Members to make voluntary contributions for this purpose;
  - b) Update existing Thematic Programme Profiles and Thematic Programme Documents and adjust the composition of TPACs, as needed, to reflect paragraph 2 above;
  - c) Identify reasons for the lack of donor interest in the Thematic Programme on Industry Development and Efficiency (IDE), consider ways to address these issues, and report to Council at its Forty-ninth Session on options for moving forward;
  - d) Utilize a flexible Thematic Programme project cycle calendar based on the level of funding available and the number of proposals received;
  - e) Facilitate the effective functioning of the TPACs in accordance with Annex 3;
  - f) Work with the TPACs, ITTO Focal Points and implementing agencies to seek opportunities to maximize synergies within each Thematic Programme, particularly during the appraisal stage;
  - g) Establish a weighting system for Thematic Programme proposal selection criteria to reflect their relative importance to programme success, drawing on the weighting system used by the Expert Panel on Technical Appraisal of Projects and giving due consideration to the criteria contained in Annex 3 (paragraph 2) of this decision;
  - h) Screen all proposals submitted for funding under the Thematic Programmes Sub-Account and identify for appraisal only those proposals that meet the formatting and basic information requirements set out in the Manual for Project Formulation and other requirements outlined in calls for proposals;
  - i) Refine, in consultation with TPACs, the Thematic Programme Monitoring Protocols to identify key indicators which can signal early successes or problems and, as needed, better align target values with the issues the Thematic Programme seeks to address;
  - j) Raise awareness on lessons learned and best practices from the implementation of Thematic Programme projects, pre-projects and activities as part of ITTO's knowledge management strategy; and
  - k) Report at each Council session on progress in implementing and managing Thematic Programmes, including impacts and outcomes, and keep Members informed inter-sessionally through the ITTO website.

**ANNEX 1 to DECISION 4(XLVIII)**

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

ACTION AND SEQUENCE	RESPONSIBILITY
1. Development of a Thematic Programme Profile (TPP)	Executive Director (ED) in consultation with interested donors, Members and relevant stakeholders
2. Approval of the TPP	Council
3. Preparation of a Thematic Programme Document (TPD) based on the approved TPP	ED with assistance of donors, other interested Members and to the extent possible the Trade Advisory Group and the Civil Society Advisory Group
4. Development of proposals for financing under the TP	Members, ED
5. Submission of proposals	ITTO Focal Points, ED
6. Proposal screening (for compliance with basic requirements)	Secretariat
7. Proposal appraisal	Thematic Programme Advisory Committee (TPAC), Secretariat
8. Selection of proposals for financing under the TP based on appraisals	ED
9. Notification of Members of the ED's selection two weeks prior to the endorsement by the TPAC	Secretariat
10. Review and endorsement of selection of proposals	TPAC
11. Financing decision	ED
12. Implementation of financed projects, pre-projects, activities	Implementing agencies, Secretariat
13. Monitoring & evaluation of TP implementation	Secretariat, implementing agencies, TPAC
14. Reporting on TP implementation	Annual reporting to Council by ED  Bi-annual reporting by implementing agencies and Secretariat
15. Revision/amendment of a TPP or TPD as needed	Council

**ANNEX 2**  
**to DECISION 4(XLVIII)**

**GUIDELINES FOR THEMATIC PROGRAMME PROFILES  
AND THEMATIC PROGRAMME DOCUMENTS**

**1. Thematic Programme Profile (TPP)**

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

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

**2. Thematic Programme Document (TPD)**

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

**Planning elements**

- a) Rationale statement and problem analysis, including relevant international and regional processes and value-added of the programme
- b) Specific objectives, including intermediate targets
- c) Strategies for achieving objectives, including through knowledge management
- d) Measures to verify the coherence and effectiveness of activities/pre-projects/projects funded under the TP
- e) Outputs/outcomes/deliverables and expected impact/benefits
- f) Other partners and stakeholders
- g) Indicative list of activities
- h) Work plan, including budget estimates

**Operational elements**

- a) General selection criteria for proposed activities/projects/pre-projects contained in paragraph 2 of Annex 3
- b) TP-specific selection criteria for proposed activities/projects/pre-projects
- c) Administrative arrangements
- d) Monitoring and evaluation procedures
- e) Technical and financial reporting procedures

**3.** To the extent possible, new TPDs will be developed in close consultation with Trade Advisory Group (TAG) and Civil Society Advisory Group (CSAG), as well as ITTO partners within the Collaborative Partnership on Forests with significant mandates and activities in the thematic area.

**ANNEX 3**  
**to DECISION 4(XLVIII)**

TERMS OF REFERENCE FOR  
THEMATIC PROGRAMME ADVISORY COMMITTEES

1. Each ITTO Thematic Programme (TP) will have a Thematic Programme Advisory Committee (TPAC) to assist the Executive Director in the:
  - a) Selection of activities/pre-projects/projects for financing under the TP;
  - b) Monitoring and evaluation of progress in implementing the TP; and
  - c) Identification of potential additional sources of voluntary financial contributions to the TP.
2. When appraising, reviewing and endorsing activities/pre-projects/projects for financing, TPACs will consider the requirements identified in the ITTO Manual for Project Formulation. In addition, TPACs will consider any specific criteria identified in the relevant Thematic Programme Document (TPD), as well as the following general criteria:
  - a) Conformity with the specific objectives and deliverables contained in the TPD;
  - b) Linkages or relevance to other activities/pre-projects/projects under the programme;
  - c) Clear quantitative and qualitative indicators to evaluate progress towards achieving TP objectives;
3. As a general rule, each TPAC should not exceed 10 members and should take into account the need for balanced representation among members. Each TPAC will include:
  - a) Three producer member experts, representing the three producer regions;
  - b) One non-donor consumer member expert;
  - c) Representatives of interested donors;
  - d) Representatives of collaborating institutions, as appropriate;
  - e) One representative of Trade Advisory Group (TAG) and/or Civil Society Advisory Group (CSAG)

The Secretariat will facilitate the work and operation of the TPACs.
4. All TPAC members will have expertise on the topic covered by the TP, including experience relevant to the functions contained in paragraph 1.
5. The Executive Director will invite individuals under 3(a), (b) and (c) to participate on TPACs for a three-year term based on nominations by Members. The Executive Director will also invite nominations from collaborating institutions, as well as TAG and CSAG.
6. As a general rule, TPACs will coordinate regularly through electronic means and will meet as needed to fulfil their functions, subject to the availability of funds. TPAC members and TPAC focal points within the Secretariat will consult closely on TPAC operations.

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## **DECISION 5(XLVIII)**

### **FUNCTIONS OF THE COMMITTEES**

Recognizing that the International Tropical Timber Agreement, 2006, the successor agreement to the International Tropical Timber Agreement, 1994, entered into force on 7 December 2011;

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

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

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

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

**ANNEX**  
**to DECISION 5(XLVIII)**

**FUNCTIONS OF THE COMMITTEE**

**A. Functions Common to the Committee**

1. Advise and make recommendations to the Council on respective policy matters, including identifying 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 resources;
  - 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. Encourage 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 and constraints in implementing the ITTO Action Plan.
10. Advise on the development of effective mechanisms for the provision of new and additional financial resources from all sources.

**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. Promote and support research and development, and 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 and non-timber forest products;
  - 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;
  - h. Diversification in utilization of wood; and
  - i. Fostering competitiveness of forest products from sustainably managed tropical forests.

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, Statistic and Markets**

1. Review structural conditions in international timber markets, emphasizing markets for tropical timber, including:
  - a. Factors affecting market access;
  - b. Current situation and short-term prospects;
  - 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;
  - 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 improve marketing and distribution of tropical timber by promoting 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 statistic 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 statistic 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 application of ITTO and other comparable criteria and indicators for sustainable forest management as important tools for all members to assess, monitor and promote progress toward sustainable management of their forests;
  - 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; and
  - g. The relationship of forests to sustainable development, poverty alleviation, food security and 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.
4. Make recommendations to Council on the above matters, as appropriate.

**E. Functions of the Committee on Finance and Administration**

1. Examine and make recommendations to the Council regarding approval of the Organization's administrative budget and the management operations of the Organization.
2. Review the assets of the Organization to ensure prudent asset management and to ensure that the Organization has sufficient reserves to carry out its work.
3. Examine and make recommendations to the Council on the budgetary implications of the Organization's biennial work programme and on actions that might be taken to secure the resources needed to implement the objectives of the ITTA.
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.

**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 discussion, findings of diagnostic missions and ex-post evaluations of completed projects. The Committees on Forest Industry and on Economics, Statistic and Markets will continue to meet jointly due to their related agendas.

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## **DECISION 6(XLVIII)**

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

The International Tropical Timber Council,

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

Decides to adopt the:

1. Rules of Procedures, as contained in Annex 1 to this Decision; and
2. Financial Rules and Rules Relating to Projects of the ITTO, as contained in Annex 2 to this Decision.



**ANNEX 1**  
**to DECISION 6(XLVIII)**

**Rules of Procedure**

Adopted by the International Tropical Timber Council through Decision 6(XLVIII)

## **Chapter I**

### **REPRESENTATION AND CREDENTIALS**

#### **Rule 1**

##### **Representation**

Each member of the International Tropical Timber Council (hereinafter referred to as “the Council”) shall be represented in the Council by a delegation consisting of one representative and such other designated alternates and advisers as it may be required.

#### **Rule 2**

##### **Credentials**

1. The credentials of representatives and the names of alternate representative and advisers shall be submitted to the Executive Director if possible not less than one week before the opening of the session. Any change in the composition of the delegation shall also be submitted to the Executive Director as soon as possible.
2. The credentials of representatives and the names of alternate representatives and advisers shall be issued by the competent authorities of the members of the Council.

#### **Rule 3**

##### **Credentials Committee**

At its first session in each calendar year, the Council shall appoint a Credentials Committee consisting of eight members of the Council to serve during that calendar year. The Credentials Committee shall examine the credentials of representative at each session and report to the Council without delay. It shall also examine and report on any authorization given by a member to another member under article 11, paragraph 2, of the Agreement.

#### **Rule 4**

##### **Observers**

1. The Council may invite any member or observer State of the United Nations which is not party to the Agreement or any of the organizations referred to in article 15 and 27 of the Agreement to attend a particular session or sessions of the Council and/or meetings of its committees and subsidiary bodies as observers. Moreover, any member or observer State of the United Nations which is not party to the Agreement of the Organization may request the Council to be authorized to attend any particular session. Invitations to the United Nations and its organs, such as UNCTAD, UNIDO, UNEP, UNDP and the FAO and the other specialized and related agencies of the United Nations may be made on a permanent basis.
2. Observers shall have no votes. They may, however, upon the invitation of the Council or of a committee or subsidiary body thereof, make oral statements in or submit written statements to a meeting.

#### **Rule 5**

##### **Nomination of a National Focal Point and Transmission of Communications**

Each member shall notify the Executive Director in writing of the name of its National Focal Point to whom all notices and other communications regarding the work of the Council and its committees and subsidiary bodies shall be sent. Such a National Focal Point shall, as a general rule, reside or be located in the city where the Headquarters of the Organization is located, but other arrangements may be made by informing the Executive Director. Any notice or communication forwarded to the National Focal Point so designated shall be deemed to have been delivered to the member concerned. Whenever there is a change of the National Focal Point so designated, the Executive Director shall immediately be notified in writing.



## **Chapter II**

### **CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL**

#### **Rule 6** **Elections**

The election of the Chairperson and Vice-Chairperson for a calendar year under Article 8 of the Agreement shall take place at a regular session held in the preceding calendar year; the Chairperson and Vice-Chairperson shall hold office until the succeeding officers are elected.

#### **Rule 7** **Acting Chairperson**

If the Chairperson of the Council is absent from a meeting or any part thereof, the Vice-Chairperson shall act in his or her place. In the temporary absence of both the Chairperson and the Vice-Chairperson or the permanent absence of one or both of them, the Council may elect new officers from among the representatives of the producer members and/or from among the representatives of the consumer members, as the case may be, on a temporary or permanent basis. The Vice-Chairperson acting as Chairperson shall have the same powers and duties as the Chairperson.

#### **Rule 8** **Nominations**

When the office of Chairperson is to be filled by a representative of a consumer member, a nomination or nominations shall be made by the consumer members and when the office of Chairperson is to be filled by a representative of a producer member, a nomination or nominations shall be made by the producer members; a similar procedure shall be applied for the election of the Vice-Chairperson.

## **Chapter III**

### **SESSIONS OF THE COUNCIL**

#### **Rule 9** **Sessions**

1. As a general rule, the Council shall hold at least one regular session a year. At each regular session the Council shall determine the date, duration and venue of its next regular session. In considering the frequency and location of its Sessions, the Council shall seek to ensure the availability of sufficient funds.
2. Special sessions shall be subject to the provisions of Article 9, paragraph 2, and any other relevant articles of the Agreement.
3. All meetings of the Council shall be private unless the Council decides otherwise. Statements made in, and documents presented to meetings of the Council, unless "Restricted", shall be available to interested parties.

#### **Rule 10** **Convening of Sessions**

The Executive Director shall send to each National Focal Point designated under rule 5 a written notification of the date and place of each session of the Council together with the provisional agenda within the time-limits provided for in Article 9, paragraph 5, of the Agreement. Notification of a special session shall be accompanied by a statement of the reasons for calling the session, together with the provisional agenda. Such notification shall also state under which subparagraphs of Article 9, paragraph 2, of the Agreement the special session is being convened.

Rule 11  
Agenda

1. The provisional agenda of each session of the Council shall be prepared by the Executive Director in consultation with the Chairperson of the Council for adoption by the Council.
2. The provisional agenda for regular sessions may include any items connected with the Agreement which may have been proposed by any member, any committee or subsidiary body of the Council or by the Executive Director.
3. The provisional agenda for a special session shall consist of the item or items specified in the relevant decision to convene it or in the request for the special session under Article 9, paragraph 2, of the Agreement and may contain items which, in the judgment of the Executive Director or the Chairperson of the Council, could profitably be discussed during the special session.
4. The provisional agenda shall include a statement of the votes held by each member at the time it is issued. No changes shall be made in the agenda subsequent to its adoption by the Council, except by decision of the Council.
5. The provisional agenda, together with supporting documents, for each regular session shall be distributed in the working languages by the Secretariat to the members at least three weeks before the opening of the session.
6. The Secretariat shall, as appropriate, report to the Council on the administrative and financial implications of all substantive agenda items submitted to the Council, before they are considered by it.

**Chapter IV**

**CONDUCT OF BUSINESS**

Rule 12  
Quorum

The Executive Director, at each meeting of the Council, shall advise the Chairperson whether the quorum prescribed by Article 13 of the Agreement is present and which member is authorized to represent the interests of another and cast its votes in accordance with Article 11, paragraph 2, of the Agreement.

Rule 13  
Powers and Duties of the Chairperson

In addition to exercising the powers conferred upon him or her elsewhere in these rules, the Chairperson shall announce whether or not a quorum is present, declare the opening and closing of each meeting, direct the discussions, ensure observance of these rules, grant the right to speak, put questions to the vote and announce decisions. He or she shall have control over the proceedings of the Council and over the maintenance of order at its meetings.

Rule 14  
Permission to Speak

1. No person may address the Council without having previously obtained the permission of the Chairperson. Subject to rule 15, the Chairperson shall call upon speakers in the order in which they signify their desire to speak. The Chairperson may call a speaker to order if his or her remarks are not relevant to the subject under discussion and may direct that such remarks shall not appear in the records of the meeting.
2. The Chairpersons of committees and subsidiary bodies of the Council may be accorded precedence for the purpose of explaining the conclusion arrived at by their respective committees or subsidiary bodies. The principal officers of the Organization may similarly be accorded precedence to speak for the purpose of clarifying any matter.

Rule 15  
Points of Order

During the discussion of any matter, a representative may at any time raise a point of order which shall immediately be decided by the Chairperson in accordance with these rules. A representative may appeal against any ruling by the Chairperson. The appeal shall immediately be put to the vote and the Chairperson's ruling shall stand unless overruled by the Council. A representative raising a point of order may not speak on the substance of the matter under discussion.

Rule 16  
Time-limit on Speeches

The Chairperson may, in the course of the discussion, propose to the Council a limit on the time to be allowed to speakers and on the number of times each representative may speak on any question. When debate is limited and a representative has spoken his or her allotted time, the Chairperson shall call him or her to order without delay.

Rule 17  
Adjournment of Debate

During the discussion of any matter, a representative may move for adjournment of the debate on the question under discussion. In addition to the proposer of the motion, one representative may speak in favour of and one against the motion, after which the motion shall be immediately put to the vote.

Rule 18  
Closure of Debate

A representative may at any time move for the closure of the debate on the question under discussion, whether or not any other representative has signified his or her wish to speak. Permission to speak on the closure of the debate shall be accorded only to two speakers opposing the closure, after which the motion shall be immediately put to the vote.

Rule 19  
Suspension or Adjournment of the Meeting

During the discussion of any matter, a representative may move for the suspension or adjournment of the meeting. Such motion shall be debated but shall be immediately put to the vote.

Rule 20  
Order of Procedural Motions

Subject to rule 15, and regardless of the order in which they are submitted, the following motions shall have precedence in the following order over all other proposals or motions before the meeting:

- (a) to suspend the meeting;
- (b) to adjourn the meeting;
- (c) to adjourn the debate on the question under discussion;
- (d) to close the debate on the question under discussion.

Rule 21  
Proposals and Amendments

Proposals and amendments to proposals shall normally be introduced in writing by the members and handed to the Secretariat, which shall circulate copies to the members. As a general rule, no proposal shall be discussed or put to the vote at any meeting of the Council unless copies of it have been circulated to all members not later than the date preceding the meeting. In the absence of any objections, the Chairperson may, however, permit the discussion and consideration of proposals or amendments, even though these proposals or amendments have not been circulated or have been circulated the same day.

Rule 22  
Decision on Competence

Any motion calling for a decision on the competence of the Council to discuss any matter or to adopt any proposal or any amendment submitted to it shall be put to the vote before the matter is discussed or a vote is taken on the proposal or amendment in question.

Rule 23  
Withdrawal of Motions

A proposal or a motion may be withdrawn by its proposer at any time before voting on it has commenced, provided that the proposal or motion has not been amended. A proposal or motion which has thus been withdrawn may be reintroduced by another representative.

Rule 24  
Reconsideration of a Decision

When a decision has been taken by the Council, it may not be reconsidered unless the Council so decides by the same majority as was necessary for the adoption of the original decision. As a general rule, a decision taken by the Council on a particular day may not be reconsidered on the same day. Permission to speak on the motion of reconsideration shall be granted only to the proposer of the motion to reconsider and to not more than two speakers in favour and two against the motion, after which it shall immediately be put to the vote.

**Chapter V**

**VOTING**

Rule 25  
Redistribution of Votes

In order to enable the Council to revise and, where appropriate, redistribute the votes in accordance with Article 10, paragraphs 7 to 9, of the Agreement, the Executive Director shall prepare the necessary documents which, on the basis of the rules laid down in that Article, shall specify the number of votes held by each member.

Rule 26  
Method of Voting

The Council shall normally vote by show of hands but any representative may request a roll-call, which shall be taken in the English alphabetical order of the names of the members, beginning with the member whose name is drawn by lot by the Chairperson. However, if at any time a member requests a secret ballot, that shall be the method of voting on the issue in question.

Rule 27  
Conduct during Voting

After the Chairperson has announced the beginning of the vote no representative shall interrupt the vote except on a point of order in connection with the actual conduct of voting. The Chairperson may permit representatives to explain their votes, either before or after the voting, except when the vote is taken by secret ballot. The Chairperson may limit the time to be allowed for such explanations.

Rule 28  
Voting on Proposals

If two or more proposals relate to the same question, the Council shall, unless it decides otherwise, vote on the motions in the order in which they were submitted. The Council may, after voting on a motion, decide whether to vote on the next motion.

Rule 29  
Voting on Amendment

A motion is considered an amendment to a proposal if it adds to, deletes from or revises part of that proposal. When an amendment is moved to a proposal, the amendment shall be voted on first. When two or more amendments are moved to a proposal, the Council shall first vote on the amendment furthest removed in substance from the original proposal and then on the amendment next furthest removed therefrom and so on until all the amendments have been put to the vote. Where, however, the adoption of one amendment necessarily implies the rejection of another amendment, the latter amendment shall not be put to the vote. If one or more amendments are adopted, the amended proposal shall then be voted upon. If no amendments are adopted, the proposal shall be put to the vote in its original form.

**Chapter VI**

**COMMITTEES AND SUBSIDIARY BODIES**

Rule 30  
Establishment or Dissolution of Other Committees and Subsidiary Bodies

In addition to the committees established under Article 26, paragraph 1, of the Agreement, the Council may, in accordance with Article 26, paragraph 2, thereof, establish or dissolve such other committees and subsidiary bodies as it deems appropriate and necessary in carrying out its work. The terms of reference of such other committees and subsidiary bodies shall cease to exist upon the decision of the Council.

Rule 31  
Rules of Procedure of Committees and Subsidiary Bodies

Except as otherwise provided in these rules, committees and subsidiary bodies established in accordance with Article 26, paragraphs 1 and 2, of the Agreement, shall be open to all members. Committees and subsidiary bodies shall elect their own officers. They shall submit reports on their work to the Council. Subject to rule 30, the rules of procedure of committees and subsidiary bodies shall be those of the Council mutatis mutandis.

**Chapter VII**

**LANGUAGES AND RECORDS**

Rule 32

1. The official languages of the Organization shall be Arabic, Chinese, English, French, Russian, and Spanish. The current working languages of the Organization are English, French and Spanish. All the language services will, be limited to English, French, and Spanish. Specific approval of the Council shall be required for arranging technical facilities for simultaneous interpretation in the Arabic, Chinese and Russian languages.

2. A representative of a member may speak in a language other than an official language, if the member provides for interpretation into at least one of such official languages.

Rule 33  
Decisions and Reports on the Proceedings of the Council

1. The decisions taken during a session of the Council shall be sent to all members within seven working days thereafter.

2. After the end of the session a report on the proceedings shall be prepared by the Executive Director and shall be circulated to all members as soon as possible. Provided that a member so requests before the end of the session, the position expressed by the member concerned on any item shall be incorporated in the report and a statement made by any member during the session which is submitted in writing shall be annexed to the report. Any member may, within 21 calendar days of the report being sent, request that confirmation of any portion of the report which refers to any statements of such member or of any comments

or narration not in accordance with what had actually happened in the opinion of that member, but which would not affect the substance of the decisions taken or conclusions reached, be deferred pending consideration by the Council at its next session. In the absence of any such request, the report shall be deemed to be confirmed and shall be circulated to all members immediately in the languages of the Organization. A tape recording of the Council meetings shall be available in the Secretariat for consultation by members.

Rule 34  
Documents

Unless "Restricted", all ITTO documents shall be available to interested parties. The Council may, however, at any time decide that certain information contained in any of its documents may be restricted or otherwise treated as sensitive information.

**Chapter VIII**

**DECISION OF QUESTIONS WITHOUT MEETING**

Rule 35  
Procedure for Decision of Specific Questions by the Council Without Meeting

The Chairperson of the Council shall arrange for a decision by the Council on a specific question to be sought without meeting where the Chairperson deems it appropriate, or at the request of any member or the Executive Director in consultation with the Chairperson and Vice-Chairperson of the Council, and:

- (a) A majority of producer members or a majority of consumer members; or
- (b) A majority of members.

Rule 36  
Communication to Members

When rule 35 is applied, the Executive Director shall communicate with each member in writing in a form approved by the Chairperson. Such communication shall be sent to the National Focal Point designated under rule 5. The communication shall:

- (a) clearly state the matter at issue;
- (b) describe specifically the proposal on which the member is to vote;
- (c) set the time within which votes must be received; this shall not be less than 30 calendar days from the date of the communication, except that in circumstances which in the view of the Chairperson of the Council are of exceptional urgency, and which shall be explained in the communication, the period for reply shall not be less than 15 calendar days;
- (d) request the member to state:
  - (i) whether it agrees that a decision should be taken without a meeting; and
  - (ii) irrespective of whether it agrees or not, whether it votes for, against or abstains with respect to the specific proposal described in the communication.

Rule 37  
Majority Required for Decisions to be Taken Without Meeting

Without prejudice to Article 12, paragraph 2 of the ITTA, 2006, the majority required for any decision to be taken by the Council without holding a meeting shall require at least two thirds of the votes of producer members and at least 60 per cent of the votes of consumer members, mounted separately, on condition that these votes represent at least half of the producer members and half of the consumer members.

Rule 38  
Ascertaining the Decision

If, at the end of the period for reply referred to in rule 36, the required majority referred to in rule 37 is obtained, all votes for and against the specific question to be decided upon shall be counted by the Executive Director and the Council's decision ascertained on the basis of these votes. Abstentions shall be recorded.

Rule 39  
Report on a Decision by the Council Without Meeting

A report on any specific question decided without meeting, together with a statement of the number of votes for and against and the number of abstentions, shall be sent to all members by the Executive Director as soon as practicable and no later than 10 calendar days after the end of the period for reply.

**Chapter IX**

**AMENDMENTS**

Rule 40  
Amendments

These rules of procedure may be amended or suspended by a special vote of the Council.

**Chapter X**

**OVERRIDING AUTHORITY OF THE AGREEMENT**

Rule 41

In the event of any conflict between any provision of these rules and any provision of the Agreement, the Agreement shall prevail.





**ANNEX 2**  
**to DECISION 6(XLVIII)**

**Financial Rules and Rules Relating to Projects of the  
International Tropical Timber Organization**

Adopted by the International Tropical Timber Council through Decision 6(XLVIII)

## **Chapter I**

### **AUTHORITY AND APPLICABILITY**

#### **Rule 1**

#### **Authority and Applicability**

These rules are promulgated in accordance with Article 7, paragraph (a), of the Agreement. They shall govern the administration of all financial activities of the Organization.

## **Chapter II**

### **DEFINITIONS**

For the purposes of these Rules, the following definitions shall apply:

1. "Agreement" means the International Tropical Timber Agreement, 2006.
2. "Organization" means the International Tropical Timber Organization established in accordance with Article 3 of the Agreement.
3. Article 20, paragraph 2, of the Agreement, refers to "sources of finance" for the Special Account, while paragraph 8 of the same Article refers to "donor". Throughout these rules, no substantive distinction is to be implied between the terms "sources of finance" or "financing sources", and "donor". A "voluntary contribution" is any receipt in the Special Account or the Bali Partnership Fund, in cash or in kind, intended by the contributor to be used for any project, pre-project, or other activity approved by the Council.
4. "Unearmarked funds" shall be such sums in the Special Account or the Bali Partnership Fund whose intended use has not been previously stated by the donor of the sum, or certain types of interest earned in the accounts.
5. The "Financial Year" of the Organization shall be identical with the calendar year.
6. The "Project" should address one or more of the priority areas related to the Agreement.
7. The "Pre-Project" is a set of preparatory and/or experimental activities necessary to formulate a Project Proposal [or which are needed to assess a Project Proposal]. A proposed Pre-Project should aim at undertaking in-depth problem analysis and identifying the strategy to mitigate the core problem through, among others, field surveys, market/technical studies, consultation with stakeholders and other participatory processes.
8. The "Activity" is mainly conducted for the policy work which should contribute to achieving the objectives of the Agreement for members broadly in accordance with Article 24 of the Agreement. It usually takes the form of study, workshop/seminar, cooperative actions with other International Organizations and fora etc.
9. The "Thematic Programmes Sub-Account" is one of the sub-accounts which comprise the Special Account in accordance with Article 20 of the Agreement. The purpose of the Thematic Programmes Sub-Account shall be to facilitate unearmarked contributions for financing of approved projects, pre-projects, and activities consistent with Thematic Programmes established by the Council on the basis of the policy and project priorities identified in accordance with Articles 24 and 25.

### **Chapter III**

## **ADMINISTRATIVE ACCOUNT**

### **Rule 2**

#### **Structure of the Administrative Account**

1. All receipts and expenditures relating to the administration of the Organization shall be brought into the Administrative Account. They shall be shown separately and in full in an administrative budget and shall be shown in the same manner in the annual accounts.
2. The Administrative budget shall be subdivided into:
  - (a) Basic administrative costs such as salaries and benefits, staff installation and separation costs, official travel,; and
  - (b) 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, 27 and 28 of the Agreement.
3. For each financial biennium, the budget for the Administrative Account shall include:
  - (a) All estimated receipts for the following biennium and for the current financial year, together with appropriate footnotes and an explanatory memorandum including the calculation of the contributions payable by members;
  - (b) All other financial resources of the Organization other than those of the Special Account and the Bali Partnership Fund referred to in Articles 20 and 21, respectively, of the Agreement;
  - (c) Estimated expenditure for the following biennium and authorized and estimated expenditure for the current financial year, subdivided into the various budgetary headings and subheadings explained in footnotes or an explanatory memorandum;
  - (d) An establishment table showing the authorized posts and the posts actually filled in the current financial year as well as the posts requested for the biennium, in which case it shall be indicated at which moment of that following biennium these posts should be effectively filled. All information on posts shall be subdivided into grades, services, etc.
  - (e) The Budget for the Administrative Account shall be established in United States dollars.

### **Rule 3**

#### **Preparation and Approval of the Budget for the Administrative Account**

1. The Executive Director, before the end of each financial biennium, shall prepare a draft budget for the Administrative Account for the following biennium in the manner prescribed in Rule 2. The draft budget shall then be sent to all members at least 90 calendar days before the session of the Council at which the budget is to be approved.
2. Should very exceptional circumstances so require, the Executive Director may submit to the Council proposals for supplementary expenditure during any financial year, together with proposals for meeting such supplementary expenditure. Such proposals shall be sent to all members at least 60 calendar days before the session of the Council at which they are to be considered.
3. If as a result of its consideration under paragraph 2, above, the Council decides to call up supplementary contributions, it shall give members at least 90 calendar days notice before such contributions become due.

### **Rule 4**

#### **Contributions of Members to the Administrative Account**

1. The Council shall, in accordance with Article 19 of the Agreement, determine for each financial biennium, the amount in United States dollars of each member's contribution to the Administrative Account. The Executive Director shall, within seven working days after the close of the last Council Session each financial biennium, advise each member of the amount of its contributions to the Administrative Account for the following biennium.
2. With reference to Article 19, paragraph 6 of the Agreement, the Executive Director shall assess the initial contribution of any member joining the Organization after the entry into force of the ITTA, 2006 on the

basis of the number of votes to be held by that member and the period remaining in that financial biennium, but the assessment made upon other members in the biennium should not thereby be altered. The Executive Director shall seek approval of the assessed initial contribution by the Council at its next session.

3. Payment of contributions to the Administrative Account shall be made in accordance with Articles 19 and 22 of the Agreement. The exchange rate used to convert the member's payment into United States dollars shall be the rate of exchange prevailing on the day when the contribution is paid.

4. In accordance with Article 19, paragraph 8 of the Agreement, any member which has paid its full contribution within four months of the due date shall receive a discount at a rate to be determined from time to time by the Council. Such discounts shall be applied in the form of rebates from the assessed contributions of members in the financial biennium following that in which the discount was earned, and the total amount of such discounts shall become part of the estimated expenditures described in Rule 2 paragraph 2 (a) for the budget for the Administrative Account of the aforesaid following biennium. The discount rate shall be decided by the Council and initially shall be 5.5%.

#### Rule 5 Administration of the Administrative Account

1. The approval by the Council of the budget for the Administrative Account shall constitute the authority of the Executive Director to receive payments, to meet obligations and to incur expenditure within the limits of the budget.

2. The Executive Director is authorized to transfer any sum under a heading in the budget for the Administrative Account from one subheading to another subheading or subheadings under the same heading, provided that the total expenditure in this heading is not exceeded. The expenditure of sums so transferred shall be shown separately in the annual accounts.

3. The Executive Director shall inform the Chairperson of the Council, in writing, each time a sum is transferred under the authorization granted in this Rule.

4. The Administrative Account contains a Working Capital Account which shall be used to receive all initial assessed contributions as referred to in Rule 4 paragraph 2 and all arrears of contributions to the Administrative Account. No disbursements shall be made from the Working Capital Account without a decision of the Council.

5. The budget for the Administrative Account may contain a contingency reserve heading. The amount of this heading shall be decided upon every financial biennium by the Council. Interest received on the resources of this heading and of any other heading, which may be invested in such short-term instruments as the Council may approve, constitutes a resource of the budget for the Administrative Account for the next year.

6. At the end of the each calendar year, the Administrative Account shall transfer the excess of revenues over expenditures or excess of expenditures over revenues to/from the Working Capital Account.

7. The Council shall determine when and in what manner the resources of this reserve shall be utilized.

8. Borrowing from whatever source for the Administrative Account is not permitted.

#### Rule 6 Control of the Administrative Account

The Executive Director shall:

- (a) Set up a system to provide for the effective conduct of financial transactions in order to prevent any irregularity in the receipt, disposal and custody of all funds and other resources relating to the Administrative Account of the Organization and to ensure compliance with the budget or other financial provisions approved by the Council;
- (b) Deposit all revenue relating to the Administrative Account in an account or accounts opened in the name of the "International Tropical Timber Organization (Administrative Account)" at a bank or banks approved by the Council and shall arrange for withdrawals therefrom signed by two persons designated by the Executive Director in consultation with the Chairperson of the Council;

- (c) Keep an inventory of all capital acquisitions.

Rule 7

Audit of the Administrative Account and Submission to the Council for Approval

1. In accordance with Article 23 of the Agreement, the Council shall appoint an independent auditor of recognized standing for a term of three consecutive years, subject to satisfactory performance. This auditor should preferably be selected from among the auditing personnel who are nationals of the Members of the Organization. The same auditor shall not be appointed for the following term of three consecutive years. The Executive Director shall engage the selected auditor on an annual basis. The re-engagement of the same auditor shall also be on annual basis subject to a maximum of three years in total.
2. The terms of appointment of the independent auditor shall be as follows: "To examine the Administrative Account of the Organization and to verify as a result of the audit, the accuracy of such account". The objectives of the audit shall be to review transactions having financial implications as to the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization and the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Council and the allotments issued thereunder. This includes the regular evaluation of the expenditures in the Administrative Account with regard to achieving the most efficient use practicable of available resources.
3. In order to achieve optimum performance, the auditor shall have full access to all documents and information available in the Organization. The Executive Director shall, within 30 days of the submission of the auditor's report, transmit to all members texts of the audited statements of the Administrative Account. The Executive Director shall submit to the Council for approval the Organization's Administrative Account and audited balance sheet, as well as the auditor's report, as soon as possible after the close of the financial year, but not later than six months after that date and in any case not later than two months before the next session of the Council.

Chapter IV

**SPECIAL ACCOUNT**

Rule 8

Structure of the Special Account

The Special Account established under Article 18, shall comprise two sub-accounts:

- (a) The Thematic Programmes Sub-Account: to facilitate unearmarked contributions for the financing of approved pre-projects, projects and activities consistent with Thematic Programmes established by the Council on the basis of the policy and project priorities identified in accordance with Articles 24 and 25 of the Agreement; and
- (b) The Project Sub-Account: to facilitate earmarked contributions for the financing of pre-projects, projects and activities approved in accordance with articles 24 and 25 of the Agreement.

Rule 9

Resources of the Special Account

The resources of the Special Account established under Article 18 and described in Article 20 of the Agreement shall include:

- (a) Funds received directly by the Organization from the Common Fund for Commodities;
- (b) Funds received directly by the Organization from regional and international financial institutions referred to in Article 20, paragraph 2 (b), of the Agreement;
- (c) Voluntary contributions from members in accordance with Article 20, paragraph 2 (c), of the Agreement, and voluntary contributions, including scientific and technical equipment or personnel provided for under Article 22, paragraph 2, of the Agreement, as well as 50% of any interest earned in the Special Account; and
- (d) Funds from other sources.

Rule 10  
Currency Provisions

1. Cash contributions to the Special Account shall be paid in freely convertible currencies.
2. The resources of the Special Account shall, unless the Council decides otherwise, be maintained in United States dollars. The rate of exchange used to convert cash contributions or cash equivalents of other forms of contributions to the Special Account into United States dollars shall be the rate of exchange prevailing on the day when the contribution is made.
3. When resources are maintained in currencies other than the United States dollar, the Executive Director shall establish such procedures as deemed necessary to ensure adequate security for such resources against foreign exchange risks and shall report to the CFA.

Rule 11  
Administration and Control of the Special Account

1. The receipt of funds for the financing of the budget of pre-projects and projects approved by the Council shall constitute authority for the Executive Director to meet obligations and to incur, in conformity with Article 25 of the Agreement, expenditure in accordance with the provisions of the present rules relating to the Special Account.
2. The Executive Director shall deposit all revenues relating to the Special Account in an account or accounts opened in the name of the "International Tropical Timber Organization (Special Account)" at a bank or banks approved by the Council and shall arrange for withdrawals therefrom signed by two persons designated by the Executive Director in consultation with the Chairperson of the Council.
3. The Executive Director shall set up a system to provide for the effective conduct of financial transactions in order to prevent any irregularity in the receipt, disposal and custody of all the resources of the Special Account. He shall ensure compliance with the present rules and all decisions of the Council relating to the Special Account.

Rule 12  
Disbursements

The disbursement of funds from the Thematic Programmes Sub-Account and the Project Sub-Account shall be governed by the following terms and conditions:

- (a) The funds shall be released to the implementing member or entity only at such time as the Executive Director has been notified by the member or entity and is satisfied that implementation of the project is about to commence, and in any case not more than two months before the scheduled date of commencement;
- (b) The Organization shall release funds to the implementing entity in accordance with a timetable previously agreed between them, and set out in the Project or Pre-Project Agreement. Funds set aside for use by the Organization in monitoring, reviewing, or evaluating pre-projects or projects shall not be released to the implementing entity. Contingency funds shall only be released to the implementing entity on receipt of a written, justified request by the Executive Director. The balance of funds, if already transferred by the financing source(s) to the Organization, shall be held by the Organization in the Thematic Programmes Sub-Account or in the Project Sub-Account;
- (c) Interest earned in cases where the Organization holds funds for later disbursement shall be credited to the Thematic Programmes Sub-Account or the Project Sub-Account, unless the financing source(s) decide(s) otherwise;
- (d) Where the Organization is holding funds for a project on which the Council decides to terminate its sponsorship under Rule 28, disbursements by the Organization shall cease, and any remaining funds returned in accordance with paragraph 2 of Rule 28 below. However liabilities undertaken up to the day of the Council's decision shall be paid;
- (e) Unearmarked funds shall not be disbursed without a specific Council decision relating to their disbursement.

Rule 13  
Solicitation of Funds

1. The Executive Director shall seek adequate and assured finance for projects approved by the Council from the possible sources listed in Article 20, paragraph 2, of the Agreement. However, solicitation of unearmarked funds for the Thematic Programmes Sub-Account may be initiated by the Executive Director at any time.
2. In carrying out his endeavours the Executive Director may use the good offices of any persons, institutions or governments disposed to be of service to the Organization, or his own staff. All funds received by the Organization as a result of his solicitations shall be subject to the same budgetary and accounting procedures as funds received earmarked for approved Projects from any other source.

Rule 14  
Use of Resources for Other Pre-projects or Projects

1. If the Council finds it desirable to use resources for a pre-project/project or pre-projects/projects other than that/those for which they were originally designated it shall, at least 90 calendar days before taking a decision to that effect, seek the agreement of the original donor(s) in accordance with Article 20, paragraph 8 of the Agreement. If the view of the donor(s) proved to be in conflict with that of the Council, the Council's sponsorship of the original pre-project/project or pre-projects/projects may nonetheless be terminated under Article 25, paragraph 5, of the Agreement, following a further discussion of the matter in the Council.
2. The unused part of the resources contributed to the original pre-project/project or pre-projects/projects shall, in case of a renewed decision to terminate, be returned on a pro rata basis to the donor(s), as required under Article 20, paragraph 8, of the Agreement, and in accordance with paragraph 2 of Rule 28 below. A further Council decision will then be required regarding the alternative project(s).
3. No resources shall be transferred from the Special Account to the Bali Partnership Fund without a decision by the Council and the agreement of the original financial donor.

Rule 15  
Programme Support

1. The purpose of Programme Support within the Special Account shall be to defray the expenses of administration of projects, pre-projects, and other activities of the Organization approved by the Council. Such administrative expenses shall comprise bank charges, project-related communication costs, the remuneration of project administration staff, and other expenses related to project administration.
2. The resources of the Programme Support shall comprise a portion of the budget of pre-projects, projects, and Council-approved activities. The charge shall be 12% of the basic budget (all budget components which are not the Programme Support charge), except in the case of ITTO-executed pre-projects, projects, and Council-approved activities, when this figure will be 15%. These funds shall be deposited as Programme Support in the Special Account. Bank interest accruing to the current balance of total Programme Support shall also constitute a Programme Support resource.
3. 1% of the basic project or pre-project budget, being part of the aforementioned programme support charge, shall be utilised to defray the expenses of translation of Council and Committee documents, and Project and Pre-Project documents, into ITTO's working languages.
4. The Executive Director shall ensure that the residual balance of the Programme Support shall at any time be sufficient to meet the commitments already made by the Organization for the administration of projects, pre-projects, and Council-approved activities at that time.

Rule 16

Audit of the Special Account and Submission to the Council for Approval

1. In accordance with Article 23 of the Agreement, the Council shall appoint an independent auditor of recognized standing for a term of three consecutive years, subject to satisfactory performance. This auditor should preferably be selected from among the auditing personnel who are nationals of the members of the Organization. The same auditor shall not be appointed for the following term of three consecutive years. The Executive Director shall engage the selected auditor on an annual basis. The re-engagement of the same auditor shall also be on annual basis subject to a maximum of three years in total.
2. The terms of appointment of the independent auditor shall be as follows: "To examine the Special Account of the Organization and to verify as a result of the audit, the accuracy of such account". The objectives of the audit shall be to review transactions having financial implications as to the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization and the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Council and the allotments issued thereunder. This includes the regular evaluation of the expenditures in the Special Account with regard to achieving the maximum economic use of available resources.
3. In order to achieve optimum performance the auditor shall have full access to all documents and information available in the Organization. The Executive Director shall, within 30 days of the submission of the auditor's report, transmit to all members texts of the audited statements of the Special Account. The Executive Director shall submit to the Council for approval the Organization's Special Account as well as the auditor's report, as soon as possible after the close of the financial year, but not later than six months after that date and in any case not later than two months before the next session of the Council.

Rule 17

Review

While the Agreement is in force, the Council may, when appropriate, review the financing of the Special Account. It shall report the results of such review and any recommendation thereon to the members.

**Chapter V**

**THE BALI PARTNERSHIP FUND**

Rule 18

Resources of the Bali Partnership Fund

1. The resources of the Bali Partnership Fund established under Article 18 and described in Article 21 of the Agreement shall include:
  - (a) Voluntary contributions from donor members in accordance with Article 21, paragraph 2 (a) of the Agreement, and voluntary contributions, including scientific and technical equipment or personnel, to meet the requirements of approved projects in accordance with Article 21, paragraph 3 of the Agreement.
  - (b) Fifty per cent of interest earned as a result of activities related to the Special Account.
  - (c) Voluntary contributions from other public and private sources which the Organization may accept consistent with these Rules.
  - (d) Other sources approved by the Council.
  - (e) Interest earned in the Bali Partnership Fund from all deposits to that Fund.
2. In allocating the resources of the Bali Partnership Fund, the Council shall take into account the requirements of Article 21 paragraph 3 and paragraph 4 of the Agreement and the criteria and priorities to Finance Actions/Activities, Pre-Projects and Projects under Sub-Account B of the Bali Partnership Fund. The Council shall annually review the criteria used for allocating the resources of the Bali Partnership Fund in accordance with its interpretation of Objective 1(d) of the Agreement (See Annex).



Rule 19  
Currency Provisions

1. Cash contributions to the Bali Partnership Fund shall be paid in freely convertible currencies.
2. The resources of the Bali Partnership Fund shall, unless the Council decides otherwise, be maintained in United States dollars. The rate of exchange used to convert cash contributions or cash equivalents of other forms of contributions to the Bali Partnership Fund into United States dollars shall be the rate of exchange prevailing on the day when the contribution is made.
3. When resources are maintained in currencies other than the United States dollar, the Council shall establish such procedures as it deems necessary to ensure adequate security for such resources against foreign exchange risks.

Rule 20  
Administration and Control of the Bali Partnership Fund

1. The receipt of sufficient funds for the financing of the total budget of pre-projects and projects approved by the Council for financing from the Bali Partnership Fund shall constitute authority for the Executive Director to meet obligations and to incur, in conformity with Article 25 of the Agreement, expenditure in accordance with the provisions of the present Rules relating to the Bali Partnership Fund.
2. The Executive Director shall deposit all revenues relating to the Bali Partnership Fund in an account or accounts opened in the name of the "International Tropical Timber Organization (Bali Partnership Fund)" at a bank or banks approved by the Council and shall arrange for withdrawals therefrom signed by two persons designated by the Executive Director in consultation with the Chairperson of the Council.
3. The Executive Director shall set up a system to provide for the effective conduct of financial transactions in order to prevent any irregularity in the receipt, disposal and custody of all the resources of the Bali Partnership Fund. He shall ensure compliance with the present Rules and all decisions of the Council relating to the Bali Partnership Fund.

Rule 21  
Disbursements

The disbursement of funds from the Bali Partnership Fund shall be governed by the following terms and conditions:

- (a) The funds shall be released to the implementing member or entity only at such time as the Executive Director has been notified by the member or entity and is satisfied that implementation of the project is about to commence, and in any case not more than two months before the scheduled date of commencement;
- (b) The Organization shall release funds to the implementing entity in accordance with a timetable previously agreed between them, and set out in the Project Agreement. Funds set aside for use by the Organization in monitoring, reviewing, or evaluating pre-projects or projects shall not be released to the implementing entity. Contingency funds shall only be released to the implementing entity on receipt of a written, justified request by the Executive Director. The balance of funds, if already transferred by the financing source(s) to the Organization, shall be held by the Organization in the Bali Partnership Fund;
- (c) Interest earned in cases where the Organization holds funds for later disbursement shall be credited to the Bali Partnership Fund, unless the financing source(s) decide(s) otherwise;
- (d) Where the Organization is holding funds for a project on which the Council decides to terminate its sponsorship under Rule 28, disbursements by the Organization shall cease, and any remaining funds returned in accordance with paragraph 2 of Rule 28 below. However liabilities undertaken up to the day of the Council's decision shall be paid;
- (e) Unearmarked funds shall not be disbursed without a specific Council decision relating to their disbursement.

Rule 22  
Solicitation of Funds

1. The Executive Director shall seek adequate and assured finance for projects approved by the Council from the possible sources listed in Article 21, paragraph 2, of the Agreement. However, solicitation of unearmarked funds for the Bali Partnership Fund may be initiated by the Executive Director at any time.
2. In carrying out his endeavours, the Executive Director may use the good offices of any persons, institutions or governments disposed to be of service to the Organization, or his own staff. All funds received by the Organization as a result of his solicitations shall be subject to the same budgetary and accounting procedures as funds received earmarked for approved projects from any other source.

Rule 23  
Use of Resources for Other Pre-projects/Projects in the Bali Partnership Fund

1. If the Council finds it desirable to use resources for a pre-project/project or pre-projects/projects other than that/those for which they were originally intended, it shall, at least 90 calendar days before taking a decision to that effect, seek the agreement of the original donor(s). If the view of the donor(s) proves to be in conflict with that of the Council, the Council's sponsorship of the original pre-project/project or pre-projects/projects may nonetheless be terminated under Article 25, paragraph 5, of the Agreement, following a further discussion of the matter in the Council.
2. The unused part of the resources contributed to the original pre-project/project or pre-projects/projects shall, in case of a renewed decision to terminate, be returned on a pro rata basis to the donor(s), as required under Article 20, paragraph 8, of the Agreement, and in accordance with paragraph 2 of Rule 28 below. A further Council decision will then be required regarding the alternative project(s).
3. No resources shall be transferred from the Bali Partnership Fund to the Special Account without a decision by the Council and the agreement of the original financial donors.

Rule 24  
Audit of the Bali Partnership Fund and Submission to the Council for Approval

1. In accordance with Article 23 of the Agreement, the Council shall appoint an independent auditor of recognized standing for a term of three consecutive years, subject to satisfactory performance. This auditor should preferably be selected from among the auditing personnel who are nationals of the members of the Organization. The same auditor shall not be appointed for the following term of three consecutive years. The Executive Director shall engage the selected auditor on an annual basis. The re-engagement of the same auditor shall also be on annual basis subject to a maximum of three years in total.
2. The terms of appointment of the independent auditor shall be as follows: "To examine the Bali Partnership Fund of the Organization and to verify as a result of the audit, the accuracy of such account". The objectives of the audit shall be to review transactions having financial implications as to the regularity of the receipt, custody and disposal of all funds and other financial resources of the Organization and the conformity of obligations and expenditures with the appropriations or other financial provisions voted by the Council and the allotments issued thereunder. This includes the regular evaluation of the expenditures in the Bali Partnership Fund with regard to achieving the maximum economic use of available resources.
3. In order to achieve optimum performance the auditor shall have full access to all documents and information available in the Organization. The Executive Director shall, within 30 days of the submission of the auditor's report, transmit to all members texts of the audited statements of the Bali Partnership Fund. The Executive Director shall submit to the Council for approval a statement of account of the Organization's Bali Partnership Fund as well as the auditor's report, as soon as possible after the close of the financial year, but not later than six months after that date and in any case not later than two months before the next session of the Council.

Rule 25  
Review

While the Agreement is in force, the Council shall, in accordance with Article 21, paragraph 7 of the Agreement, examine at regular intervals the adequacy of the resources available to the Bali Partnership Fund. It shall report the results of such review and any recommendation thereon to the members.

## **Chapter VI**

### **PROJECT AND PRE-PROJECT RULES**

#### **Rule 26**

##### **Project and Pre-project Proposals**

The following terms and conditions shall govern the form and composition of project proposals submitted by the Executive Director to any of the Committees established under Article 26, paragraph 1, of the Agreement, for final consideration, technical appraisal and evaluation, and of those submitted by any of these Committees to the Council for approval and prioritization:

- (a) The Project shall be proposed in the form of a Project Document. The Project Document in its draft form shall be the basis for determining whether a project for which ITTO approval is to be requested, and for which financing will be sought, has a reasonable chance of contributing substantially to the objectives of the Agreement. In the event that the proposal is designed to be funded from the Bali Partnership Fund, it must contribute to the achievement of the objective in Article 1(d) of the Agreement, and be in accord with Rule 18 (2). In its final form, the Project Document shall be the formal control document for any project approved by the Council, financially supported by one or more of the sources of finance set out in Article 20, paragraph 2, and Article 21, paragraph 2 of the Agreement, and under implementation by the selected executing agency or other entity. In general, the Project Document shall serve as an effective instrument for communicating all relevant information about the project to all parties concerned with it;
- (b) Each project submitted to the Council for approval shall require a Project Document, irrespective of the magnitude of the funds involved, although the contents and length of each document may be adjusted to the requirements of each case. Projects requiring funding of 150,000 United States dollars or less may be presented to the Council, to prospective donors and to implementing agencies in less detail;
- (c) The Project Document shall provide a clear statement of both the qualitative and quantitative objectives of the project and how they are expected to be accomplished, and shall define them in such a way as to permit evaluation of the project's effectiveness;
- (d) The Project Document shall clearly indicate the inputs required by the project, the project activities and their time schedules and the expected outputs, in such a way as to permit monitoring of implementation in accordance with the ITTO Manual on Monitoring, Review, Reporting and Evaluation;
- (e) The detailed contents of each Project Document shall follow the format laid down in the ITTO Project Formulation Manual;
- (f) The preparation and approval of an ITTO Project Document shall in no way affect the possible need to prepare a parallel document in such format as may be required by donor agencies or individual donors, or by executing agencies;
- (g) The rules and procedures governing the selection of the entity or entities to implement a given project shall be specified by the Council at the time it approves the project, unless these rules and procedures are already included in the relevant project document. The rules and procedures governing the selection of the entity or entities to which certain parts or the whole of the project may be contracted shall be the ITTO Guidelines on the Selection and Employment of Consultants and likewise the procurement of goods and services for the project shall be governed by the ITTO Guidelines for the Procurement of Goods and Services.

#### **Rule 27**

##### **Agreement on Location of Projects**

In the case where a member has submitted a project proposal some or all of whose activities are planned to take place in the territory of another member, at least two months before the Council considers a project for approval, the Executive Director shall, on behalf of the Council, seek the agreement of the country in whose territory the project, or part of the project, is to be located. He shall inform the Council of the results of his contacts with the Government concerned at the time the project is considered by the Council for approval. If, after six months from the initial approach by the Executive Director, or three months from the Council's definitive approval of the project, whichever is the longer, no agreement has been obtained from the member concerned regarding the location of the project or part of the project, the Council may terminate its efforts to locate the project or part of the project in the territory of that country. In such an event, the Council shall decide:

- (a) either to carry out the project or part of project in the territory of another member(s);
- (b) or to consult with interested members including especially the paid-up donors to the original project, as to alternative uses of the available funds under Article 20, paragraph 8, of the Agreement;
- (c) or to terminate its sponsorship of the project under Article 25, paragraph 5, of the Agreement.

Rule 28

Termination of Sponsorship of Projects

1. The Council may terminate its sponsorship of a project under Article 25, paragraph 5, in particular in cases where it is satisfied that:

- (a) The financial resources provided for the project are being misapplied to an extent which compromises the fulfillment of the objective of the project;
- (b) The technical means and/or personnel being used for the implementation of the project are being misapplied to an extent which compromises the fulfillment of the objectives of the project;
- (c) Its continued sponsorship of the project no longer serves the objectives of the Agreement.

2. Within two months of the termination of sponsorship of a project, the Organization shall, unless otherwise agreed by the donor(s), make the reimbursement of funds required under Article 20, paragraph 8, of the Agreement.

**Chapter VII**

**MISCELLANEOUS**

Rule 29

Disposal of Assets on Liquidation of the Organization

In the event that the Council decides, by special vote, to terminate the Agreement under Article 44 paragraph 5 of the Agreement, and thus to liquidate the Organization, or that the Agreement expires with the same effect, the Council shall, within the eighteen months from the date of termination provided for by Article 44 paragraph 6 of the Agreement, make arrangements for the settlement of all existing commitments and shall return all residual financial assets in the Administrative Account, Special Account, and Bali Partnership Fund, pro rata to the original donors.

Rule 30

Amendments and Suspension

These rules may be amended or suspended by a decision of the Council.

## ANNEX

### Criteria and Priorities to Finance Actions/Activities, Pre-Projects and Projects under Sub-Account B of the Bali Partnership Fund

The Panel on Sub-Account B of the Bali Partnership Fund (BPF) shall consider and recommend non-country specific actions/activities, pre-projects and projects designed to directly assist tropical timber producing members to achieve the Objective of Article 1(d) of the ITTA, 1994 – “To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000”.

Eligible activities \* shall meet the following criteria:

- (i) Be designed and related to the implementation of those activities captured under the goals of the ITTO Action Plan that are non-country specific.
- (ii) Be of global or regional benefit.

Within eligible activities highest priority will be given to:

- (i) Activities approved in Council Decisions directly related to the promotion of sustainable forest management through one or more of the priority areas established through the Council decisions and the ITTO Action Plan \*\* as shown below:
  - To adopt a forest policy and enforce legislation,
  - To establish and secure a Permanent Forest Estate,
  - To reduce the damage done by timber harvesting to the physical and social environments and to the forest eco-system,
  - To train the work force to accelerate the use of reduced impact logging,
  - To secure the production of the optimal mix of goods and services and limit timber harvesting to the sustained yield capacity;

AND

- (ii) Approved pre-projects and projects formulated and submitted in response to the recommendation by the Council, by more than one of the Committees or a Committee;

AND

- (iii) Activities that the Panel by consensus deems urgent.

The Panel shall prioritize the eligible actions/activities, pre-projects and projects and recommend a priority list to the Council for consideration in light of the eligibility and prioritization criteria and requirements detailed above.

The Panel shall also make its recommendations taking into account the resources available in Sub-Account B of the BPF at that Session.

The Panel shall endeavor to take decisions on its recommendations on eligibility and priorities by consensus. If consensus cannot be reached, the Panel shall take decisions and make recommendations by simple majority.

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\* Activities refers to “actions/activities, pre-projects and projects”.

\*\* Priority areas are to be updated to reflect the revised priority areas adopted in new ITTO Action Plans.



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## **DECISION 7(XLVIII)**

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

The International Tropical Timber Council,

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

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

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

\* \* \*





## **ANNEX IV**

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

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

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

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## REPORT

### 1. Opening of the Session

The Forty-sixth Session of the Committees was opened on 7 November 2012 at the Joint Session of the Committee on Economic Information and Market Intelligence (CEM) and the Committee on Forestry Industry (CFI), co-chaired by Mr. Rob Busink (the Netherlands), Chairperson of CEM and Dr. James Gasana (Switzerland), Chairperson of CFI. Mr. José Trinidad Suazo Bulnes (Honduras), Vice-Chairperson of the Council chaired the Joint Session of the Committees on 6 November 2012 which considered items 4 and 8A of the Agenda and on 7 November 2012 which considered item 6 of the Agenda. The list of participants is presented in document ITTC(XLVIII)/Info. 2.

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

The Agenda for the Joint Session of the CEM and the CFI as contained in document CEM-CFI(XLVI)/1 was duly adopted.

### 3. Admission of Observers

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

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

The Committees noted the presentation made by Ms. Eudeline Melet Pekam (France), Chairperson of the Expert Panel for Technical Appraisal of Project Proposals at its Forty-third and Forty-fourth meetings held on 6-10 February 2012 and on 30 July-3 August 2012 in Yokohama, Japan as contained in documents ITTC/EP-43 and ITTC/EP-44, respectively. In summary, the reports of the Expert Panel indicated:

- (i) 42 and 45 proposals appraised at its Forty-third and Forty-fourth meetings respectively;
- (ii) 7 proposals (17% of proposals evaluated) comprising 6 projects and 1 pre-project were accorded category 1 rating at the Forty-third meeting and 17 proposals (38% of proposals evaluated) comprising 13 projects and 4 pre-project were accorded category 1 rating at the Forty-fourth meeting;
- (iii) 2 out of the 7 proposals accorded category 1 rating during the Forty-third meeting and 9 out of the 17 proposals accorded category 1 rating at the Forty-fourth meeting were new proposals; and
- (iv) 20 proposals appraised during the Forty-third meeting and 11 proposals during the Forty-fourth meeting were sent back to proponents for revision and 13 proposals appraised during the Forty-third meeting and 16 proposals during the Forty-fourth meeting were recommended not to be approved by the Committees.

Ms. Pekam presented to the Committees the general findings and recommendations of the Expert Panel at its Forty-third and Forty-fourth meetings particularly addressed to the proponents of proposals with regard to the structure and design of projects, as follows:

- The key problem and problem analysis section is a fundamental part of the proposal and should be conducted thoroughly prior to identifying the outputs and activities;
- A proper presentation of the context: social, cultural, economic and environmental aspects should be provided and related to the project; and
- Approaches and methods are also fundamental in the formulation of a proposal and expected changes should be emphasized rather than what is done in practice.

Ms. Pekam presented to the Committees recommendations addressed to the proponents for the adequate involvement of all stakeholders especially communities, the absence of which may threaten the successful implementation of the whole project and its sustainability, as follows:

- Carry out in-depth analysis of all parties affected by the project, both positively (beneficiaries) or negatively;
- Communities should not be taken as a homogenous group and gender issues and group equity should be considered;

- Provide for beneficiaries' needs and priorities particularly of local communities and demonstrate expression of support of stakeholders.

Ms. Pekam also presented to the Committees recommendations addressed to the proponents for lasting changes in the proposals, as follows:

- Required budget from ITTO should not cover to a large extent personnel and travel costs;
- Proponents should wait for on-going projects to be fully carried out and to build follow-up proposals based on their outcomes;
- The ITTO guidelines should be followed and used.

Ms. Pekam further presented recommendations addressed to submitting countries:

- Strengthen the role of ITTO's focal points particularly in carrying out a first screening of proposals and in monitoring of proposals;
- Use national clearinghouse mechanism, especially noting its obvious added value in passing forward better quality proposals;
- Re-emphasize the need of training on project formulation and provide funding on such trainings;
- Contribute to disseminate relevant ITTO guidelines and results of previous or on-going ITTO and other projects.

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

- Provide more training on project formulation;
- Reinforce the role and involvement of ITTO's focal points in determining venues, monitoring of projects, etc. ;
- Ensure the national clearing house mechanism is fully implemented;
- Further promote the use of ITTO guidelines;
- Reflect on the future of the appraisal system.

Following the presentation of Ms. Pekam, the delegation of Malaysia thanked the Expert Panel for its work and welcomed the useful and thorough recommendations. It wondered whether the future work of the Expert Panel could be undertaken in only one meeting rather than two as was the current practice.

The delegation of Switzerland also thanked the Expert Panel and emphasized the need to provide more training for producing member countries and ensure sustained capacity building including by using the "training of trainers" approach for stakeholders.

The delegation of European Union also thanked the comprehensive presentation of Ms. Pekam and fully supported the recommendations particularly regarding the use of ITTO Guidelines. The delegation highlighted the role and functions of national focal points and urged for the minimization of the costs for project formulation and appraisal including by the increased use of electronic communications.

Ms. Pekam responded that it would be difficult for the Expert Panel to review all project proposals in one meeting. However, the workload could be reduced if initial screening of the project proposals could be carried out by national focal points or the ITTO Secretariat. The sustainability of the training for project formulation would be based on the availability of funding. She further mentioned the necessity of discussions among experts of the Panel in a meeting rather than simply by electronic communications. The ITTO Secretariat informed that a number of trainings for project formulation including four training courses were conducted under project PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation". However, trainings in this regard could not be conducted since 2009 as the project was pending additional funding.

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

## 5. New Projects and Pre-projects

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

<b>Committee on Economic Information and Market Intelligence</b>		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 621/11 Rev.3 (M)	Traceability of Timber Produced by Forest Concessions and Native Communities in Madre de Dios and Ucayali	Peru
PD 678/12 Rev.1 (M)	Establishment of a National Forest Statistics Information Management System in Benin	Benin

<b>Committee on Forest Industry</b>		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 608/11 Rev.1 (I)	Life Cycle Assessment-Based Initiative for Carbon Foot Print Reduction and Improved Utilization of Tropical Timber Products from Malaysia	Malaysia
PD 612/11 Rev.2 (I)	Rural Community Development through Efficient Charcoal and Briquette Production from Logging and Corn Biomass Residues in the Afram Plains District of the Republic of Ghana	Ghana
PD 655/12 Rev.1 (I)	Capacity Building of the Builders' Woodworks Industry in the Philippines	Philippines
PD 661/12 Rev.1 (I)	Towards Sustainable Utilization of Bamboo Resources in Ghana: Development of Glued Bamboo Beams and Boards for Affordable Housing and Furniture in Ghana through Collaboration with Local Communities in Two Districts	Ghana
PD 671/12 Rev.1 (I)	Boosting Investments in the Processing and Marketing of Forest Products in Atalaya	Peru
PPD 161/12 Rev.1 (I)	Formulation of a Project Proposal for the Development of the Tara ( <i>Caesalpineia spinosa</i> ) Production Chain in the Andean Region (Peru and Ecuador)	Peru

#### 6. ITTO Annual Market Discussion – 2012

The Committees noted the summary of the ITTO Annual Market Discussion – 2012, held in the Joint Session of All Committees on 7 November 2012, as contained in Appendix A. The theme of the Market Discussion was “Trading in Challenging Markets”. Mr. Rob Busink, Chairperson of CEM, chaired the meeting and Mr. Brent McClendon (TAG Coordinator) served as the moderator of the Market Discussion.

The following feature presentations were made during the Market Discussion:

Mr. Brent J. McClendon, CAE Intl. Wood Products Association (USA)	“Market Dialogue and Trade Advisory Group Presentation”
Mr. Michael S. Snow, Executive Director American Hardwood Export Council (USA)	“LCA, EPDs and Promoting the Environmental Credentials of American Hardwoods”
Mr. Takashi Fujiwara, Managing Director Japan Federation of Wood Industry Associations	“Green Procurement Policies and Timber Industries in Japan”
Mr. André de Boer, Secretary General European Timber Trade Federation	“Overview of Importer's Markets” (EU)

The TAG Coordinator informed the Committees that collaboration between TAG and the Secretariat would continue for the planning and organization of the ITTO Annual Market Discussion 2013. He informed the Committees that the tentative theme for the discussion would be “Trade Approaches to Meeting Market Demands for Legality”.

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

7. Report on Completed Projects and Pre-projects

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

**Committee on Economic Information and Market Intelligence**

PD 406/06 Rev.1 (M)

Establishment of a National Forest and Timber Marketing Statistics System (Ecuador)

The delegation of Ecuador reported on the completion of the project, as all activities have been carried out and outputs achieved satisfactorily, as presented in detail during the side event that took place on Monday, 5 November 2012.

The delegation of Ecuador highlighted the engagement of its government in the execution of the project and in its institutionalization within the Ministry of Environment, in recognition of the importance of the information generated by the National Forest and Timber Marketing Statistics System, called "SAF-2" for decision making.

The Committees noted that all three specific objectives of the project were achieved, with a bigger impact in respect to the geo-referenced information, as the SAF-2 contains maps with information on forest cover, natural protected areas, licensed timber harvesting areas, and productive forest. The delegation of Ecuador also expressed its willingness in sharing its experiences in the implementation of the project to other interested members or parties. The delegation of Ecuador further requested the Secretariat to disseminate the results of the project through the ITTO website in the three official languages.

The Committees noted that the project was executed below the ITTO budget with savings in the amount of US\$8,849.15, which was refunded to ITTO, and that the counterpart contribution was increased. Following the report made by the delegation of Ecuador, the delegation of the European Union commended Ecuador for the successful completion of the project, highlighting that much was done with limited resources and that the SAF-2 will improve legality as there is better information to formulate better policies.

The delegation of Guatemala also congratulated Ecuador for the completion of the project and for the very interesting side event that took place on 5 November 2012, expressing the importance of institutionalizing the project and using it as a tool to combat illegal logging. The delegation of Guatemala also informed that a similar initiative is being run in Guatemala and it would like to benefit from the experience gained by Ecuador.

The Secretariat confirmed that remaining funds have been refunded to ITTO and that all project outputs are made available on the ITTO website, under the section on 'Project Outputs' and in Spanish.

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

PD 479/07 Rev.2 (M)

Timbers of Tropical Africa Part 2: Group 7(2) within the PROTA Programme (Ghana)

The Secretariat informed the Committees of the implementation of the project, accomplished after an extension of six months of its duration with no additional ITTO funds. The implementation of the project resulted in the achievement of all outputs which contributed to the realization of its development objective of improving access to interdisciplinary data on the timbers of Tropical Africa as a basis for sustainable forest management and improving networking, leading to better cooperation and information exchange between forestry actors. The outputs produced also contributed to the realization of the key product and deliverables of the project, namely the Plant Resources of Tropical Africa 7(2) Timbers 2 which is available in English and French as well as in various forms namely books, CD-Roms and internet database (database, [prota.org/search.htm](http://prota.org/search.htm)) with accompanying brochures, leaflets and manuals. These products are being disseminated for education, extension,



research, industry and policy-making to a wide range of targeted beneficiaries within and beyond the Tropical Africa region.

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

PD 480/07 Rev.2 (M)

Demand and Supply of Tropical Wood Products in China towards 2020

The Secretariat reported to the Committees that all the project outputs had been achieved including: 4 research and analysis reports finalized; 23 domestic investigations carried out; 586 feedbacks received on consumers' preference investigation; an international workshop conducted involving 60 participants and 24 issues of China Wood Products Market Information published.

The Secretariat informed the Committees that the completion report, the technical reports and the final financial audit report had been submitted by the Implementing Agency to the Secretariat in accordance with the Project Agreement.

The delegation of China expressed its appreciation to the donors and ITTO for their support in the implementation of the project. The delegation of China highlighted a number of lessons learned from the project implementation as follows:

- Significance of forecast demand and supply of wood products in China as the world largest processing and trading centre of the world;
- Collaboration with stakeholders including through the establishment of a consultative mechanism is very important;
- Collecting information and data of key tropical timber products from correspondents is of critical importance;
- The right selection of the international consultant will contribute to successful project implementation particularly in framework design and reports finalization;
- The international workshop served as a platform for exchanging information in the field of wood product markets.

The delegation of China presented the following recommendations:

- As problems in statistics for tropical timber products are existent and could result in the generation of inconsistent or incorrect statistics and data, future support is needed from ITTO for further improvement;
- Considering the trends in international trade and market requirements for timber products, the impact and challenges on Chinese timber trade, especially of the US Lacey Act and EU Timber Regulation, should be further analyzed;
- With the increased domestic labour cost and competition in the world timber market as well as the upgrading of Chinese forest industry structure, the follow-up analysis will be necessary.

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

### **Committee on Forest Industry**

PD 40/00 Rev.4 (I)

Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)

The Secretariat reported to the Committees that all activities were completed and all outputs were achieved in a period of 53 months, including assessment of market needs, identification of technical gaps in producing bio-composite products from small diameter logs (SDL), identification of equipment needs for production and manufacturing constrains, enhancement of production coordination, mitigation of potential trade barriers, compliance with relevant standards and organization of a regional workshop for all participating countries in the project, namely Indonesia, Malaysia, Philippines and Papua New Guinea.

The Committees noted that project reports are available from the ITTO website.

Following the report by the Secretariat, the delegation of Indonesia expressed its appreciation to ITTO, CFC as well as the project partners for funding the project and collaborating in its implementation, and stressed that the outputs of the project are consistent with the Forest Industry Revitalization Programme of the Ministry of Forestry of Indonesia.

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

The Committees duly declared the project complete.

PD 384/05 Rev.3 (I)                      Testing Laboratory for the Development of Quality Standards for Mexican Primary and Processed Tropical Forest Products

The delegation of Mexico reported that all activities were carried out and all outputs were satisfactorily achieved. The delegation highlighted that Mexico now relies on the fully equipped laboratory conducting testing in accordance with the relevant international standards. It also expects that the laboratory may become a point of reference in research and development for increasing the productivity of timber processing, therefore contributing to the ITTA 2006 objectives. The delegation of Mexico expressed its appreciation to the governments of Japan, United States and Finland for their financial support to the project.

Following the report by the delegation of Mexico, the delegate of the European Union inquired of the reasons for the delay in the implementation of the project. The Secretariat responded that the delay was mainly due to the time required to collect samples for the technical sheets of 26 tropical timbers species which are available at the ITTO website, as well as the civil works needed for the installation of the equipment purchased.

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

The Committees duly declared the project complete.

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

The outputs of project had been achieved, namely:

- A code of practice (CoP) for wood processing operations was developed in order to provide detailed information on the recommended best practices to be used to drive maximum value from logs and to produce lumber meeting the needs of consumers;
- A capacity-building strategic plan for the wood processing sector was developed to elaborate the specific actions to be taken in the next two years for the development of human resource and infrastructure, networking and management of wood processing sector of Guyana;
- A detailed training manual for ten sessions was developed and tested with stakeholders. The areas for training were identified based on the practices proposed in the code of practice and the competence areas for managers/supervisors and technicians/operators were specified; and
- Mobile sawmill and edger were installed within the forest concession of the association, and the equipment for value-added operations was established in the community where the association members reside.

The delegation of Guyana made a presentation on the project. He expressed appreciation to the donors, as well as ITTO, for their financial support and guidance, and informed the Committees that the project has been contributing to the improvement of the efficiency in the wood processing sector in Guyana and the value added to their wood products.

The delegation of Japan congratulated the success of the project, with particular emphasis on the developed Code of Practice (CoP) for the wood processing operations.

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

The Committees duly declared the 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 documents CEM-CFI(XLVI)/3-A and CEM-CFI(XLVI)/3-B.

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

No ex-post evaluation report was considered at this session.

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

PD 233/03 Rev.2 (I)

Application of Intermediate Technologies for Sustainable Forest Harvesting (Peru)

A presentation was made for the Committees by the consultant, Mr. Vicente Molinos (USA), on the results of his ex-post evaluation on the project.

Mr. Molinos informed the Committees that the problem addressed in the project was the low forest yield and high production costs resulted from the use of unsuitable equipment and tools in harvesting and the selective harvesting of timber species. The project was executed over a period of 73 months.

The consultant noted that project outputs were fully achieved, and highlighted the impacts of the project after 19 months from its completion, including:

- Improved forest harvesting and processing, as indicated by the fact that very hard wood are now sawn by small forest concessionaires with the use of technology promoted in the project;
- Good uptake and replication, as indicated by the 15 additional semi-portable sawmills having been sold in Peru since 2010, without the Project's credit guarantee scheme. An unexpected outcome is that more than 50 semi-portable sawmills have been established with strengthened design and halved cost compared to the equivalent imported ones as the result of the regional mechanical woodworking workshops in the Peruvian Amazon Region; and
- Effective financing mechanism, as demonstrated by the total amount of credit generated during the twenty months after the completion of the project which is 15 times higher than the investment in the guarantee fund (US\$ 9,647). The credit offered small and medium forest sector producers in Peru a real financing alternative.

Following the presentation, the delegation of Peru commended the consultant for his presentation, and recognized his hard-work under difficult circumstances resulted from the closure of the Implementing Agency, including in accessing the forest concessions and contacting concessionaires. Furthermore, the delegation of Peru expressed its agreement with the content of the report and informed the Committees that some of the recommendations, including the regulatory simplification for the approval of management plans and the development of financing mechanisms under other international agencies, are in a process of implementation.

Then, the delegation of Ecuador congratulated the consultant for his presentation and inquired whether the portable sawmills used in the project had a better performance in the sawing process, mentioning that the Government of Ecuador is now looking for alternatives to the use of chain-saws in order to increase yield. The consultant responded that prohibiting the use of chain-saws is not practical as there is no much difference in the yield between portable sawmills and chain-saws if the latter are properly used.

The consultant clarified that the technology used in the project allows value adding to logs by improving their quality, while chain-saw may be used for large logs to carry them to the portable sawmill.

The Committees commended the consultant for his report and presentation.

PD 275/04 Rev.3 (I)

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

A presentation was made for the Committees by the consultant, Dr. Hiras Sidabutar (Indonesia), on his ex-post evaluation report on the project.

The ex-post evaluation of the project was conducted on 15-26 July 2012. Dr. Sidabutar informed the Committees that the problems facing the management and utilization of NTFPs were adequately identified in close consultation with the main stakeholders. However, the identified problems were inadequately analyzed and resulted in rather weak project intervention. Despite weaknesses of the project design, it has greatly contributed to the achievement of planned project objectives. Out of the five planned outputs, four were fully delivered while one was partially delivered. The specific objectives were almost achieved and the development objective which was to contribute to local livelihood, was achieved to a lesser extent.

According to the consultant, reasons for this sub-optimal achievement are: i) majority of collectors and processors of NTFPs are still heavily dependent on middlemen for financing their operation, thus on selling price of the products; ii) some processors are facing low profit margin due to the low productivity caused by the poor processing tools coupled by the low selling price for the inferior quality; iii) difficulty exists in obtaining raw materials at affordable price, and iv) decreasing number of villagers are involved in NTFPs business because of the presence of alternative local income sources.

It was pointed out that the project's objectives could have been better achieved if the intervention had been based on adequate problem analysis. Output 1 for instance, was not relevant as it relates more to the operational management rather than solving the problem at hand.

The committees were reported that the impacts of the project intervention appeared to be insignificant, rattan and bamboo processing did not contribute meaningfully to the livelihood of most processors and the interest in planting NTFPs was weakening. The training program under the project, formulated in accordance with the results of assessments, was relevant in terms of the subjects covered and methodologies adopted as well as its duration. However, transfer of technologies was hampered by the communication gap due to the language problem. In addition, the full participation of trainees was difficult because of their engagement in the day-to-day income generating activities.

Dr. Sidabutar noted that sustainability of the project intervention was somewhat questionable. Interest in processing was diminishing due to the low productivity caused by poor tools and facilities for processing. Interest in planting was also fading out due to the presence of alternative job opportunities which bring immediate and real financial gain. The developed management plan for community forest has not been adopted in the field nor replicated to other community forests.

The Implementing Agency is not able to provide the assistance needed by the communities mainly due to the limited state funds. The support that has been so far granted by the Implementing Agency is confined only to distribution of seedlings of fruit trees and fast-growing tree species but interest in planting is weakening due to the uncertainty involved in the undertaking, unconformity of planting activity to the local communities' cultural value structure, such as "enter the forest, harvest products and sell for immediate income".

Despite the weaknesses in the project design, it had been smoothly implemented in accordance with its work plans and nearly achieved its intended objectives. The good performance was attributable to the able project management team, competent PSC and supportive partners especially the local forestry administration, local government at different levels, including village administrations, and consultants. The Committees were informed that another key success factor was the timely and sufficiently conducted activities.

Dr. Sidabutar recommended that the Implementing Agency should continue to provide assistance to the local communities by allocating necessary resources to the extent possible in order to sustain activities initiated under the project. He also recommended that ITTO should continue its support

projects on NTFPs because this resource development is basically pro-poor, pro-job and pro-environment with relatively small capital requirement.

Following the presentation, the delegation of Cambodia expressed its gratitude to the consultant and the ITTO Secretariat for conducting the ex-post evaluation of the project and to the donors (Japan and France) for funding the project. The delegation mentioned that many lessons can be learned from the ex-post evaluation, such as the importance of adequate problem analysis for the sound project design; need for reducing project sites to allow intensive monitoring of project operation; and transfer of appropriate technology to be employed by villagers. The delegation confirmed its commitment to the sustainability of the project intervention and requested further ITTO's support to the crucial activities initiated under the project for the benefits of the local people of Cambodia.

The Committees commended the consultant for his report and presentation.

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

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

In view of the lack of available funding, no project was selected for ex-post evaluation. The Committees agreed to include the following projects declared complete at this session in the list of projects that could be selected for ex-post evaluation in the future sessions of the CEM.

PD 406/06 Rev.1 (M)	Establishment of the National Forest and Timber Marketing Statistics System (Ecuador)
PD 479/07 Rev.2 (M)	Timbers of Tropical Africa Part 2: Group 7(2) within the PROTA Programme (Ghana)

### **Committee on Forest Industry**

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

PD 40/00 Rev.4 (I)	Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)
PD 306/04 Rev.1 (I)	Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia
PD 334/05 Rev.2 (I)	Demonstration and Application of Production and Utilization Technologies for Rattan Sustainable Development in the ASEAN Member Countries (Philippines)
PD 425/06 Rev.1 (I)	Production and Utilization Technology for Sustainable Development of Eaglewood (Gaharu) in Indonesia

The Committees noted that in the case of PD 40/00 Rev.4 (I) consultations will have to be conducted first with the Common Fund for Commodities (CFC), the donor of the project, on the eligibility and procedures for conducting the Ex-Post evaluation.

The Secretariat noted the request made by the Committees in respect to increase the number of projects for which ex-post evaluation is conducted subject to the availability of financial resources, and considering the results of the Meta Evaluation of ITTO Ex-Post Evaluation.

## **9. Policy Work**

Eight issues and activities under the CEM and five issues and activities under the CFI were discussed by the Committees.

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

### **(i) Market Access**

Under the issue of market access, the Committees noted a presentation by Ms. Frances Maplesden (New Zealand), consultant, on the draft results of the study “Improving Resilience of the Tropical Timber Sector to the Impacts of Global and Regional Economic and Financial Crises” carried out under TMT-SPD 002/10 Rev. 1 (M). This project was initiated following the speed and severity of the global and financial economic crisis in 2008 and 2009 which impacted the construction sectors and consumer spending in most parts of the world and had marked impacts on the competitiveness of the tropical forestry sector. The crisis exposed the vulnerability of the tropical timber sector which has a relatively limited knowledge base and capacity at country level to manage severe market shocks. The project’s objectives were aimed at increasing the ability of the tropical forestry sector to anticipate, manage and recover from future global economic crises.

The consultant noted that the detailed draft report was available to delegates on the ITTO website as a Council document. The presentation summarised the main findings of the study, including the macroeconomic impacts of recent and past economic crises and identification of country vulnerability; the impacts of the crisis on the tropical forestry sector, including forests, production, trade and prices; the impacts of the crisis on demand in tropical consumer countries with a focus on China and the EU; the impacts of regional and national producer country responses and remedial measures with case studies carried out in Brazil, Ghana and Malaysia, and the identification of successful strategies employed by other primary commodity sectors and their applicability to the tropical timber sector.

Detailed recommendations had been formulated based on the findings of the study and addressed to ITTO, ITTO producer countries, ITTO consumer countries, regional organisations and forest industry and trade associations. Although detailed recommendations were not presented to the Committees, the consultant indicated that these were available to read in the draft report and focused on the following areas: growing domestic and regional markets; developing preparedness measures for global financial crises; cushioning the impacts on forestry enterprises, particularly small and medium-sized enterprises; strengthening regional cooperation and integration; strengthening capabilities and cooperation between trade and industry organisations in the forestry sector and government-industry partnerships; developing marketing strategies to overcome reduced market demand including diversification of products and markets and focusing on value-added and innovative products; and developing internationally competitive forestry enterprises.

Following the presentation of Ms. Frances Maplesden, the delegation of Switzerland thanked the consultant for the interesting presentation and noted that tropical wood products competitiveness and market access issues had become more important as a result of the downturn in global timber demand. The delegation emphasized the important dimension of competitiveness and draw attention of the Committees on the need for it to be included in future discussions on market access under the policy work.

The Malaysian delegation thanked the consultant for the presentation and requested that the study be expanded to include the experience of exporters in response to the latest developments in legality legislation in importing countries.

The delegation of the EU noted that globalisation of the marketplace has resulted in consolidation of industrial enterprises around the larger enterprises and that SMEs were struggling to survive under current market conditions. The consultant responded that this trend has been observed in the tropical wood products industries, particularly in China which is the major manufacturer of tropical SPWPs. However, she suggested that it is possible for SMEs to be more competitive if they have access to support mechanisms which provide improved access to finance and the ability to adopt new technologies and access new markets

The delegation of Malaysia further drew the attention of the Committees on the important role that the CSAG and the TAG could play to address the image problem that tropical timber suffers. The concerns which CSAG members often raise need to be discussed between them and to inform the Council in its work on SFM. The delegation further suggested that ITTO Secretariat undertake consultations with members of the CSAG and TAG on the possible structure and format of meetings and appropriate initiatives between these two groups.

The delegation of USA also mentioned that the CSAG and the TAG could play a more efficient role and requested that the Secretariat might invite and consider new ideas for their future work from the two groups.

The Committees commended Ms. Maplesden for her excellent presentation.

(ii) Forest and Timber Certification

The Secretariat reported on the development of forest certification in ITTO producing member countries for the year 2011.

According to the statistics collected by the Secretariat, the total area of certified forests in ITTO producing member countries was 23.4 million hectares in 2011. This accounted for 5.9 % of the world's total area of certified forests of some 395 million hectares. The number of FSC-CoCs in ITTO producing member countries was 1504, which accounted for 6.8 % of the world total. Compared to figures in 2007 contained in the ITTO Technical Series Report, the area of certified forests had expanded 61% while the number of CoC certificates had increased over three-fold.

Forest certification in ITTO producer member countries involved two international certification systems:

- a. Forest Stewardship Council (FSC): 16.1 million hectares of forest in ITTO producing member countries were certified, which accounted for about 10.8% of the total. The top countries are Brazil, Democratic Republic of the Congo, Gabon and Bolivia. Brazil is in the lead with 4.9 million hectares of FSC certified forest and 827 CoCs.;
- b. Programme for the Endorsement of Forest Certification (PEFC): 5.9 million hectares of forest in ITTO producing member countries were certified, which accounted for about 2.4% of the total. The top countries are Malaysia and Brazil. Malaysia is in the lead with 4.7 million hectares of PEFC certificated forest.

In addition, there were 4 national certification systems in ITTO producer member countries as follows:

- Brazil: Brazilian Forest Certification Programme (CERFLOR);
- Malaysia: Malaysian Timber Certification Council (MTCC);
- Gabon: PEFC Gabon
- Indonesia: Indonesian Ecolabelling Institute (LEI)

The three certification systems, namely CERFLOR of Brazil, MTCC of Malaysia and PEFC Gabon had been endorsed by PEFC, and included in the certification statistics of PEFC. In Indonesia, the LEI certification system covered 1.4 million hectares of certified forests and 6 CoC certificates in 2010.

In general, two-thirds of the world's certified forests were certified under PEFC and almost one-third was under FSC. PEFC continues to be the largest forest certification scheme in the world with 245 million hectares of forest certified to the PEFC standard by the end of 2011. The area of PEFC certified forests increased 6.7% or 15 million hectares over 2010. In ITTO producing member countries, Brazilian CERFLOR, Malaysian MTCC and PEFC Gabon are the endorsed schemes. PEFC has continued to seek to expand the area of certified forest in ITTO member countries through activities focused on enhancing market demand for certification, especially in Africa and Asia including promoting cooperation with China. However, FSC still held the biggest share of certified forests in ITTO producing member countries. Some 16.1 million hectares of tropical and subtropical forest are certified by FSC, representing 73% of the total area certified. In 2011, FSC and LEI of Indonesia continue to explore potential areas of cooperation in forest management and certification in implementing the MoU between FSC and LEI.

Following the report by the Secretariat, the delegation of Indonesia informed the Committees that besides the voluntary scheme developed by LEI, Indonesia has developed SVLK (Indonesian Timber Legality Assurance System – Indo-TLAS) as stipulated under the Minister of Forestry Regulation no. P.38/2009 and P.68/2011. The system has been built on the basis of Indonesian law and regulation, and with reference to ITTO C&I through multi-stakeholder involvement. The system is mandatory in nature and requires all business units including privately owned forest, forest concession holders, and both primary and secondary industries, to obtain legality certificates. The certification process is performed by independent third parties, which have been accredited by ISO Standards.

Currently, 48 forest concession holders have been granted with SFM certificate covering 6.5 million hectares of state-forest. The units which have already obtained SFM certificate should also hold SVLK certificate. With regards to legality certificate, there are 66 forest concession holders which have obtained legality certificate in state-forests covering about 955,555 ha. Besides state-forests, there are 7,445 ha of private owned forests and 264 units of wood processing industries, which have obtained legality certificates.

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

Ms. Frances Maplesden (New Zealand), consultant, presented further information on the draft Annual Review and Assessment of the Tropical Timber Situation, 2012, focusing on the EU market situation. The presentation also incorporated results from the EU case study conducted as part of the study TMT-SPD 002/10 Rev. 1 (M) "Improving resilience of the tropical timber sector to the impacts of global and regional economic and financial crises". The EU market was described as having limited opportunity for growth and requiring significant competitive advantage to maintain or grow market share. Sustainable consumption and green consumerism had been dominant market drivers before the economic crisis and certification has become a central issue to marketing of tropical wood products in the EU. Imports of primary tropical wood products have been declining, reflecting trends in log export restrictions from supplying countries, relocation of European investments in wood processing as well as reduced overall demand. There has been significant growth in imports of finished and semi-finished wood products from lower cost Asian suppliers which has contributed to reduced overall demand for tropical primary wood products.

Some of the important trends arising from the economic slowdown which have affected the tropical sector included: an increase in competition from a range of products, driven by reduced price expectations from consumers and perceptions that they are lower risk in terms of their environmental and technical performance; the barriers to market entry becoming higher with the need for suppliers to regularly introduce new and innovative products, which requires investment in product development and marketing and a presence in the market; price becoming a more important determinant of competitiveness, which is a threat to higher end commodities such as tropical hardwoods; and the structural changes in the European wood importing industry encouraging a shift to products and suppliers that are regarded as lower risk, which is usually to the detriment of tropical wood.

Following the presentation of Ms. Frances Maplesden, the delegation of Malaysia requested the inclusion of data on temperate hardwoods in future ITTO analyses of the EU market.

The EU delegation requested whether exchange rate movements had been influencing the tropical trade to the EU. The consultant stated that the weakening of the euro relative to some exporter currencies had been influencing producer countries' export competitiveness, as well as the relative competitiveness of Asian compared with African suppliers.

The delegation of Japan requested clarification on the definition of the term "secondary processed wood products" and the unit of measurement used. The consultant stated that SPWPs included wooden furniture and parts, builders' woodwork and joinery, mouldings, other SPWPs, and cane furniture and parts. The unit of measurement given was value, not volume, with a conversion from value to volume considered too difficult and inaccurate.

The Committees commended Ms. Maplesden for her excellent presentation.

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

The Committees were informed that work in this area was incorporated into activities 34 and 35 of the ITTO Biennial Work Programme 2012-2013. Although funding for both activities was still pending, the Secretariat, utilizing some residual funds from the previous ITTO Biennial Work Programme and in collaboration with FAO conducted a regional statistical workshop for Central America in Panama City, Panama from 2 to 4 October 2012. The Committees were further informed that the Secretariat attended the meeting of the Intersecretariat Working Group on Forest Statistics in Geneva, Switzerland from 14 to 15 February 2012 and was undertaking the improvement of its statistical databases on an on-going basis.



- (v) Promote Trade in Tropical Timber and Tropical Timber Products from Sustainably Managed and Legally Harvested Sources

Dr. Kwame Asumadu (consultant) made a presentation on the development of wood products tracking systems by Ayum Forest Products Ltd. (AFP) from Ghana and Furniture Exports Ltd. (FE) from Papua New Guinea for the purpose of demonstrating legality of their products. Legality is recognised as an important component of a step-wise process towards sustainable forest management (SFM). He indicated that AFPL has successfully developed and tested a pilot computer-based wood products tracking system. Under the system, the company has successfully piloted the tracking of logs from one of its on-reserve forest concessions through its processing and value-adding chain and exported wood products to customers in Europe. Smartwood (Rainforest Alliance) has successfully assessed the company's pilot wood products tracking system against FSC's controlled wood standard for legally-produced wood products. Following this assessment, AFPL has now gained FSC controlled wood certification, which will enable it to export certified legal products to markets where legality is a requirement for market access. The successful completion of the pilot wood products tracking system has also placed AFPL at an advantage in relation to the Ghana-EU Voluntary Partnership Agreement (VPA) when the scheme is fully operational.

Dr. Asumadu also indicated that FE's wood products tracking system has been assessed by Soil Association (Woodmark) and the company is now able to export legally certified wood products particularly to Australia, FE's main export market. The successful implementation of the wood products tracking system, including its FSC controlled wood certification, will enable it to meet the export requirements of Australia's Illegal Logging Prohibition Bill 2012 when it becomes law.

The delegation of EU enquired what other benefits have the companies gained from the development of the tracking systems. Dr. Asumadu emphasised that the learning experience from developing and implementing the wood products tracking systems, has provided the basis for the companies to continually improve forest management practices. This will make it easier for them to gain full sustainable forest management certification in the future. The annual surveillance audits associated with FSC controlled wood certification will assist the companies to better account for their log inputs and the processed and value added products derived from them. Both companies are also better placed to assist other companies with their respective countries, which may be contemplating implementing similar systems for their forests operations.

The delegation of Benin expressed interest in the development of innovative timber traceability systems in Benin which is still relying on manual and paper based methods. Dr. Asumadu agreed to provide the delegation with information on innovative timber tracking technologies.

The Committees commended Dr. Asumadu for his excellent presentation.

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

The delegation of USA expressed concern that activity 25 'Analyze the economic impact of governmental procurement policies on tropical timber markets' under the Draft ITTO Biennial Work Programme for 2013-2014 [Document ITTC(XLVIII)/8 Rev.1] was not included in the Agenda of the Committee for discussion. It further alerted the Committees to activity 39 as contained in Document ITTC(XLVIII)/7 Rev.1 and its implementation status which indicated that project proposal TMT-SPD 013/12 Rev.1 (M) with a budget of US\$150,000.00 had been submitted by the Secretariat and had been approved and funded under the ITTO Thematic Programme on Trade and Market Transparency (TMT). The delegation noted that this came as a surprise particularly because TMT-SPD 013/12 Rev.1 (M) had not been made available on the ITTO website and at the Forty-eighth Session of the Council for the Committees to examine, as per the TP Process.

Having obtained the document, the delegation noted that the project description had several subjective and non-factual statements related to the US Lacey Act. In particular, the delegation pointed out that (i) the Lacey Act is not a government procurement policy and should not be referenced as such, (ii) a statement inferring that the Lacey Act was "a direct market intervention" was false and (iii) that the statement implying that such laws were having a detrimental impact on tropical timber production, forests and enterprises was completely lacking evidence. The delegation further sought clarification from the Secretariat on the agenda policy item "Establishment of a Working Group to develop guidelines on

legality and sustainability for timber products for public procurement" and sought assurance that no such working group is being established under TMT-SPD 013/12 Rev.1 (M).

The delegations of New Zealand and EU agreed with the delegation of USA and expressed their disappointment, adding that they were discussing this issue in the Contact Group on Thematic Programmes.

In response, the Secretariat clarified that the proposal was originally submitted by the Producer Group to the Council at its Forty-sixth Session from 13 to 18 December 2010. The proposal was introduced for discussion and consideration by the Committees at the Forty-fifth Session at the request of the Chairperson of the Council, hence the inclusion of the proposal as one of the policy work under the CEM. Following protracted discussions, consultation and negotiations, the Committees agreed on the need for further work to be undertaken by ITTO on the issue. With a view to facilitating an in-depth consideration by the Committees at the next session, the Committees agreed that a background paper on requirements of legality and procurement policies for timber products be prepared based on the agreed terms of reference contained in Appendix B of the Report of the Forty-fifth Session of the CEM and CFI [Document CEM-CFI(XLV)/6 dated 18 December 2010]. This activity was included in the list of projects, pre-projects and activities to be considered for funding during and following the Forty-sixth Session of the Council but it remained unfunded.

At the Forty-fifth Session of the Committees held in La Antigua, Guatemala in 2011, the Committees were informed that the funding for the activity was still pending. The Committees further noted that following the request made by the representative of producer member countries at the informal teleconference held on 13 September 2011, the activity had been included as Activity 39 'Analyse the economic impact of government procurement policies on tropical timber markets' in the ITTO Biennial Work Programme 2012-2013 which was approved and adopted by the ITTC at its Forty-seventh Session held in La Antigua, Guatemala from 14 to 19 November 2011.

The Secretariat further clarified that as contained in Document ITTC(XLVIII)/7 Rev.1 on the Progress Report on the Implementation of the ITTO Biennial Work Programme for 2012-2013, the implementation status of activity 39 indicates that a small project proposal, TMT-SPD 013/12 Rev.1 (M) with a budget of US\$150,000.00 funded under the ITTO Thematic Programme on Trade and Market Transparency (TMT). The submission, approval and funding of TMT-SPD 013/12 Rev.1 (M) had been done in accordance with the approved ITTO procedures concerning the ITTO Thematic Programmes. The Secretariat informed the Committees that copies of TMT-SPD 013/12 Rev.1 (M) have been made available at the current session of the Committees and the activity has been included as item 25 in the Draft ITTO Biennial Work Programme for 2013-2014 as contained in Document ITTC(XLVIII)/8 Rev.1. The Secretariat suggested that the title of this policy work might be replaced by 'Analyse the economic impact of governmental procurement policies on tropical timber markets'.

In response to the Chair's question regarding a way forward on resolving the issue, the delegation of the US recognized this activity is now a small project under the thematic programme process and under the control of the ED and Secretariat. They hoped that the ED would recognize the sensitivity and importance of the policy issue, especially its connection to a negotiated terms of reference from the Biennial Work Programme. As such, the delegation of the US requested that the document be revised so that it addressed the issue in a more neutral manner, specifically the factual inaccuracies contained in Section 1.2.2 of TMT-SPD 013/12. For example, she noted that the US delegation has stated multiple times at ITTO that the US Lacey Act is not a procurement policy nor a direct market intervention, yet Section 1.2.2. refers to it as such. She also noted that the last sentence in the section presupposes that procurement policies and legality requirements undermine and adversely affect international trade in timber. The delegate of the US also urged the Secretariat to ensure that the activities contained in the document closely reflect the terms of reference negotiated under the BWP, specifically its focus on procurement policies.

The EU supported the US intervention and expressed concern that the issue description in the project document went beyond the scope of the ToRs agreed by Council. In particular it made numerous references to legislation on legality of timber, whereas the ToRs for this activity related to public procurement policies.

In response, the Secretariat informed that according to the Thematic Programme Proposal Appraisal Process, no revision could be made to a proposal which has been accorded final approval for funding.

The Secretariat stated that it fully understood the concerns expressed and suggested a 'soft approach' in taking these into consideration during the implementation of the project.

The delegation of the US stated that their preference is for the document to be revised. She also requested that the committee report, which documents their concern, be provided to both consultants. The delegate of the US then sought clarification if there had ever been a project revised after its approval under the TP process.

The Secretariat indicated that there has been no precedent of revision being made to an approved proposal under the ITTO Thematic Programmes. It would, therefore, not be possible for an approved proposal to be put through the appraisal process again.

The US delegation pointed out that since no hard rules governing revisions in the TP process existed, she hoped the ITTO Secretariat would recognize the importance of having factual and neutral presentation of issues within ITTO project documents, especially those written by the ITTO secretariat. She indicated that the changes to be made did not entail major changes to the main objective of the project nor its activities and urged the Secretariat to revise the document. The US delegation also clarified that they were not asking for the project to go back through the TPAC process.

The Secretariat reiterated that it will take full account of the concerns of the USA and EU and revise the project document and duly address these concerns during the implementation of the project.

(vii) Draft ITTO Biennial Work Programme 2013-2014

The Committees noted the proposed activities for the CEM in the Draft ITTO Biennial Work Programme 2013-2014 as contained in document ITTC(XLVIII)/8 Rev.1 and agreed that these activities be submitted for the consideration of the Council at its current session.

(viii) Items on Policy Work for 2013

The Committees considered and agreed on the following items for policy work in 2013:

- Market access;
- Forest and timber certification;
- Selected data and analysis from ITTO Annual Review and Assessment of the World Timber Situation; and
- Analyse the economic impact of governmental procurement policies on tropical timber markets.

**Committee on Forest Industry**

- (i) Strengthen the capacity to promote efficient wood processing technologies in tropical timber producing countries [PP-A/47-262]

The Secretariat informed the Committees that an in-house training has been conducted in Ghana (Kumasi, Berekum, and Accra) on 11-15 June 2012, covering five factories (sawmill, wood working, veneer/plymill, and furniture). This activity has involved industry owners, managers, supervisors, operators, as well as the government representatives.

The Secretariat also informed that another in-house training will be carried out in Cameroon in December 2012.

- (ii) Matching the needs of the forest industry with innovations, technologies and know-how developed through ITTO projects [PP-A/47-263]

The Secretariat informed the Committees that works has started from the compilation of data on forest industry private sector associations and the identification of their needs, which will be matched with the innovations, technologies and know-how developed through the implementation of ITTO projects.

- (iii) Life Cycle Assessment (LCA) Analysis

The Secretariat informed the Committees of the completion of a pre-project entitled "Methodological Development for Life Cycle analysis of Tropical Wood Products to Improve their Competitiveness in

International Markets" [TMT-PA 007/11 Rev.1 (I)], which was funded under the Trade and Market Transparency Thematic Programme, as contained in the document ITTC(XLVIII)/7.

The Secretariat further informed the Committees that there were two technical reports as the outputs of this pre-project, namely: 1) wood product accounting and climate change mitigation projects involving tropical timber; and 2) work plan for accounting methodology development for wood products in climate change mitigation projects involving tropical timber. The review and analysis plan were focused only on the accounting of harvested wood products (HWP) in forest-based climate change mitigation projects. The review was focused on existing methods for accounting for HWP at the project scale and possible new analyses that could be conducted to improve methods and allow equitable yet accurate accounting for forestry project and in particular forestry projects in tropical countries.

The existing methods are:

- Winjum et al (1998) – *the dominant approach in the voluntary market methodologies*,
- The IPCC Guidance for National Greenhouse Gas Inventories (2006), and
- Smith et al. (2006) – US Forest Service.

The scope of the work plan was to lay out a plan for developing a new accounting approach for wood products in mitigation projects involving tropical timber. The work plan detailed the necessary analyses together with the timing and estimated costs.

The work plan included the following elements:

- Analysis of production and export of wood products,
- Analysis of in use lifetime of wood products,
- Analysis of emissions from retired wood products,
- Calculation of net atmospheric impact of wood products,
- Plan for accounting methodology development, and
- Likely costs and timing.

The delegation of the European Union suggested that a full project should be focused on specific wood products required by specific markets.

(iv) Draft ITTO Biennial Work Programme 2013-2014

The Committees noted the proposed activities for CFI included in the Draft ITTO Biennial Work Programme 2013-2014 as contained in document ITTC(XLVIII)/8 Rev.1 and agreed that these activities be submitted for the consideration of the Council at its current Session. Furthermore the Committees considered a new activity proposed by the Secretariat entitled 'Identify Issues Affecting the Launch of Industry Development and Efficiency (IDE) ITTO Thematic Programme' and decided not to include in the Biennial Work Plan 2013-2014 for the consideration of the Council.

The Committees discussed the following proposed activities:

**Activity 2                      Demonstration and adoption of credit schemes for Small-Medium Forest Enterprises (SMFEs)**

The delegation of the European Union inquired whether ITTO had the technical competence for the promotion of credit schemes and if such activity should be carried out in partnership with other more experienced institutions in the subject. The delegation of the European Union also pointed out that the text in the terms of reference (TOR) should describe how the activity would be carried out rather than the experiences gained through the implementation of previous project. The comments were echoed also by the delegation of the United States.

Following the interventions, the Secretariat described to the Committees on the process that would be taken to implement the activities, clarifying that a partnership with a local financial institution is foreseeing.

The delegation of PNG took the floor to express its support to the view of the European Union regarding the text of the TOR, and highlighted that in PNG there is a need for this activity, as forest communities, who have ownership of the land, do not have enough capacity to enter into more business oriented activities.

The Committees agreed to submit this activity for the consideration of the Council and requested the Secretariat to modify the TORs as appropriate.

## **Activity 22            Development of Environmental Product Declaration (EPD) for Three Tropical Wood Products**

The Secretariat took note of the suggestions from the delegation of the European Union and the delegation of the United States to revise the TOR of this activity in consideration of the latest development on EPD and LCA, as well as their requirements in the international timber markets.

(v)    Items on Policy Work for 2013

The Committees considered and agreed on the following items for policy work in 2013:

- Strengthen the capacity to promote efficient wood processing technologies in tropical timber producing countries [PP-A/47-262]
- Matching the needs of the forest industry with innovations, technologies and know-how developed through ITTO projects [PP-A/47-263]

## 10. Review of Projects and Pre-projects in Progress

The Committees considered the Report of Projects and Pre-projects in Progress as contained in documents CEM-CFI(XLVI)/4 and CEM-CFI(XLVI)/4 Add.1 and took note of progress in the implementation of the following projects and pre-projects:

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

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

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|----|--|--|
| 1. | PD 16/93 Rev.4 (M)<br>Phase IV, 2012     | Market Information Service for Tropical Timber and Timber Products, Phase IV, 2012 (Global)  |
| 2. | PD 124/01 Rev.3 (M)<br>Phase III Stage 1 | Promotion of Sustainable Management of African Forests (Africa)  |
| 3. | PD 182/03 Rev.2 (M)                      | Enhancement of the Forest Statistics Information and Management System (STATFOR) through the Integration of a Computer Module for Processed Log Management (Gabon) |
| 4. | PD 449/07 Rev.2 (M)                      | Enhancing Forest Law Enforcement in Papua New Guinea   |
| 5. | PD 620/11 Rev.1 (M)                      | Development and Implementation of a Species Identification and Timber Tracking System in Africa with DNA Fingerprints and Stable Isotopes (Germany)                |
| 6. | PPD 14/00 (M)                            | Strengthening the Market Discussion (Global)   |
| 7. | PPD 139/07 Rev.1 (M)                     | Strengthening of the National Forest Information System (Thailand)   |

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

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|----|--------------------------|---|
| 1. | PD 73/89 (M,F,I)         | Assistance for Project Identification and Formulation (Global)  |
| 2. | PD 39/93 Rev.4 (I) Ph II | The Development, Application and Evaluation of Biomass Energy through Briquetting, Gasification and Combustion of (Wood and Agricultural) Residues (Cameroon) |
| 3. | PD 13/99 Rev.2 (M,F,I)   | ITTO Information Network and Project Support (Phase II) (Global)  |
| 4. | PD 347/05 Rev.2 (I)      | Promoting Access to the Forest Sector Activities by Gabonese Nationals through the Development of the SME Forest Partnership                                  |

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| 5.  | 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)  |
| 6.  | PD 385/05 Rev.4 (I,F) | Industrialisation, Marketing and Sustainable Management of Ten Mexican Native Species  |
| 7.  | PD 433/06 Rev.3 (I)   | Sustainable Model for the Brazilian Wood Flooring Production Chain   |
| 8.  | 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)                 |
| 9.  | PD 457/07 Rev.5 (I)   | Operational Supportive System for Promoting the Further Processing of Timber in Five Countries of the Congo Basin (Gabon)  |
| 10. | PD 506/08 Rev.1 (I)   | Reviving Forestry Education in Liberia   |
| 11. | PD 512/08 Rev.2 (I)   | Industrial Utilisation and Marketing of Ten Potential Timber Species from Secondary and Residual Primary Forests (Peru)  |
| 12. | PD 521/08 Rev.3 (I)   | Participatory Forest Management for Sustainable Utilization of Non Timber Forest Products (NTFP) Surrounding the Protected Area of Rinjani and Mutis Timau Mt, Nusa Tenggara Indonesia |
| 13. | PD 523/08 Rev.1 (I)   | Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia   |
| 14. | PD 540/09 Rev.2 (I)   | Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products  |

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

**Committee on Economic Information and Market Intelligence**

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|----|---------------------|--|
| 1. | PD 599/11 Rev.1 (M) | Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration (Philippines) |
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**Committee on Forest Industry**

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|----|---------------------|--|
| 1. | PD 600/11 Rev.1 (I) | Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia |
|----|---------------------|--|

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

**Committee on Economic Information and Market Intelligence**

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|----|--|---|
| 1. | PD 124/01 Rev.3 (M)<br>Phase III Stage 2 | Promotion of Sustainable Management of African Forests (Africa) |
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**Committee on Forest Industry**

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|----|--|--|
| 1. | PD 13/99 Rev.2 (M,F,I)<br>For 2013 (core activity) | ITTO Information Network and Project Support (Phase II) (Global)   |
| 2. | PD 520/08 Rev.3 (I)                                | Promoting Timber Preservation for Reducing Forest Resource Depletion in Indonesia                                      |
| 3. | PD 522/08 Rev.3 (I)                                | Properties, Processing and Marketing of Teak Wood Products of Community Teak Plantations in Java and Eastern Indonesia |

4. PD 549/09 Rev.3 (I,F,M) Provenance Evaluation, Wood Technological Characterization and Market Survey for Balsawood (*Ochroma pyramidale* Cav.) in the Lacandon Forest, Chiapas, Mexico
5. PD 608/11 Rev.1 (I) Life Cycle Assessment-Based Initiative for Carbon Foot Print Reduction and Improved Utilization of Tropical Timber Products from Malaysia
6. PD 612/11 Rev.2 (I) Rural Community Development through Efficient Charcoal and Briquette Production from Logging and Corn Biomass Residues in the Afram Plains District of the Republic of Ghana
7. PD 655/12 Rev.1 (I) Capacity Building of the Builders' Woodworks Industry in the Philippines
8. PD 661/12 Rev.1 (I) Towards Sustainable Utilization of Bamboo Resources in Ghana: Development of Glued Bamboo Beams and Boards for Affordable Housing and Furniture in Ghana through Collaboration with Local Communities in Two Districts
9. PD 671/12 Rev.1 (I) Boosting Investments in the Processing and Marketing of Forest Products in Atalaya (Peru)
10. PPD 161/12 Rev.1 (I) Formulation of a Project Proposal for the Development of the Tara (*Caesalpinia spinosa*) Production Chain in the Andean Region (Peru and Ecuador) (Peru)

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

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

##### **PD 16/93 Rev.4 (M) Phase IV, 2012**

##### **Market Information Service for Tropical Timber and Timber Products, Phase IV, 2012 (Global)**

The Committees were informed that the *Tropical Timber Market Report* (TTMR) under the Market Information Service (MIS) has been suspended as the funding of the project is still pending. The Secretariat informed the Committees that the budget for the project has been included in the Administrative Budget 2013 under core operational costs.

##### **PD 124/01 Rev.3 (M) Phase III Stage 1**

##### **Promotion of Sustainable Management of African Forests (Africa)**

The Secretariat informed the Committees that Stage 1 of Phase III of this project would be completed in early 2013. At the recommendation of the project steering committee (PSC) and to facilitate funding, Stage 2 of the project had been split again into a new Stage 2 [budget: US\$600,000, duration: 18 months] and Stage 3 [budget: US\$518,144, duration: 18 months] with no change in the overall ITTO budget. The Secretariat sought the Committee's approval of this further split of the remaining activities under the project as contained in the new work plan endorsed by the PSC and requested donors to provide funding for the new Phase III, Stage 2 at this session to avoid disruptions in the implementation of the project. The Committees approved the splitting of the remaining activities of the project into the new Phase III, Stages 2 and 3.

##### **PD 182/03 Rev.2 (M)**

##### **Enhancement of the Forest Statistics Information and Management System (STATFOR) Through the Integration of a Computer Module for Processed Log Management (Gabon)**

The Secretariat explained the various delays in the implementation of this project and the lack of submission of a final report by the Implementing Agency. He noted that a follow-up proposal had been approved under the TMT Thematic Programme but that this could not commence until the reporting requirements for this project were complete. The Committees agreed to request Gabon to submit the final report of this project to the Secretariat at the earliest opportunity.

**PD 449/07 Rev.2 (M)**

**Enhancing Forest Law Enforcement in Papua New Guinea**

The delegation of PNG expressed gratitude to the ITTO Secretariat and Japanese Government as donor for the flexibility and understanding shown in implementing this project as it was delayed for a number of years due to situation beyond the control of the Implementing Agency. However, he pointed out that the project has been implemented smoothly over the past two years and it is nearing completion. He further noted the issue of project sustainability as the project outcomes are very important. Moving from pilot to rolling out nationally require resources for a robust operational system to improve forest governance and timber traceability. He said there must be a comprehensive training and capacity building drive for stakeholders to ensure the industry is ready to meet the requirements of the system and execute the new governance procedure that are to be supported by the system. He hoped that the final report including technical reports of the project will be presented at the next session of the Committees.

The Secretariat reported to the Committees that the implementation of this project suffered substantial delays due to problems related to the replacement of key project staff and consultants since the actual implementation began in August 2010. Subsequently, the implementation of the project was basically back on track and in line with the revised workplan. Although most project outputs have been achieved and the project has come into the final phase of implementation, the Secretariat has yet to receive the completion and technical reports as well as the final audit report from the Implementing Agency prior to the current session of the Committees. The Secretariat will work closely with the Implementing Agency on the completion of this project to be presented at the next session of the Committees.

**PD 620/11 Rev.1 (M)**

**Development and Implementation of a Species Identification and Timber Tracking System in Africa with DNA Fingerprints and Stable Isotopes (Germany)**

The Committees were informed that an Addendum to the document was issued following the inadvertent exclusion of the project from the document. The Committee noted that the implementation of the project has thus far been satisfactory.

**Committee on Forest Industry**

**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 project has completed all activities and outputs for which technical reports along with the completion report have been submitted in July 2012. The Secretariat pointed out that a project proposal for the development of the financial mechanism to support SME partnerships (Output 5), while submitted as a technical report, has not yet been formally submitted neither for the project cycle nor calls for proposals under thematic programmes.

The Committees were also updated that unspent funds have been returned to ITTO in October 2012, however the Implementing Agency has not submitted the original final financial audit in spite of several reminders and follow-up by the Secretariat.

The Committees urged the delegation of Gabon to submit the final audit as soon as possible and to formally submit its project proposal either for the project cycle or for the relevant thematic programme.

**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)**

The Secretariat informed the Committees that the all activities of the project have been completed, all outputs have been achieved and technical reports were submitted, however some of those reports require revision and refinements based on the comments made by the Secretariat.

The Committees were also informed by the Secretariat that, the Implementing Agency submitted revised technical reports during the course of the week of the Council Session; however revised completion report and final financial audit were still pending to be submitted.



The representative of the Implementing Agency in the delegation of the Philippines took the floor to inform the Committees that the pending reports will be submitted to the Secretariat by the end of November 2012.

**PD 506/08 Rev.1 (I)**

**Reviving Forestry Education in Liberia**

The Committee took note of the report from the delegation of Liberia on the reasons for the delay in submitting the project's annual financial audit report and ensured the submission of the report as well as the request for the project extension by end of November 2012 at the latest.

**PD 600/11 Rev.1 (I)**

**Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia**

The Committee took note of the report from the delegation of Indonesia on the reasons for the delay of finalizing the project agreement due to changing of the Executing Agency. The delegation of Indonesia ensured the finalization of the project agreement at the earliest opportunity.

11. Election of Chairpersons and Vice-Chairpersons for 2013

Following the usual consultations undertaken by the producer and consumer groups, Mr. Harrison S. Karnwea, Sr. (Liberia) was elected Chairperson of the CEM and Mr. Osamu Hashiramoto (Japan) was elected Vice-chair for 2013. Dr. Ruth Turia (Papua New Guinea) was elected Chairperson of the CFI and Mr. Björn Merckell (Sweden) was elected Vice-chair for 2013.

12. Dates and Venues of the Forty-seventh and Forty-eighth Sessions of the Committees

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

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

13. Other Business

The Committees noted and agreed to the functions of the Committee on Forestry Industry (CFI) and the Committee on Economics, Statistics and Markets (CEM) to be adopted by the Council at its current session.

14. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects approved under the time-bound electronic no-objection procedure for the spring and autumn project cycles 2012:

**Committee on Economic Information and Market Intelligence**

PD 621/11 Rev.3 (M) Traceability of Timber Produced by Forest Concessions and Native Communities in Madre de Dios and Ucayali (Peru)

PD 678/12 Rev.1 (M) Establishment of a National Forest Statistics Information Management System in Benin

**Committee on Forest Industry**

PD 549/09 Rev.3 (I,F,M) Provenance Evaluation, Wood Technological Characterization and Market Survey for Balsawood (*Ochroma pyramidale* Cav.) in the Lacandon Forest, Chiapas, Mexico [US\$635,918]

PD 608/11 Rev.1 (I)	Life Cycle Assessment-Based Initiative for Carbon Foot Print Reduction and Improved Utilization of Tropical Timber Products from Malaysia [US\$607,349]
PD 612/11 Rev.2 (I)	Rural Community Development through Efficient Charcoal and Briquette Production from Logging and Corn Biomass Residues in the Afram Plains District of the Republic of Ghana [US\$550,692]
PD 655/12 Rev.1 (I)	Capacity Building of the Builders' Woodworks Industry in the Philippines [US\$510,999]
PD 661/12 Rev.1 (I)	Towards Sustainable Utilization of Bamboo Resources in Ghana: Development of Glued Bamboo Beams and Boards for Affordable Housing and Furniture in Ghana through Collaboration with Local Communities in Two Districts [US\$577,527]
PD 671/12 Rev.1 (I)	Boosting Investments in the Processing and Marketing of Forest Products in Atalaya (Peru) [US\$993,438]
PPD 161/12 Rev.1 (I)	Formulation of a Project Proposal for the Development of the Tara (Caesalpinea spinosa) Production Chain in the Andean Region (Peru and Ecuador) (Peru) [US\$86,076]

- (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.4 (M) Phase III Stages 2 & 3	Promotion of Sustainable Management of African Forests (Africa) [Phase III Stage 2 - US\$600,000][Phase III Stage 3 – US\$518,144]
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**Committee on Forest Industry**

PD 520/08 Rev.3 (I)	Promoting Timber Preservation for Reducing Forest Resource Depletion in Indonesia [US\$454,518]
PD 522/08 Rev.3 (I)	Properties, Processing and Marketing of Teak Wood Products of Community Teak Plantations in Java and Eastern Indonesia [US\$452,688]

15. Report of the Session

The Committees adopted this report for submission to the Council, with due acknowledgement to the work of the Secretariat under the able guidance of the Chairpersons of the Committees.

## APPENDIX A

**REPORT ON THE ITTO ANNUAL MARKET DISCUSSION - 2012  
7 November 2012, Yokohama, Japan**

The theme of the 2012 Annual Market Discussion held on 7 November 2012 was 'Trading in Challenging Markets' with a focus on developments in procurement policies and green building initiatives. This theme was decided in 2011 with a view to presenting an assessment of the impact of developments in procurement policies in consumer countries on markets for tropical timber and the opportunities, or lack thereof, for tropical timber in Green Building Initiatives.

Timber Procurement Policies (TPPs) are being implemented by public agencies, trade associations and private companies in many markets important to tropical timber exporters. These policies have been introduced to limit market access for illegally harvested timber and many have implicit aims of going beyond legality by including references to sustainability of supply.

Green Building Initiatives, which seek to minimise the impact of construction on the environment and make better use of resources and energy, are in operation in several countries which represent major markets for tropical timber.

Both the TPPs and Green Building Initiatives are becoming strong market drivers for verified legal and sustainably produced timber. Maintaining trade is central to achieving environmental goals but many suggest there is a danger that such initiatives could evolve into unjustified environmental barriers to tropical timber.

A recent ITTO study on TPPs revealed much scope for improvement as these suffer from problems of proliferation, varying requirements, definitions of legality and sustainability, procurement criteria, time-schedules and implementation arrangements. The ITTO report suggests that such issues need to be addressed if TPPs are to effectively attain their objectives.

For the 2012 ITTO Annual Market Discussion, four speakers addressed the Committees namely: Brent J. McClendon, CAE, Executive Vice President, International Wood Products Association, USA; André de Boer, Secretary General, European Timber Trade Federation, Michael S. Snow, Executive Director, American Hardwood Export Council and Takashi Fujiwara, Managing Director, Japan Federation of Wood Industry Associations

**Green building is not a curiosity anymore – forecast to be a US\$280 billion global industry by the end of the decade**

Brent McClendon, Executive Director of the IWPA provided an overview of the state of the US economy and trends in US wood product imports drawing the attention of the Committees to the expansion of the green building market. He pointed out that in 2009, there were just over 2,000 green certified buildings under construction but today there are over 11,000 construction projects which are LEED certified and the numbers continue to grow.

What is LEED? This acronym derives from Leadership in Energy and Environmental Design, a benchmark for the design, construction and operation of high performance green buildings. Mr. McClendon reminded those present that the third party certification programme and US, nationally accepted, LEED benchmark for the design, construction and operation of high performance green buildings was developed in 2000. This now serves as a tool for US buildings of all types and sizes. LEED certification offers third party validation of a project's environmental features and verifies that the building is operating as expected.

A strong case was made by Mr. McClendon for timber producers to take advantage of the trends in green building since wood products can be shown, through Life Cycle Assessments (LCA), to satisfy major criteria under the LEED systems.

Mr. McClendon recalled the ITTO Review of Life Cycle Analysis (LCA) of Tropical Timber Products (2004) but lamented that very few LCA studies on tropical timbers have been conducted to date. This is an area where further work should be undertaken as LCA ratings are significant factors in Green Building Initiatives and Environmental Product Declarations (EPD's).

In conclusion, Mr. McClendon drew attention to a proposal on LCA developed by TAG and submitted to ITTO in 2011 but which did not attract ITTO funding. This proposal calls for further work on developing LCAs/EPDs

for three tropical wood products namely, meranti plywood, ipe decking and khaya lumber. On behalf of the ITTO Trade Advisory Group (TAG) Mr. McClendon requested the Council to consider this proposal for funding.

### **Want more forests? Buy more wood products!**

This statement, borrowed from an American timber trade magazine, was a significant feature of the presentation entitled 'LCA, EPDs and Promoting the Environmental Credentials of American Hardwoods' by Michael S. Snow, Executive Director of the American Hardwood Export Council (AHEC). AHEC is the international trade association for the American hardwood industry, representing companies and trade associations engaged in the exports of U.S. hardwood products.

Mr. Snow provided a background and justification for AHEC's emphasis on Life Cycle Assessments (LCA) which, the event was advised, facilitates AHEC members' and their customers' preparations of Environmental Product Declarations (EPDs). These provide science-based, verified and comparable environmental information along a product's entire supply chain to counter the misleading and often plain fraudulent claims being made by some competitors. EPDs are neutral with no value-based judgments and allow fair comparison of products and services.

Mr. Snow cited a few examples of the "popular science" used by the competition such as "*Use of wood leads to deforestation and massive destruction of nature. Say no to wood and yes to Kalingstone engineered marble*" and "Low Carbon Concrete". The assessment claiming this reported "*It was calculated that the construction approach used for Hampshire County Council decreased the carbon emissions associated with the timber frame by an incredible 33%*". On closer examination however, it was revealed that the claimed savings were derived mainly from "reusing" the existing concrete frame (which was less than 50 years old) and from recycling concrete from the partial demolition for use as aggregate.

Wood products can stand tall in the market said Mr. Snow but as much as LCAs provide irrefutable evidence to support the use of wood, the timber industry must not become complacent. The timber industry, said Mr. Snow, has spent too much time being defensive when it has all the time the tools to go on the offensive in the market place.

Mr. Snow highlighted a recent report from the Intergovernmental Panel on Climate Change's 4th Assessment Report (IPCC AR-4) which provided estimates of greenhouse gas mitigation potentials by sector. Of the various sectors assessed: Energy supply, transport, buildings, industry, agriculture, forestry, and waste, the highest potential saving could be made in buildings and it is this which drives the 'green build' industry.

Wood has a good story to tell in the green build industry. However, the advantages of wood as a material have to be backed by good design. Carbon storage is heavily dependent on design and manufacturing strategies which can affect EPD rating. Securing a sound EPD can be achieved by paying attention to maximizing material use and minimizing residues, ensuring long in-use life and through facilitating recycling and efficient disposal.

Meeting green building requirements begins with LCAs but wood products suffer a disadvantage under the present rules on the "Responsible Extraction" credit which applies uneven treatment of wood versus other extractive industries. Mr. Snow emphasized that cradle to grave analysis is required to assess the contribution of carbon store in wood to climate change mitigation.

### **An urgent need to harness consumer support on the environmental performance of wood**

Mr. Takashi Fujiwara, Managing Director, Japan Federation of Wood Industry Associations provided an informative overview of green procurement policies and the contribution to these policies by the timber industries in Japan. Two issues were highlighted; Goho-wood, the name given to Japan's contribution to eliminating illegal timber from trade and recent legislation enacted in Japan to promote higher and more efficient utilization of wood in the country.

The Committees learnt that the Japanese Government introduced a Green Purchasing Law in April, 2006 to ensure that the wood products entering the supply chain in the country are verified legal and from well managed forest.

The means for assessing the compliance with the new law were negotiated with the Forestry Agency and three means of legality and sustainability were agreed namely: Forest certification and chain of custody systems, verification methods implemented by enterprises which are authorized by relevant associations and verifications schemes operated by individual enterprises.

Mr. Fujiwara stressed that the Goho-wood system is the tool through which environmental information on wood products can be effectively delivered to the Japanese consumers.

In conclusion, Mr. Fujiwara made a very enlightening observation, "For our products to be embraced by the sustainable society we need to harness consumer support on the environmental performance of wood". This echoed earlier remarks by speakers who encouraged work to prove the environmental superiority of wood through LCA and EPDs.

### **The EUTR is delivering the greatest market potential for softwoods**

This was the startling, but not wholly unexpected, view of André de Boer, Secretary General, European Timber Trade Federation in his presentation, "Overview of Importer's Markets" (EU). Mr. de Boer informed the meeting that the ETTF has recently completed a study of product and species flows into the EU and that the ETTF will conduct further studies after the introduction of the EUTR to track and quantify all changes.

Mr. de Boer pointed out that the species mix in the EU market is already changing in favour of softwoods because, as he pointed out, softwoods are known and uncontroversial.

The EU was the world's second largest timber importer in 2011 but that imports have been falling. The EU share of the global timber trade in 2007 was 22% but fell to 17% in 2011. In contrast, China's share of the global timber trade almost doubled in the same period.

Mr. de Boer reported that from 2007 to 2011 EU imports of solid timber products were down 35% and that both softwoods and hardwoods imports declined by 40%. There have been changes in the sources of wood products. Imports from Russia have fallen due to the introduction of log export taxes and there was a decline in imports from Africa, North and Latin America. On the other hand, imports from Non-EU European countries and China have increased. Overall imports from Asian suppliers have remained very stable, said Mr. de Boer.

There have also been some changes in the product mix. From 2007 to 2011, the share of logs and sawnwood in the total EU imports fell from 62% to 53%. However, the share of further-processed products in total wood product imports has been rising due to increased plywood imports from China and Russia and higher wood furniture imports from China and Vietnam.

In conclusion, Mr. de Boer indicated that EU consumption of wood products has contracted in absolute terms but there is a steady increase in imports of finished products with individual EU member state markets becoming even more individual such that exporters need to assess demand potential from an EU member state perspective.

### **Discussion**

Delegates and observers took up several points made by speakers in their presentations. The delegate from Indonesia commented on the poor image of wood in the eyes of the general public, citing the generally held view of many of the younger generation that the timber industry destroys forests. This observation from Indonesia was in response to a statement "if you want more forests buy more wood products" made by one speaker.

The delegate also commented that while Green Building Initiatives (GBIs) are good these, at the moment, tend to focus on energy saving criteria, and are not delivering opportunities for expanding markets for wood products but seem to be providing greater opportunities for wood substitutes.

In response, the speakers agreed that the negative image of the timber industry is deeply engrained in the minds of consumers. They suggested that the best approach to overcoming this was through the delivery of sound scientific information on the environmental credentials of wood through LCA and by changing unhelpful trade policies which are deemed protectionist. The speakers pointed out that one of the problems with current GBIs is that there are different rules for different products and that this needs to be addressed so that the assessment of materials is based on common criteria.

The delegate of Liberia observed that the presentations portrayed a grim picture of the future for tropical wood in international markets. Declining market demand for wood products from Liberia, he said, was having a direct impact on the forest restoration efforts being implemented with the support of forest communities.

Because of declining demand for the raw materials and the consequent drop in income, there is now less interest in supporting forest restoration in Liberia. The forest communities, he pointed out, relied on timber harvesting for their livelihood but with falling demand they are now earnestly seeking alternative land uses to generate income. The delegate posed the question: What do we need to do? Do we create new wood

industries and new products? He also charged the timber sector in the consumer countries with the task of convincing the buying public of the environmental advantages of wood products.

An observer from an Australian company noted that while considerable funds are directed to R&D in the softwood sector, the hardwood sector is falling far behind in innovation and even promotion. The widespread negative perception of wood products in the eyes of consumers was reiterated and illustrated with example from Australia. In Australia, an advertisement for an alternative to hardwood shutters proudly states “plantation wood shutters” as if to say plantation wood is somehow better. The hardwood industry, said the observer, must start to market its product and not merely sell it.

The Discussion went in a different direction when an observer, a foreign student studying in Japan, asked for suggestions on how to dispose of the millions of tonnes of wood debris resulting from the March 2011 tsunami in northern Japan. The speakers recognized the immensity of the problem facing Japan as it attempts to deal with this issue and confirmed that the identification of potential end-uses for wood debris depends very much on the contaminants. They noted that in the case of the wood debris in Japan, there will be multiple contaminants which will complicate disposal efforts.

The Representative of the Tropical Forest Foundation expressed his appreciation to ITTO for arranging the Market Discussion and said his organization fully supports the idea of LCA studies for tropical wood products. The usefulness of LCA data, he said, was clearly demonstrated to his organization recently in dealings with a manufacturer of office furniture who confirmed that in as much as that company would be pleased to utilize tropical timber, it would have more confidence in purchasing tropical product if it is to be supported with a LCA report.

A delegate from Malaysia took up the statement made by the Speaker from the ETTF, “the EUTR is delivering the greatest market potential for softwoods” and asked, why is this so when all timber, whether imported or sourced from within the EU, must satisfy the due diligence requirements? In response, the Discussion was informed that this advantage stems from the perception that softwood products are well known in the market and have not attracted the controversy that tropical timber has attracted. The advantage, he said, is purely one of perception.

In expanding on the issues of advantage in the market place, the view was expressed that the EUTR may become a barrier to businesses trading in tropical timber as tropical wood products will have a ‘new’ risk attached to it which importers will factor into demand and pricing.

### **Annual Trade Statement**

The 2012 Annual Market Discussion ended with the delivery of the Trade Statement prepared by the ITTO Trade Advisory Group. (Appendix B)

The trade advisory group suggested the theme for 2013 Annual Market Discussion as, Trade Approaches to Meeting Market Demands for Legality.

## APPENDIX B

### STATEMENT OF THE TRADE ADVISORY GROUP (T-A-G)

Brent J. McClendon (IWPA)  
7 November 2012

Chairman,

Ladies and gentlemen,

This Trade Statement has been prepared by members of your Trade Advisory Group (TAG). As a trade group, the TAG comprises members of consumer and producer country tropical timber manufacturers, importers and exporters.

#### Race to Relevancy

There is a strong new trend in the timber association world – and that is to go back to our core mission. See, we (ITTO and industry assoc) are accused of suffering the same mission-creep as occurs from time to time in all government and non-governmental bodies. And after awhile, we look around and realize we aren't meeting the core mission of our membership anymore. People start to question our relevancy.

I raise this issue because TAG is increasingly concerned about how to assure our future productive engagement at the ITTC.

I don't want to sound alarmist. But let me point out a few high-profile changes recently:

- (1) ITTA Objectives are getting very lopsided funding (for example... "expansion of trade" work program in 2010-2011 was funded at 42% of the proposed level while "sustainable management" was funded at 76%). When we drill down we get even more concerned. For example, the thematic program Industry Development and Efficiency has yet to receive any funds (even though indicative budget was \$10 million), whereas other programs have already received more than 50%. The signs are concerning that the word "timber" is dropping off the International Tropical Timber Council radar.
- (2) As you all know, ITTC eliminated funding for the MIS at the last Council session. But Council didn't replace that funding with any new trade-supporting measures. So, unfortunately, this starts a vicious cycle, because when funding decreases, the industry sees less value in ITTO in general, and ultimately pulls back further from engagement at the ITTC. A true lose-lose scenario.

Solutions from TAG's perspective. Quite simply, ITTO needs to embrace a "race for relevance."

And here are some general thoughts to get the dialogue started:

Our TAG producer members think that there is a need for more training and timber trade-friendly projects.

Consumer TAG members understand there are 'protectionist' concerns in all consumer nations and domestic politics always plays a role in funding decisions. However, ITTC should be neutral in the face of these pressures and look to the big picture. Sustainable forest management and economic development go hand-in-hand. We can either see a future of forests... forest lost to fires. ITTC engagement and significant funding is making a difference in tropical forests but a better focus would yield more positive results. All of us in this room know that forests must have value or they will disappear; the forest will be converted to other uses.

The trade itself cannot escape some responsibility for the drift in ITTO – The trade as well as our partners in CSAG need to get much more involved in the ITTO processes of decision making and stronger involvement in the ITTO panel that reviews and assesses projects. We cannot expect to make a serious contribution to the organization solely through participation only during Council. Too few of us show up and our engagement here is short lived. We recognize we must be committed and show this commitment with our attendance and engagement throughout the year in all of the process where the Organization deems our input would be helpful.

In keeping with our theme this year and to emphasize what we said last year, here are some specific ideas:

1. You heard clearly during the MD that this year we are focusing on LCA'S/EPD's as we believe these play a crucial role in market access. The good news is there is already a project in the Biennial Work Plan, Forest Industry. I draw your attention to Item 13(a) of Provisional Agenda - the Progress Report on Implementation of Biennial Work Program. On Page 16, Project Number 31 there is a great project just waiting on appropriate support from this Council. Please make this a priority.
2. Conduct capacity building in support of SFM and sustainable timber industry within existing Thematic Programs. As you prioritize your activities, please stay focused on training. Such training can be either short or long term, for example, a 3 - 4 months project to train forest managers, develop regional ITTO training centers, etc...
3. TAG believes the time is right for a serious ITTO assessment of what industry in the producer countries think they need to do and the assistance needed to comply with Lacey Act, EUTR and other emerging legality systems. Any gaps in understanding these new laws can then be compiled so additional educational tools are developed as needed. We know some producers are looking at Lacey Act, and then at EU's requirement, and then Japan's GoHo, and then Australia's... and feeling overwhelmed. The TAG would like to think ITTO can help demystify the topic of legality assurance.
4. The loss of MIS created a gap in market intelligence for trade and the ITTC. I would ask, in its absence, how are you keeping up with the timber trade? What are you now using to fill the information gap? The World Bank is not alone is asking for a return of MIS reports. TAG urges you to re-instate this valuable service in some capacity.

In summary, we feel strongly that industry plays a powerful role in sustaining forests, and combined with a relevant ITTO outputs, connects forests, markets and government in a positive way. Put another way... if there is no trade, then forests lose their value.

ITTO is an important information conduit and a point organization for projects that make a difference for tropical forest and trade. The mission of TAG is to assure that there is a future for forests. I'm confident we share that mission with the ITTC and we look forward to a much closer working relationship in the future.

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5-10 November 2012  
Yokohama, Japan

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



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

The Forty-sixth Session of the Committees was opened on 6 November 2012 at the Joint Session of the Committee on Reforestation and Forest Management (CRF), the Committee on Economic Information and Market Intelligence (CEM), and the Committee on Forest Industry (CFI) chaired by Mr. Jose Trinidad Suazo Bulnes (Honduras), Vice Chairperson of the Council. This Joint Session considered Agenda items 1, 3, 4, and 8 (A). Joint Session of the Technical Committees was also convened under the chairmanship of Mr. Rob Busink (The Netherlands), Chairperson of CEM, to consider item 6. The subsequent meetings of the CRF were chaired by Dato' Dr. Abdul Rahman Abdul Rahim (Malaysia), assisted by Ms. Alicia Grimes (USA), Vice-Chair of the CRF. The list of participants is presented in document ITTC(XLVIII)/Info.2.

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

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

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

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

### **Item 4 - Report of the Expert Panel for Technical Appraisal of Project Proposals**

The Committees noted the presentation made by Ms. Eudeline Melet Pekam (France), Chairperson of the Expert Panel for Technical Appraisal of Project Proposals at its Forty-third and Forty-fourth meetings held on 6-10 February 2012 and on 30 July-3 August 2012 in Yokohama, Japan as contained in documents ITTC/EP-43 and ITTC/EP-44, respectively. In summary, the reports of the Expert Panel indicated:

- (i) 42 and 45 proposals appraised at its Forty-third and Forty-fourth meetings respectively;
- (ii) 7 proposals (17% of proposals evaluated) comprising 6 projects and 1 pre-project were accorded category 1 rating at the Forty-third meeting and 17 proposals (38% of proposals evaluated) comprising 13 projects and 4 pre-project were accorded category 1 rating at the Forty-fourth meeting;
- (iii) 2 out of the 7 proposals accorded category 1 rating during the Forty-third meeting and 9 out of the 17 proposals accorded category 1 rating at the Forty-fourth meeting were new proposals; and
- (iv) 20 proposals appraised during the Forty-third meeting and 11 proposals during the Forty-fourth meeting were sent back to proponents for revision and 13 proposals appraised during the Forty-third meeting and 16 proposals during the Forty-fourth meeting were recommended not to be approved by the Committees.

Ms. Pekam presented to the Committees the general findings and recommendations of the Expert Panel at its Forty-third and Forty-fourth meetings particularly addressed to the proponents of proposals with regard to the structure and design of projects, as follows:

- The key problem and problem analysis section is a fundamental part of the proposal and should be conducted thoroughly prior to identifying the outputs and activities;
- A proper presentation of the context: social, cultural, economic and environmental aspects should be provided and related to the project; and
- Approaches and methods are also fundamental in the formulation of a proposal and expected changes should be emphasized rather than what is done in practice.

Ms. Pekam presented to the Committees recommendations addressed to the proponents for the adequate involvement of all stakeholders especially communities, the absence of which may threaten the successful implementation of the whole project and its sustainability, as follows:

- Carry out in-depth analysis of all parties affected by the project, both positively (beneficiaries) or negatively;
- Communities should not be taken as a homogenous group and gender issues and group equity should be considered;
- Provide for beneficiaries' needs and priorities particularly of local communities and demonstrate expression of support of stakeholders.

Ms. Pekam also presented to the Committees recommendations addressed to the proponents for lasting changes in the proposals, as follows:

- Required budget from ITTO should not cover to a large extent personnel and travel costs;
- Proponents should wait for on-going projects to be fully carried out and to build follow-up proposals based on their outcomes;
- The ITTO guidelines should be followed and used.

Ms. Pekam further presented recommendations addressed to submitting countries:

- Strengthen the role of ITTO's focal points particularly in carrying out a first screening of proposals and in monitoring of proposals;
- Use national clearinghouse mechanism, especially noting its obvious added value in passing forward better quality proposals;
- Re-emphasize the need of training on project formulation and provide funding on such trainings;
- Contribute to disseminate relevant ITTO guidelines and results of previous or on-going ITTO and other projects.

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

- Provide more training on project formulation;
- Reinforce the role and involvement of ITTO's focal points in determining venues, monitoring of projects, etc. ;
- Ensure the national clearing house mechanism is fully implemented;
- Further promote the use of ITTO guidelines;
- Reflect on the future of the appraisal system.

Following the presentation of Ms. Pekam, the delegation of Malaysia thanked the Expert Panel for its work and welcomed the useful and thorough recommendations. It wondered whether the future work of the Expert Panel could be undertaken in only one meeting rather than two as was the current practice.

The delegation of Switzerland also thanked the Expert Panel and emphasized the need to provide more training for producing member countries and ensure sustained capacity building including by using the "training of trainers" approach for stakeholders.

The delegation of European Union also thanked the comprehensive presentation of Ms. Pekam and fully supported the recommendations particularly regarding the use of ITTO Guidelines. The delegation highlighted the role and functions of national focal points and urged for the minimization of the costs for project formulation and appraisal including by the increased use of electronic communications.

Ms. Pekam responded that it would be difficult for the Expert Panel to review all project proposals in one meeting. However, the workload could be reduced if initial screening of the project proposals could be carried out by national focal points or the ITTO Secretariat. The sustainability of the training for project formulation would be based on the availability of funding. She further mentioned the necessity of discussions among experts of the Panel in a meeting rather than simply by electronic communications. The ITTO Secretariat informed that a number of trainings for project formulation including four training courses were conducted under project PD 73/89 (M,F,I) "Assistance for Project Identification and Formulation". However, trainings in this regard could not be conducted since 2009 as the project was pending additional funding.

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

#### **Item 5 – New Projects and Pre-Projects**

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

<b>For Forty-third Expert Panel</b>		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 601/11 Rev.3 (F)	Strengthening Mangrove Ecosystem Conservation in the Biosphere Reserve of Northwestern Peru	Peru
PD 602/11 Rev.3 (F)	Tropical Forest Governance in the Region of Darien, Panama	Panama
PD 629/11 Rev.2 (F)	Protection, Management and Restoration of Forest Lands for Water Catchment and Flow Regulation as a Climate Change Adaptation Measure	Guatemala
PD 653/12 Rev.1 (F)	Sustainable, Mixed and Pure Forest Plantation Development in the Transitional Zone of Ghana's Biakoye District Assembly, Employing Poverty Reduction Strategies	Ghana
PPD 160/12 Rev.1 (F)	Study for the Rehabilitation and Sustainable Management of the Mangrove Forests in the Coastal Area of Benin	Benin

<b>For Forty-fourth Expert Panel</b>		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 605/11 Rev.3 (F)	Demonstration and Extension of Fire-break Forest Belts for Efficient Forest Fire Management in Tropical Forests in Guangdong Province, China	China
PD 609/11 Rev.3 (F)	Enhancement of the Participatory Bushfire Prevention and Management System in Togo	Togo
PD 618/11 Rev.3 (F)	Establishment of Spatial Forest Resources Information System (SPA-FRIS) in West Papua Province	Indonesia
PD 623/11 Rev.3 (F)	Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo	Togo
PD 628/11 Rev.3 (F)	Strengthening of Forest Management Practices of Local Communities and Indigenous Peoples in Guatemala	Guatemala
PD 635/12 Rev.2 (F)	Development of Guidelines for Buffer Zone Management for Pulong Tau National Park and Involvement of Local Communities in Management, Sarawak, Malaysia	Malaysia
PD 668/12 Rev.1 (F)	Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and Its Range of Influence in Mexico and Guatemala	Guatemala & Mexico
PD 673/12 Rev.1 (F)	Strengthening the Capacity in Forest Law Enforcement and Governance of the Permanent Forest Estates in Kratie and Mondulkiri Provinces of Cambodia	Cambodia
PPD 151/11 Rev.3 (F)	Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo	Togo
PPD 165/12 Rev.1 (F)	Study for the Rehabilitation and Sustainable Management of Sacred Forests on RAMSAR Sites 1017 And 1018 In Benin	Benin

#### **Item 6 – ITTO Annual Market Discussion -2012**

The Committees noted the summary of the ITTO Annual Market Discussion – 2012, held in the Joint Session of All Committees on 7 November 2012, as contained in Appendix A of document CEM-CFI(XLVI)/6. The theme of the Market Discussion was "Trading in Challenging Markets". Mr. Rob Busink, Chairperson of CEM, chaired the meeting and Mr. Brent McClendon (TAG Coordinator) served as the moderator of the Market Discussion.

The following feature presentations were made during the Market Discussion:

Mr. Brent J. McClendon, CAE Intl. Wood Products Association (U.S.A.)	"ITTC – Market Dialogue and Trade Advisory Group Presentation"
Mr. Michael S. Snow, Executive Director American Hardwood Export Council (U.S.A.)	"LCA, EPDs and Promoting the Environmental Credentials of American Hardwoods"
Mr. Takashi Fujiwara, Managing Director Japan Federation of Wood Industry Associations	"Green Procurement Policies and Timber Industries in Japan"
Mr. André de Boer, Secretary General European Timber Trade Federation	"Overview of Importer's Markets" (EU)

The TAG Coordinator informed the Committees that collaboration between TAG and the Secretariat would continue for the planning and organization of the ITTO Annual Market Discussion 2013. He informed the Committees that the tentative theme for the discussion would be "Trade Approaches to Meeting Market Demands for Legality".

The Committees further noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B of Document CEM-CFI(XLVI)/6.

#### **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(XLVI)/2, "Report on Completed Projects and Pre-projects in the Field of Reforestation and Forest Management".

The Committee then proceeded to review the following completed projects:

##### **7.1 Completed Projects**

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

The Committee took note that the Executing Agency has submitted the Project Completion Report, some technical reports and an acceptable Project Final Financial Audit Report. These and other means of verification are available from the Executing Agency and/or the ITTO Regional Officer for Latin America upon written request. The Committee therefore decided to consider the project as completed.

##### **2) PD 165/02 Rev.3 (F) Conservation of Biological Diversity through Sustainable Forest Management Practices (Malaysia)**

The delegation of Malaysia made a presentation on the main outcomes of the project, highlighting the development of improved methods for assessing biodiversity such as Perak Tool (rapid biodiversity assessment manual) and improved stand-level models for predicting the impacts of forest management systems on biodiversity. The Committee noted that the Executing Agency has submitted the Project Completion Report, several Technical Reports and Final Audit Report. Recognizing that the project has published various technical reports for the improvement of biodiversity assessment in production forests, the Committee recommended that those technical reports should be made available online for wider dissemination. The Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

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

The Committee took note that the Executing Agency has submitted the Project Completion Report, the World Mangrove Atlas in ITTO's 3 official languages: English, Spanish and French, and the Final Financial Audited Report. A presentation on the project's achievements was also given by the Secretariat at this session. Limited copies of the Atlas are available from the Secretariat or can be purchased directly from the publisher. The Committee therefore decided to consider the project as completed.

Moreover, the delegate from Malaysia commended the comprehensive work carried out in compiling the World Mangrove Atlas, stressed the great social, environmental and economic importance of these mangrove ecosystems to mankind, and further highlighted the very extensive project work carried out by ITTO in mangrove and other coastal forest systems and resources, and the experiences gained and the lessons learnt from these. As such, the delegate of Malaysia further suggested the Secretariat consider including an activity in the next ITTO Biennial Work Programme (BWP) so as to convene a major ITTO symposium on tropical mangroves, with a view towards discussing their current situation and their enormous contribution to mankind. The delegate of Switzerland seconded the recommendation made by Malaysia, and also recalled the past implementation of the ITTO 2000-2006 Mangrove Action Plan, and the urgent need to revamp it and come up with a new ITTO Mangrove Action Plan for the next 6 years, and requested the inclusion of such a proposal under the proposed activity on mangroves in the next ITTO BWP.

**4) PD 284/04 Rev.2 (F) Fire Management and Post-fire Restoration with Local Community Collaboration in Ghana (Ghana)**

The Committee took note that the Executing Agency has submitted the Completion Report and several Technical Reports, as well as a satisfactory Final Financial Audit Report. Therefore, the Committee decided to declare the project as fully completed in accordance with the rules and procedures of ITTO.

**5) 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 that, at the last session, the project was considered as completed upon the receipt of a satisfactory Final Financial Audit Report by the Secretariat. Noting that the Secretariat received the Final Audit Report in July 2012, the Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

**6) PD 396/06 Rev.2 (F) Strategy for Developing Plantations Forest: A Conflict Resolution Approach in Indonesia (Indonesia)**

The delegation of Indonesia informed the Committee of the implementation of the project which has resulted in the production of three policy documents for collaborative plantation forest development and establishing demonstration sites of collaborative plantation forest management in Jambi and South Kalimantan Provinces. These studies have contributed to better understanding of analyzing conflicts in plantation forest development, conflict resolution approaches, and development of collaborative plantation forests. On the possibility of replicating similar work in other provinces, the delegation of Indonesia provided information on conflict resolution regulations which are taking place in the country.

The Committee noted that the Executing Agency has submitted the Project Completion Report, several Technical Reports and Final Financial Audit Report. The Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

**7) PD 405/06 Rev.3 (F) Extending the Area Under Sustainable Forest Management in the Forest Lands of The Embrea-Wounaan Comarca, Darien (Panama)**

The Committee took note that the Executing Agency has submitted the project Completion Report, several technical reports and the Final Financial Audit Report. The project's documented products and outputs have been posted on the ITTO website for widespread dissemination, and can be further downloaded from there or requested directly from the Executing Agency upon written request. The Committee therefore decided to consider the project as completed.

**8) PD 426/06 Rev.1 (F) The Prevention of Further Loss and the Promotion of Rehabilitation and Plantation of *Gonystylus* spp. (ramin) in Sumatera and Kalimantan (Indonesia)**

The delegation of Indonesia informed the Committee of the implementation of the project which has contributed to the improvement of silvicultural techniques for ramin conservation and plantation development and enhancement of institutional capacity to implement CITES rules and procedures. The project has produced several important technical reports on ramin as important references not only for decision makers but also for research groups, and conservationists. The conservation of ramin and its rehabilitation could be consistently maintained by various stakeholders based on the findings of the project towards sustainable

management and conservation of ramin in Indonesia. On the issue of regeneration of ramin, in response to the question raised by the delegation of Malaysia, the delegation of Indonesia described that as a consequence of the scarcity of ramin seeds and planting materials, plantation techniques had not been fully explored during the project period but technical reports of the project provide specific information the issues of regeneration of ramin.

The Committee noted that the Executing Agency has submitted the Project Completion Report, several Technical Reports and Final Financial Audit Report. The Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

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

The delegation of Malaysia informed the Committee of the implementation of the project which has resulted in the achievement of several outputs. These include: The conservation and management capacity for PTNP strengthened; The extensions of PTNP initiated; Baseline ecological and biodiversity surveys carried out and results published; Survey on uses of natural resources carried out and community-based activities developed; Conservation awareness programmes for local key stakeholders carried out; Bi-national cooperation in TBCA management is strengthened; and Awareness in transboundary conservation and sustainable utilization of natural resources is raised. During discussions, he described the sustainability of the project which will be strengthened through the continued support of a new unit for community services of Sarawak Forest Department; and issues and challenges in transboundary cooperation compared with the Lanjak Entimau Wildlife Sanctuary (LEWS) project. The delegation of Indonesia informed the Committee that more transboundary cooperation between LEWS and the Betung Kerihun National Park will be made through a transboundary project which revised and approved at this session. The delegation of Japan commended the Executing Agency and the project team for successful achievements of the project which should be widely disseminated to interested parties.

The Committee noted that the Executing Agency has submitted the Project Completion Report, several Technical Reports and Final Financial Audit Report. The Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

**10) PD 493/07 Rev.1 (F) Strengthening Capacity of Forest Law Enforcement and Governance in Cambodia (Cambodia)**

The delegation of Cambodia informed the Committee of the implementation of the project by highlighting its main outputs which include: purchase of various equipment and facilities to facilitate the suppression of illegal forest activities; improved capacity of 245 Forestry Administration staff at different levels to conduct forest patrolling and documenting forest crimes; improved collaboration with Provincial prosecutors and judges in four provinces; improved public awareness on the importance of FLEG initiatives through dissemination of attractive extension materials and publication; and a series of extension workshops attended by 1,227 participants from various stakeholder groups.

The Committee noted that the Executing Agency has submitted the Project Completion Report, several Technical Reports and Final Financial Audit Report. The Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

**11) PD 539/09 Rev.1 (F) Promoting Conservation of Selected Tree Species Currently Threatened by Habitat Disturbance and Population Depletion (Indonesia)**

The delegation of Indonesia informed the Committee of the implementation of the project which has resulted in updating data and information on the vulnerability status of selected threatened forest tree species in South Sumatra and East Kalimantan Provinces as well as the establishment of genetic conservation gardens to enhance selected threatened forest tree species including ironwood, ebony and cempaka.

The Committee took note that the Executing Agency has submitted the Project Completion Report, several Technical Reports and Final Financial Audit Report. The Committee decided to declare the project as fully completed in accordance with the rules of ITTO.

**12) PD 542/09 Rev.1 (F) Support to Convene the V Latin American Forestry Congress (Peru)**



The Committee took note that the Executing Agency has submitted the project Completion Report, the V Latin American Forestry Congress Proceedings, published on both paper and digitally, and the Final Financial Report. The proceedings have been posted on the ITTO website for widespread dissemination, and can be further downloaded from there or requested directly from the Executing Agency or the ITTO Secretariat upon written request. The Committee therefore decided to consider the project as completed.

Last but not least, the Committee took note that some completed projects had been submitting their documented project results and outputs in electronic format and that these were also being uploaded onto the ITTO for widespread dissemination and potential replication in other regions of the world. The Secretariat further requested that the recently completed projects that had not submitted their documents in electronic format to the ITTO do so, if possible, and that all projects to be completed in the future submit their results and outputs in such a format, with a view towards strengthening ITTO's knowledge management system being put into place. The EU delegate further supported this initiative, and stressed that this was a very cost-effective approach to disseminate knowledge on tropical forests worldwide.

## **7.2 Completed Pre-projects**

### **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**

The Committee took note that the Executing Agency has submitted the Pre-project Completion Report, Final technical Report, and an acceptable Final Financial Audit Report. The Secretariat informed the Committee that the pre-project has also prepared a project proposal submitted to the ITTO Project Cycle. The Committee decided to declare the pre-project as fully completed in accordance with the ITTO rules and procedures.

### **2) 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.**

The Secretariat informed the Committee of the implementation of the pre-project involving the assessment of mangrove ecosystems restoration policies, programmes, and activities in the county in order to formulate a full project proposal to rehabilitate Nargis affected mangrove forests in Ayeyarwady Delta. The Committee noted that a project proposal entitled "Developing Monitoring System of Mangrove Ecosystem Management with Livelihood Improvement in Ayeyarwady Delta, Myanmar" was formulated and submitted to the ITTO Thematic Programme on REDDES.

The Committee noted that the completion and Final Financial Audit reports of the pre-project had been submitted to the Secretariat. The Committee decided to declare the pre-project as fully completed in accordance with the rules of ITTO.

### **3) PPD 147/10 Rev.1 (F) Zoning and Sustainable Development of the Minkebe Protected Area Towards the Protection of Transboundary Conservation Corridors between Gabon, Cameroon and the Congo**

The Committee took note that the Executing Agency has submitted the Pre-project Completion Report, Final technical Report, and an acceptable Final Financial Audit Report. The Secretariat informed the Committee that the pre-project has also submitted a series of Consultant Reports which contributed to prepare a project proposal submitted to the ITTO Project Cycle. The Committee decided to declare the pre-project as fully completed in accordance with the ITTO rules and procedures.

## **Item 8 - Ex-post Evaluation**

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

The Committee may recall that the following projects by thematic groups were selected for ex-post evaluation by the Committee at its Forty-fifth Session:

#### **1) Thematic Group Evaluation: Biodiversity Conservation / Conservation Areas**

- PD 310/04 Rev.2 (F)      Biodiversity Management and Conservation in Forest Concessions Adjacent to Totally Protected Area (Nouabale-Ndoki National Park), Northern Republic of Congo – Phase II (Congo)

The Committee took note of the presentation of the synthesis of the evaluations contained in CRF(XLVI)/4, for the projects PD 310/04 Rev.2 (F) and PD 105/01 Rev.3 (F), by the Team Leader of the evaluation team, Mr. Denis Keedi Atok. The synthesis was prepared with the information and data analyzed in two full reports prepared by the Team Leader and Ms. Monica Borner. The Delegations of Ghana and Republic of Congo commended the evaluation team for the focused assessment provided in the report.

The Delegation of Switzerland wanted to know why these two projects were ex-post evaluated together, although they are in two different thematic groups. It was explained that it was due to the need for cost savings. It was also questioned if the partnership gathering the government, private sector and civil society was implemented within the framework of the Congolese project. The consultant explained that the partnership was operating smoothly and was being considered as a model for other forest concessions in the Republic of Congo.

The Committees were informed that technical reports, scientific articles and posters were produced by the project PD 105/01 Rev.3 (F), for the dissemination of project findings and results. The Committees commended the consultant for the ex-post evaluation reports of both projects and presentation of the synthesis. The Delegation of the Republic of Congo and Ghana also commended the evaluation team for the interesting recommendations and lessons.

## **2) Thematic Group Evaluation: Community Participation in SFM**

- PD 324/04 Rev.3 (F)      Sustainable Management of Tropical Forest Resources through Stakeholder Agreements in Traditional Owned Areas of Papua New Guinea (PNG)

## **3) Thematic Group Evaluation: Forest Rehabilitation / Landscape Restoration / Secondary Forest Management**

- PD 271/04 Rev.3 (F)      Rehabilitation of Degraded Forest Land Involving Local Communities in West Java, Indonesia (Indonesia)
- PD 394/06 Rev.1 (F)      Restoring the Ecosystem Functions of the Lake Toba Catchment Area through Community Development and Local Capacity Building for Forest and Land Rehabilitation (Indonesia)

The Committees took note of the presentation of the synthesis of ex-post evaluations of PD 324/04 Rev.3 (F) in PNG, and PD 271/04 Rev.3 (F) and PD 394/06 Rev.1 (F) in Indonesia as contained in Document CRF(XLVI)/5 by the leader of the evaluation team, Mr Don Gilmour, during a joint session of the Committees. In his presentation, he indicated that each of the three projects had a very different focus - sustainable forest management and forest conservation (PNG), improving private forestry (Indonesia-Ciamis) and rehabilitating degraded private forest land (Indonesia-Lake Toba) but all three projects reported that many of the issues associated with achieving project objectives were constrained, not by technical issues, but by social and institutional issues. All three projects were reasonably successful in terms of achieving their Specific Objectives and contributing to their Development Objectives. However, there were several issues which constrained their ability to be more successful, in particular: (i) how some of the social aspects were conceptualized and translated into project activities, and (ii) the extent to which "models" were developed to extend the impact of findings beyond the immediate project area.

Some of the generic lessons learned from an analysis of all three projects included:

- Considerable time is needed to build the capacity of key stakeholders to use participatory approaches.
- There is a big difference between encouraging farmers to "participate" in a government programme, such as rehabilitating degraded forests, and facilitating their "participation" in their own development agenda--successful outcomes depend on bringing these two agendas together.
- Projects that place social processes at the heart of their design should allocate appropriate resources, including expertise and budget, to address those processes, and not marginalise them.
- Short duration, one-off projects cannot expect to achieve significant levels of participation leading to effective empowerment of key stakeholders unless they are part of a much longer running initiative.

- Empowerment is a social process that needs careful nurturing and support
- Action learning approaches are useful where there is a high degree of social and institutional uncertainty in the operational context.
- Projects that have an expectation to develop a “model” to apply outside the project area should devote resources to developing and testing such a “model”.

Following the presentation, the delegation of Indonesia expressed its gratitude to the government of Japan for financing the two Indonesian projects and provided information on community forest management systems in Java where private forests have played a key role in timber supply. He further encouraged more actions to promote community forest management in Ciamis, Java. The delegation of PNG also expressed its gratitude to the government of Japan for financing. She said that the success of the project in PNG has been resulted from the active engagement of The Nature Conservancy to enhance the participation of local communities in the project site. She also pointed out that the PNG Forestry Authority has been committed to replicate the outcomes of the project in other parts of the country and looked forward to a second phase project. On the lessons of the ex-post evaluations, the delegation of Japan considered them useful to project formulators and recommended posting the ex-post evaluation reports on the ITTO website.

The Committees commended the consultant for his report and presentation.

#### **4) Thematic Group Evaluation: Improvement and Conservation of Genetic Resources**

PD 105/01 Rev.3 (F)      Towards Sustainable Timber Production in Ghana: Stage I. Improving Shoot Borer Resistance and Developing Silvicultural Systems to Maximize Mahogany Plantation Success (Ghana)

There is a need to refer to the project PD 310/04 Rev.2 (F), as both projects were evaluated together by the consultants Mr. Denis Keedi Atok and Ms. Monica Borner.

#### **5) Thematic Group Evaluation: Mangroves**

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

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)

#### **6) Thematic Group Evaluation: Criteria and Indicators for SFM**

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

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 Committees took note of the presentation of the synthesis of the ex-post evaluation as contained in document CRF(XLVI)/6 by the Team Leader of the evaluation team, Dr. Don Dayapala Wijewardana during the Joint Session of the Committees. The synthesis was prepared with the information and data analyzed in two full reports prepared by the Team Leader and Mr. Roger FOTEU.

He highlighted the lessons learned and recommendations for similar projects in the future and the improvements of project management. He reminded the importance of Criteria and Indicators (C&I) which are at the heart of all ITTO work since this is the key internationally recognized tool for achieving and monitoring SFM. He informed the Committee that all outputs were achieved by both projects.

However; he also informed the Committee that the main project outcomes were not internalized in the forest policy of India and Republic of Congo, due to bureaucratic process in both countries. The Committees commended the consultant for the ex-post evaluation reports and presentation of the synthesis. The Delegation of the Republic of Congo also commended the evaluation team for the interesting recommendations and lessons.

**7) Thematic Group Evaluation: Environmental Services (CDM, REDD, Carbon Credits, Kyoto, etc.)**

PD 54/99 Rev.2 (F)	Alternative Financing Model for Sustainable Forest Management in San Nicolas, Colombia (Colombia)
PD 240/03 Rev.1 (F)	Alternative Financing Model for Sustainable Forest Management in San Nicolás – Second Phase: Non-Kyoto Rehabilitation Areas (Colombia)
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 Committees took note of the presentation of the ex-post evaluation of PD 359/05 Rev.1 (F) as contained in Document CRF(XLVI)/7 by the consultant, Dr Kwame Asumadu, during a joint session of the Committees. He highlighted the lessons learned from the ex-post evaluation. These include:

- There is need for on-going capacity building activities, to ensure sustainability, given the complexity and ever changing nature of the rules and requirements for AR-CDM projects.
- For future workshops, better screening of participants is necessary to ensure that individuals with some background in AR-CDM activities are selected to attend.
- Future workshops should use real projects already under implementation as case studies, to better assist participants in understanding and grasping the critical issues and challenges involved in developing and implementing AR-CDM projects.
- More field visits and practical demonstrations would have assisted the participants better in understanding the concepts.
- More scientists who are dealing with AR-CDM related issues should attend such workshops.
- Future training workshops should include participants from the private sector.

On the sustainability of capacity building, particularly in an area such as AR-CDM where the rules and approval requirements are many, complex and continually changing, he noted the importance of enhancing on-going commitment. For similar future projects, he noted that it is important for participating countries to be aware that ITTO's contribution can only be a starting point, and that it would require on-going investment in training to ensure the continued availability and maintenance of the capacity so as the realize benefits fully.

The Committees commended the consultant for his report and presentation.

The results of ex-post evaluation of the projects under the Thematic Group of Mangroves and those of two remaining projects under the Thematic Group of Environmental Services (CDM, REDD, Carbon Credits, etc) will be reported at the 47<sup>th</sup> CRF Session in 2013.

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

The Committee further requested the Secretariat to finalize the necessary arrangements for the conduct of the aforementioned ex-post evaluations still pending before the Committee Session in November 2013, and also prepare an updated "Shortlist of Completed Projects Relevant for Ex-post Evaluation in the Field of Reforestation and Forest Management" for the November 2013 Session, which should include all completed projects since 2010 not previously selected for ex-post evaluation.

## **Item 9 - Policy Work**

The Committee considered the following policy-related matters which are included in the 2012-2013 and 2013-2014 ITTO Biennial Work Programmes:

**(i) Review and update the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests to take into account recent developments in tropical forestry [Documents CRF(XLVI)/8a & CRF(XLVI)/8b]**

The Committee was briefed by the Secretariat that the revision of the ITTO Guidelines for the Sustainable Management of Natural Tropical Forests had been prepared by two consultants, Dr. Juergen Blaser (Switzerland) and Dr. Cesar Sabogal (Peru) with inputs from two experts meetings in Thun, Switzerland in June 2010 and in Antimary, Brazil in August 2011. The revised draft was presented by Dr. James K. Gasana to the CRF at its 45<sup>th</sup> session in November 2011. The Committee at the 45<sup>th</sup> session considered that more time was needed to allow ITTO Members to provide comments. Subsequently, the ITTO Secretariat requested Member Countries to provide comments on the draft. After receiving the comments, the ITTO Secretariat established a validation process for the draft Guidelines by engaging a consultant to prepare a new working draft integrating the comments received from Members, and organizing three regional validation workshops in Asia, Africa and Latin America.

The consultant (Dr James Gasana) presented the outcomes of three regional validation workshops held in Kuala Lumpur, Malaysia in July 2012, in Libreville, Gabon in July 2012 and in Punta Sal, Peru in August 2012 as well as the draft revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests. Clarifying the key concepts of principles, and a link between Principles and C&I, he pointed out that the purpose of the proposed Guidelines is voluntary; they are not intended to be mandatory and may not be applicable to every forest management situation; and they are intended to facilitate the continued systematic development of SFM and help assure a high level of application of good practices.

In addition, he reported on the main comments of ITTO Members on the draft presented at the Committee at the 45<sup>th</sup> session in November 2011, highlighting that the Principles should be described by their rationale, guidelines and recommended actions without any preamble statement for each guideline; and the Guidelines should avoid unnecessary prescriptions and repetitions. He also pointed out two contrasting positions on the inclusion of climate change and REDD+ within the guidelines: one member favored its inclusion in the main part of the Guidelines while another member felt that issues related to carbon management, climate change and REDD+ has been over-emphasized in the Guidelines.

He further provided an overview on the draft revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests containing 16 Principles. These include: 1. Forest Policy, Governance, Laws and Institutional Arrangements; 2. Security of tenure, access and use rights; 3. Land-use planning and permanent forest estate; 4. Forest resilience; 5. Identification, prevention and management of threats to forest and ecosystem health; 6. Forest carbon management; 7. Climate change adaptation related to tropical forests; 8. Multi-purpose forest management; 9. Biodiversity conservation at FMU level; 10. Social values of forests and inclusive decision-making; 11. Community involvement in SFM; 12. Productive and safe working conditions in forestry at the FMU level; 13. Economic viability; 14. Forest management planning at national/regional level; 15. Forest management planning at FMU level; and 16. Adaptive management.

In discussions, the delegation of Malaysia noted the need to further revise the proposed Principles and Guidelines to make them more user-friendly in view of the very limited implementation of the existing guidelines as indicated in the ITTO report on status of Sustainable Forest Management (SFM) released last year. He noted that the implementation of SFM requires strong institutions and resources, both human and financial, which are very limited in many producer countries. He further noted that the proposed Guidelines are so stringent and complicated, that are beyond the requirements of certification for sustainability and legality verification. The proposed Guidelines have 16 Principles instead of the existing 10 including 2 Principles dealing with climate change and carbon stocks. These two new Principles are so complicated as to need a research project to comply with. He further stressed the need for simplifying the proposed 16 Principles and Guidelines by realizing an enormous task in implementing SFM in the tropics. He also requested information on the existence of SFM guidelines in Consumer Member Countries. The consultant replied that in the UK, there is Forestry Standard for SFM supported by a series of specific guidelines including forests and climate change.

The delegation of EU recognized the efforts made to the draft revised Guidelines and noted the usefulness of field testing in developing guidelines. On the implementation of the Guidelines which would require substantial financial resources by the timber industry sector, the delegation of Indonesia, supported by the delegation of Malaysia, suggested conducting a cost analysis of the implementation of the Guidelines. Delegates from Guatemala, and PNG stressed the importance of having SFM guidelines as a good reference to forest policy development in their countries. The delegation of PNG, supported by the delegation of Fiji, proposed adopting the Guidelines even though there are some concerns over their implementation. A cost-benefit analysis of implementing the Guidelines would not be advisable as cost structures and factors are so diverse to each country in the tropics. The delegation of USA appreciated the views expressed by delegates and the substantial efforts made in connection with the revision of the Guidelines. Recalling the voluntary nature of the Guidelines and their use as a reference document, she looked forward to the implementation of the Guidelines based on each country's circumstances. The delegation of Malaysia further pointed out the need for more time to consult with main stakeholders in the country, including Sabah and Sarawak states, as well as the difficulty of implementing the recommended action 7.1.3 (Assess the current and likely future impacts of climate change on forest characteristics, productivity and ecosystem services).

Delegates discussed the feasibility of further revising the Guidelines before adopting by the Council at the current session. However, delegates considered that due to the heavy workload in revising such an important policy document, it would be necessary to have additional time to prepare a new draft to submit to the next session of the ITTC.

Acknowledging the importance of implementing the proposed Principles and Guidelines taking into account each country's capacity and resources, the delegation of Japan suggested an alternative approach in the further revision process by differentiating the Principles and Guidelines into two components: core and optional components. Core components would consist of essentially recommended guidelines that have the most direct bearing on the sustainable management of natural tropical forests in the tropics. Optional components would include further recommended guidelines that encourage additional actions to advance the implementation of the sustainable management of natural tropical forests in the tropics.

In light of the foregoing suggestion by the delegation of Japan, the Committee discussed several options, including the organization of an expert group meeting, to further revise the draft revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests. Recognizing that the draft revised Principles and Guidelines have been prepared through three regional validation workshops in 2012, the Committee considered that the engagement of two consultants would be more effective. In preparing a final draft of ITTO Principles and Guidelines, the Committee recommended the following:

- The draft revised Principles and Guidelines for the Sustainable Management of Natural Tropical Forests [Document CRF(XLVI)/8a] should be made available online from 1 December 2012 to 30 June 2013;
- Members are invited to provide comments indicating also which guidelines to be presented as optional in the final draft by 30 June 2013;
- Two consultants (one from a producer member country and the other from a consumer member country) be engaged to prepare the final draft of ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests, taking into account members' comments as well as the need to present the Guidelines within two components, namely core and optional components and to simplify the guidelines to ensure their practical implementation; and
- The consultants shall complete the final draft of ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests by 1 August 2013.

The Secretariat informed the Committee that the two consultants would be engaged in a cost-effective way. In supporting the preparation of the final draft of ITTO Principles and Guidelines a sub-activity under Activity 34 "Promote the publication, dissemination and application of the revised ITTO Guidelines for the Sustainable Management of Natural Tropical Forests" shall be included in the draft ITTO Biennial Work Programme (BWP) for 2013-2014.

Thereafter, the Secretariat shall present the final draft of ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests for the consideration of the ITTC at its 49<sup>th</sup> session.

In addition, the delegation of Malaysia recommended that the Secretariat compile relevant information on the implementation of SFM guidelines in selected consumer countries such as the UK Forestry Standard for SFM in connection with the preparation of the final draft of ITTO Principles and Guidelines. On capacity

building for climate change mitigation and adaptation, the delegation of USA pointed out that there are many on-going initiatives including USAID Program on carbon and UN-REDD Readiness programme. In this regard, the delegation of Malaysia recommended that a list of possible sources of funding should be prepared by the Secretariat.

**(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 Committee took note that, under Council Decision 6/(XXXIII), support had been provided for the co-sponsorship of the 3rd International Wildland Fire Conference and Summit in Australia in October 2003, and for the participation of 14 ITTO Producer Member Country representatives to the 5<sup>th</sup> International Wildland Fire Conference in South Africa in 9-13 May 2011. At this last conference, all ITTO sponsored participants also provided presentations on the achievements in forest fire management and prevention through ITTO projects in their respective countries, either in plenary sessions or at a Side-Event organized by ITTO specifically to disseminate the achievements of ITTO projects related to fire management and prevention.
- It also observed that, with the implementation of these two aforementioned activities, all funds related to Council Decision 6/(XXXIII) "PREVENTION AND MANAGEMENT OF FOREST FIRE" had been exhausted and therefore any new fire-related activities would have to be provided via a new source of funding.
- The Secretariat also informed that in June 2012, one year after the 5th and three years before the 6th International Wildland Fire Conference, members and associates of the Global Wildland Fire Network, represented by the UNISDR Wildland Fire Advisory Group (WFAG), members of the International Fire Aviation Working Group (IFAWG), the International Liaison Committee (ILC) and representatives of the host country South Korea of the 6th International Wildland Fire Conference (2015) met at the Global Fire Monitoring Center (GFMC) in Freiburg, Germany to discuss the roadmap 2012-2015.
- The Committee also took into account that Global Wildland Advisory Group and the related Global Wildland Fire Network had reiterated their wish that ITTO continue to provide support and further collaborate both technically and financially in its endeavors.
- Moreover, in view of ITTO's commitment since 2008 as a Core Member of the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) and the Global Fire Monitoring Center (GFMC), the Secretariat, at the request of ITTO's producer member countries, has taken a more proactive role in the aforementioned forest fire-related networks and on the international forest fire scenario and, as such, is currently submitting a new activity related to forest fires, including updating its forest fire guidelines with a view towards incorporating elements related to REDD, climate change mitigation and poverty alleviation, within the current ITTO Biennial Work Programme for the consideration of potential donors.
- Moreover, several delegations, such as USA, Malaysia, Honduras and Ecuador stressed that priority should be given to the continuation of these forest fire-related activities, and some members expressed a need to update the current ITTO forest fire guidelines.

**(iii) Strengthening cooperation and collaboration between ITTO and ACTO countries on C&I and related topics, including the outcomes of a regional workshop to harmonize ITTO C&I and the Tarapoto Process**

- The Committee took note that, under activity PPA-34-131B, support has been provided to ACTO to elaborate a Harmonized ITTO-ACTO C&I for SFM. In this light, Government Representatives from Brazil, Colombia, Ecuador, Guyana, Peru and Suriname participated in the Regional Meeting to discuss the proposal on Harmonization of Criteria and Indicators of Tarapoto and ITTO held in the city of Paramaribo, Suriname from 8 to 10 May, 2012. Participating also in the meeting was an ITTO official.
- The harmonization process seeks to integrate both sets of C&I in an attempt to generate information that can guide public managers on the effectiveness and efficiency of measures aimed at forest management. At the regional level, the generation of reports is recognized as a useful practice for the dialogue around sustainable development, to highlight the challenges and opportunities for management under a regional vision and to identify areas of cooperation which should be strengthened.
- The National Delegates that participated in this workshop, making use of internal consultations where these are deemed necessary, reviewed the proposal for the Harmonization of ACTO/ITTO C&I submitted by the consultant and further sent their comments to the PS ACTO in June 2012. The

product of this review also included a table identifying the availability of information for the proposed indicators.

- The PS ACTO then combined the comments received and completed the document entitled "Proposal for a Regional Strategy for the Harmonization of the Tarapoto and ITTO C&I for Sustainable Forest Management" and resent it to the National Delegates that participated in this workshop for final adjustments.
- The final comments of the National Delegates were received by PS ACTO in July 2012, and in August 2012 PS ACTO finalized the first version of the document of ACTO/ITTO harmonized C&I for its distribution to the National Delegates and dissemination.
- A First Virtual Planning Meeting to consolidate the first draft report of the implementation of ACTO/ITTO harmonized C&I was held in September 2012.
- Mr. Antonio Matamoros from the Permanent Secretariat of the Amazon Cooperation Treaty Organization (ACTO) informed the Committee on the following last steps to successfully achieve the outputs of this activity, including the publication of the ACTO/ITTO harmonized C&I in April 2013, and the elaboration of national reports by October 2013 based on the ACTO/ITTO harmonized C&I. He also mentioned the possibility of submitting to the ITTO a project proposal for the implementation of the strategy of application of the harmonized C&I at the Amazonian level.
- The completion of this activity shall be reported to the 47th Session of the CRF.

**(iv) Review of draft ITTO Biennial Work Programme for 2013 to 2014, as contained in Document ITTC(XLVIII)/8, especially the section pertaining to the activities of the Committee on Reforestation and Forest Management within the framework of the draft ITTO Action Plan 2013-2018**

The Committee was briefed by the Secretariat regarding one draft activity under the Joint Committee and six draft activities which comprise the CRF Biennial Work Programme for 2013 to 2014, as contained in Document ITTC(XLVIII)/8, the draft ITTO Biennial Work Programme for 2013 to 2014, as follows:

- Disseminate and share information on the outputs, outcomes, impacts and lessons learned from ITTO's project work and its contribution to sustainable forest management (Joint Committee)
- Facilitate the application of the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests.
- Promote the understanding of the contribution of environmental services to the sustainable management of tropical forests.
- Review and update the ITTO Guidelines for the Establishment and Sustainable Management of Planted Tropical Forests to take into account recent developments in tropical forestry.
- 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.
- Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests.
- Promote the publication, dissemination and application of the revised ITTO Guidelines for the Sustainable Management of Natural Tropical Forests.

Many delegations highlighted the importance of these activities and the Committee further recommended the aforementioned CRF activities under the BWP 2013-2014 to the Council for their immediate implementation.

**(v) Study on Criteria and Indicator Processes  
[Document JC(XLVI)/2]**

- The consultant presented the key findings and recommendations of the report as contained in document JC(XLVI)/2. Recommendations called on ITTO to retain its leadership on C&I, to organize national and sub-regional workshops on C&I, to review/update the C&I, and to convene a joint meeting of C&I processes and other stakeholders. She noted that several activities in the current Biennial Work Program addressed the report's recommendations and appealed for donor support to allow these activities to be implemented.
- The representative of Malaysia noted the linkage between C&I and certification, pointing out that with the implementation of the new EU timber regulations in 2013 as well as the US Lacey Act, certification was rapidly becoming a requirement to maintain access to these markets rather than a voluntary mechanism.



## **Item 10 - Review of Implementation of Approved Projects and Pre-projects**

### **10.1 Projects**

The Committee took note of a status report [document CRF(XLVI)/3] by the Secretariat on the 75 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 (49), B) awaiting the signing of an Agreement (1), C) projects awaiting financing (20), or D) falling under the sunset provision since the last Session (5).

The Committee noted the reports on the progress of these projects in the above document. In view of the desire of the Committee to further streamline its work in accordance with Council Decision 4(XXV) Annex A, Section VI.1, the Committee requested the Secretariat and Members to limit the reporting and discussion during the Session to those projects that are:

- having implementation problems;
- requiring additional funds;
- requesting extension in time of more than 6 months beyond the original duration of the project; or
- requesting essential major modifications of the work plan and budget.

The Secretariat informed that projects that have been declared completed in previous Committee Sessions but are still pending final financial audits were re-inserted in this session as projects under implementation. The Secretariat also informed that, as per ITTO regulations, Executing Agencies pending submission of financial audits do not qualify for further disbursements in any other ITTO projects they may be implementing. The Committee urged all Executing Agencies in this situation to submit financial audits as soon as possible in order to comply with the regulations.

The Committee then proceeded to discuss the issues associated with a number of projects. Details of these discussions are as follows:

#### **(A) Projects under implementation**

**\* Completion report received, pending financial audit**

**\*\* Reported as completed at previous CRF sessions, but still pending final financial audit**

#### **1) \*\*PD 2/93 Rev.1 (F)      Integrated Pilot Management of the Ngoua II Forest-North - Phase I: Preparation of the Management Plan (Congo)**

The Committee was reminded that this project was reported as completed at a previous CRF session and documented as such in the document CRF(XXXVIII)/3, but the Final Financial Audit Report has been pending since February 2006. The Committee was also reminded that this project was ex-post evaluated and documented as such in CRF(XLIII) in November 2009. During the 45<sup>th</sup> CRF Session, the Committee was also informed by the Delegation of the Republic of Congo that all key financial documents were destroyed during the civil war in that country from 1997 to 2000. This situation was assessed and confirmed during the special monitoring mission carried out in Brazzaville by the former Financial Officer, Mr. Mahboob Hasan, in February 2012. Therefore, it has been impossible to carry out the final financial auditing of this completed project. The Committee was informed that the Government of Congo requested for a special favor, from the Committee, in order to consider this project, as fully completed, because of these extenuating circumstances. As recommended by the 45<sup>th</sup> CRF Session which asked the Secretariat and the Executing Agency to find an appropriate way to address this issue and subsequently to the abovementioned elements, the Committee decided to consider as fully completed the project PD 2/93 Rev.1 (F).

#### **2) PD 20/99 Rev.2 (F)      Establishment and Management of Production-Protection Community Forests in Lower and Middle Atrato, Department of Choco, Colombia (Colombia)**

The Committee took note that the project's activities had not been reinitiated in this past year and that the 2010 annual financial audit report was still pending. Moreover, the project was slated to have been completed in December 2010. In this light, the Committee recommends the ITTO Regional Officer assist the Executing Agency in regularizing the project's administrative situation before the Secretariat and also closely monitor the project with a view to seeing it get back on track. Moreover, it also urges the Executing Agency to

immediately apply for an extension, without additional funds, and further submit a formal request with a justification to the Secretariat for the aforementioned extension in time, together with any required budget amendments and an updated detailed Work Plan and Yearly Plan of Operations in order to successfully complete the project's activities.

**3) 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 activities had not been reinitiated in this past year and that the 2010 and 2011 annual financial audit reports were still pending. Moreover, the project was slated to have been completed in March 2012. In this light, the Committee suggests the ITTO Regional Officer assist the Executing Agency in regularizing the project's administrative situation before the ITTO Secretariat and also closely monitor the project with a view to seeing it get back on track. Moreover, it also urges the Executing Agency to immediately apply for an extension, without additional funds, and further submit a formal request with a justification to the Secretariat for the aforementioned extension in time, together with any required budget amendments and an updated detailed Work Plan and Yearly Plan of Operations in order to successfully complete the project's activities.

The Brazilian delegation assured the Committee that its government was closely monitoring the situation of this project, with a view towards successfully completing its activities.

**4) PD 28/00 Rev.2 (F) Integrated Management of Community Forests in the Valley of Mefou and Afamba (Central Province of Cameroon) (Cameroon)**

The Committee was informed that the ITTO Secretariat has received the project completion report and final financial audit report, in October 2012, too late for the 46<sup>th</sup> CRF Session. Therefore, this project is expected to be documented and reported as completed during the 47<sup>th</sup> CRF Session, in November 2013. The Committee took note of the information and asked the Secretariat to report on this project in accordance with the ITTO rules and procedures.

**5) \*\*PD 53/00 Rev.3 (F) Implementation of a Permanent Network of Stands Dynamics Monitoring Plots for the Gazetted Forests of Côte d'Ivoire (Côte d'Ivoire)**

The Committee was reminded that this project was considered as completed at a previous CRF session as reported in the documented CRF(XLIII)/2, but it is still pending the Final Financial Audit Report since October 2009. The Secretariat urged the Executing Agency to submit this report at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the project Final Financial Audit Report by the end of March 2013.

**6) \*\*PD 63/01 Rev.2 (F) Assessment and Management of Mangrove Forests in Egypt for Sustainable Utilization and Development (Egypt)**

The Committee was reminded that this project was reported as completed at a previous CRF session and documented as such in the document CRF(XLIII)/2, but it is still pending the project final financial audit, since August 2009. The Secretariat urged the Executing Agency to submit this report at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the project Final Financial Audit Report by the end of March 2013.

**7) PD 66/01 Rev.1 (F) Establishment of the Mengamé-Minkébé Transboundary Gorilla Sanctuary (MMGS) at the Cameroon-Gabon Border (Cameroon)**

The Committee was informed that the ITTO Secretariat has received the project completion report and final financial audit report, in October 2012, too late for the 46<sup>th</sup> CRF Session. Therefore, this project is expected to be documented and reported as completed during the 47<sup>th</sup> CRF Session, in November 2013. The Committee took note of the information and asked the Secretariat to report on this project in accordance with the ITTO rules and procedures.

**8) PD 142/02 Rev.2 (F) Sustainable Production of National Forests under the "Regime of Forest Concessions" (Brazil)**

The Committee was informed that while all project funds had been depleted and the final audit submitted to the Secretariat, the project continued not being able to satisfactorily conclude the formulation of the management plans of three national forests (FLONA) in Brazil (Altamira, Caxiuanã and Itaituba), and obtain the official approval of these, which constitutes the core output of the project. This is mainly due to the extreme dynamism with which the current Brazilian forestry policy is being developed, and in particular the pending forest code, which is being debate in its Congress. As such, it noted that the completion of the pending activity was beyond the control of the Executing Agency and more in the hands of the Brazilian Congress, and therefore urges the Executing Agency to submit at its earliest convenience the project completion report indicating the achievements and lessons learnt to date, in order to consider this project as completed at its next session.

The Brazilian delegation assured the Committee that its government was closely monitoring the situation of this project, and confirmed that at least one FLONA would come under the regime of forest concessions prior to project completion.

**9) \*PD 197/03 Rev.2 (F) Support for the Implementation of a Sustainable Forest Development Master Plan in Eco-Floristic Area IV, Togo (Togo)**

The Committee was reminded that the project completion report was submitted in January 2010, but the project Final Financial Audit Report has been pending since February 2010. The Secretariat urged the Executing Agency to submit this report at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the project Final Financial Audit Report by the end of March 2013.

**10) PD 248/03 Rev.4 (F) Antimary Forest Management Regional Training Centre (Brazil)**

The Committee took note that all project activities had been completed by December 2011. Moreover, it further noted that the delay in submitting the project completion report, technical reports and other documents, and the final financial audit report, which were due in December 2011 and March 2012, resided in the fact that the project coordinator left the project in March 2012 without finalizing the aforementioned documents. However, the CRF also observed that the EA was now finalizing the aforementioned documents and would submit them to the Secretariat shortly. In this light, the Committee urged the Executing Agency to 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, as soon as possible with a view towards reporting this project as completed at the next Committee Session.

**11) 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 continued to be late in submitting its progress reports and other documentation, 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.

The Brazilian delegation assured the Committee that its government was closely monitoring the situation of this project, with a view towards the EA complying in full with ITTO procedures from now onwards.

**12) 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 while most of the project's activities have been progressing satisfactorily, some have suffered delays, particularly due to the difficulties encountered in cloning of *Cedrela odorata* genotypes and in finding partner reforestation enterprises who will volunteer the establishment of control plots, as the pests tend to wander into their treated plantations. In this light, the Executing Agency submitted a formal request and a justification for a third extension in time until July 2013 without additional funds, together with the required budget amendments and an updated Yearly Plan of operations in order to successfully complete the project's activities. The Secretariat reviewed the corresponding documents, considered these to be justified and further approved the requested extension in time.

**13) 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 September 2013 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 September 2013, without additional funds, as per the written request and justification submitted by the Executing Agency.

**14) PD 360/05 Rev.2 (F) Multispectral Three-Dimensional Aerial Digital Imagery for Monitoring Forest Management and Conservation in the Republic of Congo (Republic of Congo)**

The Committee was informed that a special monitoring mission was conducted in February 2012 by the former Financial Officer, Mr. Mahboob Hasan, in order to assess the difficulties the project was facing which could be summarized as follows:

- The satellite image-related mapping of Congolese forests could not be achieved as the satellite Landsat TM7 stopped being operational at the beginning of this project. Therefore, it was no longer possible to carry out the regular comparison of satellite image-related maps which allow detecting anomalies (illegal logging, deforestation, etc.) in view of complementary actions regarding sustainable forest management in the Republic of Congo;
- Subsequently to the fact that the satellite images from Landsat TM7 were no longer available, the project was able to achieve only the first output through the implementation of its activities, while other five outputs were stagnating and could not make any progress;
- Two Congolese experts (Gaspard Lembe and Guy Fortune Massendza), who had been trained in USA by the Executing Agency (Winrock International) left the Collaborating Agency (CNIAP), while their trainer (Alfredo Unda) also left the Executing Agency, after one year of project implementation. Therefore, it was impossible for the project implementation to move forward;
- It was also noticed that the two computers purchased in 2007, for the analysis and storage of satellite images, became obsolete while the printer was no longer operational; and
- The Executing Agency disbursed US\$15,000.00 in favor of WCS-Congo upon the signature of a memorandum of understanding between both institutions, for the implementation of activities related to Output 3. WCS-Congo did not implement those activities because of the abovementioned problem of Landsat TM7 images which were no longer produced and provided to users.

The Committee was also informed that this highly promising ITTO Project with technological components, for the development of systems to support the forestry legislation monitoring for the strengthening of SFM in the Republic of Congo, failed to deliver expected outcomes due to mainly the abovementioned reasons.

In this light and in accordance with the provisions of Article X (Termination) of the agreement governing the implementation of this project, the Committee decided to recommend this project to the Council for its termination in conformity with rules and procedures applying to ITTO projects. The Committee asked the ITTO Secretariat to request for the reimbursement of US\$15,000 from WCS-Congo.

**15) PD 367/05 Rev.2 (F) Promotion of the Sustainable Management of Tropical Planted Forest in Congo's Tropical Forest Plantations (Republic of Congo)**

The Committee was informed that the project activities the project completion report was submitted in December 2010, but the Final Financial Audit Report has not been submitted by the Executing Agency yet. The Secretariat asked the Executing Agency to submit the Final Financial Audit Report, at its earliest convenience, on order to get this project reported and documented during the next CRF Session. The Committee took note of the information and asked the Executing Agency to submit the project Final Financial Audit Report by the end of March 2013.

**16) PD 428/06 Rev.2 (F) Promoting the Rehabilitation, Management and Sustainable Use of Tropical Bamboo Forests in the North-Western Region of Peru (Peru)**

The Committee took note that while most of the project's activities have been progressing satisfactorily, some have suffered delays, particularly due to the erratic climatic conditions in the project's area of influence. As such, the Executing Agency applied for an additional extension in time until February 2013 without additional funds, in order to successfully complete the project and has submitted to the Secretariat a formal request and a justification for the aforementioned extension in time, together with the required budget amendments and an updated Yearly Plan of operations in order to successfully complete the project's activities. 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 February 2013, without additional funds, as per the written request and justification submitted by the Executing Agency.

**17) 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 project has already completed almost all of its activities, the Executing Agency continued to be late in submitting its progress reports, technical documents, and other documented means of verification, 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, and submit all the pending documents, such as the project completion report, technical documents, other documented means of verification, and the final audited report in time to report this project as completed at its next session.

As such, the Executing Agency further submitted to the Secretariat a formal request and a justification for the aforementioned extension in time. The Secretariat reviewed the corresponding document and considered it to be justified. In this light, the Committee endorsed the extension of the project until the end of December 2012, without additional funds, as per the written request and justification submitted by the Executing Agency.

**18) PD 482/07 Rev.2 (F) Sustainable Forest Production and Conservation with Community Participation in the Chepigana Forest Reserve of Darien, Panama (Panama)**

The Committee took note that project implementation was currently slower than initially projected as some activities had suffered delays, particularly those related to the development of the short and long-term forest management plans and the approval of these by the competent authorities. As such, the Executing Agency applied for an additional extension in time until December 2012 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 budget modifications. The Secretariat reviewed the corresponding documents, considered these to be justified and extended a no-objection in this regard. Moreover, the Committee noted that the project has completed almost all its field activities and will further submit the completion report and other relevant technical documents to the Secretariat shortly, in order to report this project as completed at its next session.

**19) PD 495/08 Rev.4 (F) Guatemalan Forest Productivity Information System (Guatemala)**

The Committee took note that the Secretariat is currently awaiting the submission by the Executing Agency of the project's inception report jointly with its first Yearly Plan of Operations, a request for the no-objection of the project's key personnel and a notification that implementation is about to begin, in order to release the first installment of funds.

**(B) Projects awaiting implementation agreement**

**1) PD 617/11 Rev.2 (F) Promoting Biodiversity Conservation in Betung Kerihun National Park (BKNP) as the Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia - Phase III (Indonesia)**

The Committee took note of the presentation of a project extension proposal by the delegation of Indonesia as contained in Document CRF(XLVI)/9. In her presentation, she highlighted that the scope and

duration of the project has been expanded to enhance transboundary biodiversity cooperation between Kalimantan, Indonesia and State of Sarawak, Malaysia in order to receive support from the ITTO/CBD Collaborative Initiative for Tropical Forest Biodiversity. Recognizing the importance of enhancing transboundary cooperation in the Heart of Borneo, the Committee decided to approve the revised proposal [PD 617/11 Rev.3 (F)] and recommended its immediate implementation.

### **(C) Projects awaiting financing**

The Committee noted that twenty (20) projects approved at earlier and current Sessions are still awaiting funding, out of which seven (7) will be sunset\* if funding is not secured before the next Session.

- 1) PD 452/07 Rev.4 (F)\* Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase II (Brazil)
- 2) PD 460/07 Rev.2 (F) Achieving Sustainable Management of Mangrove Forests in China through Local Capacity Building and Community Development – Phase II (China)
- 3) PD 477/07 Rev.4 (F)\* Improving Forest Functions in Bengkulu Province through Community Participation in Rehabilitation of Degraded Forest by Using Local Prospective Commodities (Indonesia)
- 4) PD 541/09 Rev.2 (F)\* Forest Promotion and Development by Native Communities in Peru
- 5) PD 544/09 Rev.2 (F)\* Increased Economic Returns from Forest Management in Permanent Production Forests of Peru
- 6) 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
- 7) PD 563/09 Rev.3 (F) Community Based Forest Management of Sungai Medihit Watershed (Malaysia)
- 8) PD 581/10 Rev.1 (F)\* Establishing a Geographic Information System for the Sustainable Management of the Forest Areas of Togo
- 9) PD 601/11 Rev.3 (F) Strengthening Mangrove Ecosystem Conservation in the Biosphere Reserve of Northwestern Peru
- 10) PD 602/11 Rev.3 (F) Tropical Forest Governance in the Region of Darien, Panama
- 11) PD 605/11 Rev.3 (F) Demonstration and Extension of Fire-break Forest Belts for Efficient Forest Fire Management in Tropical Forests in Guangdong Province, China (China)
- 12) PD 609/11 Rev.3 (F) Enhancement of the Participatory Bushfire Prevention and Management System in Togo
- 13) PD 618/11 Rev.3 (F) Establishment of Spatial Forest Resources Information System (SPA-FRIS) in West Papua Province, Indonesia
- 14) PD 623/11 Rev.3 (F) Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo
- 15) PD 628/11 Rev.3 (F) Strengthening of Forest Management Practices of Local Communities and Indigenous Peoples in Guatemala
- 16) PD 629/11 Rev.2 (F) Protection, Management and Restoration of Forest Lands for Water Catchment and Flow Regulation as a Climate Change Adaptation Measure (Guatemala)

- 17) PD 635/12 Rev.2 (F)\* Development of Guidelines for Buffer Zone Management for Pulong Tau National Park and Involvement of Local Communities in Management, Sarawak, Malaysia
- 18) PD 653/12 Rev.1 (F) Sustainable, Mixed and Pure Forest Plantation Development in the Transitional Zone of Ghana's Biakoye District Assembly, Employing Poverty Reduction Strategies (Ghana)
- 19) PD 668/12 Rev.1 (F) Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and Its Range of Influence in Mexico and Guatemala
- 20) PD 673/12 Rev.1 (F) Strengthening the Capacity in Forest Law Enforcement and Governance of the Permanent Forest Estates in Kratie and Monduliri Provinces of Cambodia

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

The Committee noted that five (5) projects have become sunset since its last Session.

- 1) PD 467/07 Rev.4 (F) Generating an Ongoing Information System on the Status of Mahogany (*Swietenia Macrophylla*) and Cedar (*Cedrela Odorata*) Populations in Support of Cites Scientific Authority in Peru
- 2) PD 475/07 Rev.2 (F) Restoring the Ecosystem Functions of the Jambi Grand Forest Park Through Promotion of Multiple-Use Function of Forest Resources in Collaboration with Local Stakeholders (Indonesia)
- 3) PD 476/07 Rev.3 (F) Clonal Test of Superior Progeny of *Shorea Leprosula* for Enrichment Planting Program (Indonesia)
- 4) PD 560/09 Rev.3 (F) Conservation and Sustainable Management of Mangrove Forests of the Kouilou Coastal Area, with the Participation of Local Communities Established in this Area of Southern Congo (Republic of Congo)
- 5) PD 568/09 Rev.1 (F) Developing Community-Based Sustainable Mangrove Management System for the Amanzuri and Ama Emissa River Estuaries in Ghana

**10.2 Pre-project Work in Progress**

The Committee took note of a status report of approved pre-projects in document CRF(XLVI)/3. The Committee discussed the issues associated with a number of pre-projects. Details of these discussions are as follows:

**(A) Pre-projects under implementation**

\* Completion report received, pending financial audit

\*\* Reported as completed at previous CRF sessions, but still pending final financial audit

- 1) PPD 94/04 Rev.1 (F) Evaluation of the Status of Forest Resources in Côte d'Ivoire (Côte d'Ivoire)

The Committee was reminded that the pre-project activities were completed, and its Completion Report and Final Financial Audit Report were due since May 2008 and June 2008 respectively. The Secretariat urged the Executing Agency to submit these two reports at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the pre-project Completion Report and Final Financial Audit Report by the end of March 2013.

- 2) \*\*PPD 108/04 Rev.1 (F) Sustainable Community Management, Utilization and Conservation of Mangrove Ecosystems in Ghana (Ghana)

The Committee was reminded that this pre-project was reported as completed at a previous CRF session and documented as such in the document CRF(XLIII)/2, but the pre-project Final Financial Audit Report was due since April 2009. The Secretariat urged the Executing Agency to submit this report at its

earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the pre-project Final Financial Audit Report by the end of March 2013.

**3) \*\*PPD 123/06 Rev.1 (F) Controlling the Dieback and Decay Phenomenon in Plantation Species (Côte d'Ivoire)**

The Committee was reminded that this pre-project was reported as completed at a previous CRF session and documented as such in the document CRF(XLVIII)/2, but its Final Financial Audit Report was due since September 2009. The Secretariat urged the Executing Agency to submit this report at its earliest convenience. The Committee took note of the information and urged the Executing Agency to submit the pre-project Final Financial Audit Report by end of March 2013.

**4) PPD 153/11 Rev.1(F) Forest Fire Prevention Through the Implementation of Regional Actions with the Participation of Local Communities and other Relevant Stakeholders So As To Ensure the Protection of Forests and Ecosystem Services (Colombia)**

The first disbursement of funds was released in October 2012 after receiving an inception report including a detailed yearly plan of operation, no-objection requests for pre-project critical staff, and an official notification the pre-project was ready to start. The initial activities are currently being implemented in the field.

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

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

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

- 1) PPD 151/11 Rev.3 (F) Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo
- 2) PPD 160/12 Rev.1 (F) Study for the Rehabilitation and Sustainable Management of the Mangrove Forests in the Coastal Area of Benin
- 3) PPD 165/12 Rev.1 (F) Study for the Rehabilitation and Sustainable Management of Sacred Forests on RAMSAR Sites 1017 And 1018 In Benin

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

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

The Secretariat appealed to all Executing Agencies that have completed their projects but are still pending the submission of the Final Audit Report, to complete this process at their earliest convenience, and no later than the end of March 2013, in order to allow for the projects to be declared completed at the next Committee Session, complying with the ITTO regulations. Furthermore, the Secretariat alerted that Executing Agencies with pending Final Audit submissions will not qualify for new project funding until their situation is regularized.

**Item 11 - Election of Chairperson and Vice-Chairperson for 2013**

Ms. Alicia Grimes (USA) was elected as Chairperson for 2013. Mr. Jorge Malleux (Peru) was elected as Vice-Chairperson for 2013.

**Item 12 - Dates and Venues of the Forty-seventh and Forty-eighth Sessions of the Committee**

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

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

**Item 13 - Other Business**



The Committee initiated an exchange of views as regards the Draft Council Decision on the Functions of the Committees and some discussion ensued, however was inconclusive. In this light, delegates settled to continue the aforementioned discussion in the Chairperson's Open-Ended Drafting Group Meeting and/or Council with a view towards achieving a consensus in this respect.

#### **Item 14 - Recommendations to the International Tropical Timber Council**

- (A) The Committee recommended that funding be made immediately available for the following projects and pre-project approved under the Project Cycle Spring 2012 and Project Cycle Autumn 2012:

##### **Projects**

- |                     |  |
|---------------------|--|
| PD 601/11 Rev.3 (F) | Strengthening Mangrove Ecosystem Conservation in the Biosphere Reserve of Northwestern Peru [US\$496,289.60]   |
| PD 602/11 Rev.3 (F) | Tropical Forest Governance in the Region of Darien, Panama [US\$350,842.00]  |
| PD 605/11 Rev.3 (F) | Demonstration and Extension of Fire-break Forest Belts for Efficient Forest Fire Management in Tropical Forests in Guangdong Province, China [US\$278,020.00]                            |
| PD 609/11 Rev.3 (F) | Enhancement of the Participatory Bushfire Prevention and Management System in Togo [US\$658,825.00]  |
| PD 618/11 Rev.3 (F) | Establishment of Spatial Forest Resources Information System (SPA-FRIS) in West Papua Province (Indonesia) [US\$364,878.00]  |
| PD 623/11 Rev.3 (F) | Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo [US\$599,324.13]   |
| PD 628/11 Rev.3 (F) | Strengthening of Forest Management Practices of Local Communities and Indigenous Peoples in Guatemala [US\$472,505.00]   |
| PD 629/11 Rev.2 (F) | Protection, Management and Restoration of Forest Lands for Water Catchment and Flow Regulation as a Climate Change Adaptation Measure (Guatemala) [US\$485,136.00]                       |
| PD 635/12 Rev.2 (F) | Development of Guidelines for Buffer Zone Management for Pulong Tau National Park and Involvement of Local Communities in Management, Sarawak, Malaysia [US\$ 517,450.00]                |
| PD 653/12 Rev.1 (F) | Sustainable, Mixed and Pure Forest Plantation Development in the Transitional Zone of Ghana's Biakoye District Assembly, Employing Poverty Reduction Strategies (Ghana) [US\$245,272.00] |
| PD 668/12 Rev.1 (F) | Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and Its Range of Influence in Mexico and Guatemala [US\$641,638.80]                                    |
| PD 673/12 Rev.1 (F) | Strengthening the Capacity in Forest Law Enforcement and Governance of the Permanent Forest Estates in Kratie and Mondulkiri Provinces of Cambodia [US\$ 464,033.00]                     |

##### **Pre-projects**

- |                      |  |
|----------------------|--|
| PPD 151/11 Rev.3 (F) | Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo [US\$50,340.00] |
| PPD 160/12 Rev.1 (F) | Study for the Rehabilitation and Sustainable Management of the Mangrove Forests in the Coastal Area of Benin [US\$72,900.00]                 |
| PPD 165/12 Rev.1 (F) | Study for the Rehabilitation and Sustainable Management of Sacred Forests on RAMSAR Sites 1017 and 1018 In Benin [US\$79,380.00]             |

- (B) The Committee recommended that funding be made immediately available for the following project which was revised and approved at this Session:

PD 617/11 Rev.3 (F) Promoting Biodiversity Conservation in Betung Kerihun National Park (BKNP) as the Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia - Phase III (Indonesia) [US\$1,283,191.20]

- (C) The Committee recommended the termination of the project PD 360/05 Rev.2 (F), as recommended by the Secretariat, in accordance with the rules and procedures applying to ITTO projects.
- (D) Recommendation related to the Revised Guidelines for the Sustainable Management of Natural Tropical Forests

In preparing the final draft of ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests, the Committee recommended that the draft revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests [Document CRF(XLVI)/8a] should be made available online from 1 December 2012 to 30 June 2013. The Committee also recommended that members should provide comments, indicating also which guidelines would be presented as optional in the final draft, by 30 June 2013. Thereafter, the Secretariat shall make the final draft of ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests available for the consideration of the ITTC at its 49<sup>th</sup> session.

#### **Item 15 - Report of the Session**

The Committee accepted this Report for submission to the Council.

\* \* \*

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TWENTY-SEVENTH SESSION  
5 -10 November 2012  
Yokohama, Japan

**REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL**

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



## REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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

#### Item 1: Opening of the Session

1. The Chairperson, Dr. Atsushi Suginaka (Japan), welcomed all delegates to the Twenty-seventh Session of the Committee. The Chairperson invited the Executive Director to make a statement to the Committee on his proposal for restructuring of the Secretariat.

2. In his statement, the Executive Director reiterated the importance of the Forty-eighth Session of the Council, since it was the first Session of the Council under the ITTA, 2006 and underlined that the decisions taken at the Session, including at the CFA, would have a long lasting impact on ITTO. He referred to the restructuring of the Secretariat, and the Administrative budget for 2013 and indicated that the Secretariat was already very small and lean out of scope of its objectives and unparalleled to similar organizations dealing with forestry issues. However, the reduced voluntary contributions to the thematic programmes, the biennial programmes and the ordinary project cycle had necessitated the administrative restructuring of the Secretariat.

3. The Executive Director indicated that in the proposed Administrative Structure he had tried to reconcile the quest for efficiency and the necessity to reduce personnel costs and that the work of the Secretariat had been streamlined with the reduction of the number of the Divisions, from four (4) to three (3). He also informed the Committee that the number of project managers had been slightly reduced and noted however, that the strength of the Organization comes from the implementation of projects in member countries on the field, and, therefore, a good management and monitoring system was essential to achieve good results.

4. The Executive Director informed the Committee that in the two technical Divisions that had been proposed; Forest Management and Trade and Industry, there were 134 projects which were on-going. He highlighted the extraordinary high workload of the Secretariat. He indicated that under the proposed new structure the number of General Service staff had been reduced, particularly the number of Secretaries and invited members of the Committee to consider carefully any attempt to further reducing the staffing of the Organization, since that would make it difficult for the Secretariat to produce the quality of work expected and reduce its visibility in the international arena.

5. With regard to the budget, the Executive Director stated that the cost of personnel had been reduced by almost 20%, compared to 2012, although the total Administrative costs had increased by about 5.9% against the 2012 Administrative budget, mainly due to the inclusion of the Core Operational costs. He further indicated that he had proposed to increase the programme support costs from 8% to 12% and from 13% to 15% for ITTO executed projects in order to alleviate the burden on Administrative budget. Another cost saving measure proposed by the Executive Director was the reduction of the number of meetings of the Expert Panel for Project Appraisal from two meetings to one meeting per year.

6. The Executive Director further stated that the Secretariat had presented a very tight budget that would allow the Secretariat to maintain the quality of its services, and at the same time reduce the costs of its operation.

7. The delegate of Germany expressed concern about the ability of ITTO to manage the workload with the reduced staff while the delegate of Switzerland sought clarification on how the decision on the restructuring was taken and how the process has been and will be accompanied. The delegate of Togo wanted to know if the re-structuring was based on a scientific and independent assessment or if it was driven by the Secretariat due to financial constraints. He was of the view that there should be social sustainability. The representative of European Union (EU) raised the issue of the number of staff transferred from the programme support to the administrative budget. The representatives of Congo, Ghana, Guatemala, Papua New Guinea (PNG) and Peru expressed support for the re-structuring proposal.

8. In response to various comments from the Committee, the Executive Director explained that the proposed restructuring would streamline the work of the Secretariat with two Divisions taking care of the technical aspects while the Division of Operations would provide support to the two technical Divisions. He indicated that the Secretariat would still be able to provide the same quality of service as in the past. He informed the Committee that the re-structuring had to be resorted to due to financial constraints. He, however, indicated that in the event of an increase in the workload, he would get back to the Council to seek a revision in the structure.

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

9. The Chairperson suggested that the Committee takes up discussions agenda item by item in the order listed in document CFA(XXVII)/1 starting with non-controversial issues.

10. The Chairperson drew the attention of the Committee to the work of the Panel on Sub-Account B of the Bali Partnership Fund (BPF) for the allocation of funds under Sub-Account B of the BPF, created under Council Decision 4(XXX). This Panel was chaired by the Chairperson of the Committee and reported directly to the Council. It convened its meeting on Wednesday, 7 November 2012.

## **Item 3: Admission of Observers**

11. The Chairperson advised the Committee that the Council had admitted all applicants as shown on document ITTC(XLVIII)/Info.3 which lists states, inter-governmental and non-governmental organizations applying for Observer status. The Committee concurred with the decision of the Council on this matter.

## **Item 4: Report of the Expert Panel for Technical Appraisal of Project Proposals**

12. The Chairperson advised the Committee that the Report of the Forty-third and Forty-fourth Meetings of the Expert Panel for Technical Appraisal of Project Proposals (Documents ITTC/EP-43 and ITTC/EP-44) were deliberated and concluded in the Joint session of the Committees convened on 5 November 2012. The Joint session had not requested the CFA for any follow-up.

## **Item 5: Draft Administrative Budget for the Year 2013**

13. The Secretariat introduced document CFA(XXVII)/2, which had been distributed to Members on 9 August 2012, in accordance with Rule 3 of the ITTO's Financial Rules and Rules Relating to Projects, applying the exchange rate of the month when the budget was prepared. At the Twenty-second Session of the Committee in November 2008, and as approved by the Council at its Forty-third Session, it was decided that the proposed budget would be based on the exchange rate for the month when it was prepared (July 2012) and would not be revised any further to take into consideration any subsequent change in the exchange rate.

14. Prior to considering the Administrative Budget for 2013, the Committee on Finance and Administration reviewed the structure and staff establishment of the Organization as proposed by the Executive Director.

15. The major changes proposed by the Executive Director in the new Organizational structure included:

- (a) Creation of three Divisions in place of the existing four: (i) Division of Forest Management; (ii) Division of Trade and Industry; and (iii) Division of Operations;
- (b) Reduction in the total number of staff establishment from 44 to 29, including abolishing of two D-1 positions;
- (c) Reducing the number of staff members funded through the Programme Support Fund from fifteen to four and thereby strengthening the resources of the Programme Support Fund by reducing the expenditures from US\$2.6million per annum to US\$1.1 million

Other changes proposed by the Executive Director included:

- i. Reducing the number of meetings of Expert Panel for appraisal of project proposals from two to one each year;
- ii. Raising the Programme Support charge from 8% (or 13% for ITTO executed projects) to 12% (or 15% for ITTO executed projects) to increase the Programme Support revenue from about US\$800,000 to US\$1.1million a year.

16. The Secretariat informed the Committee that the proposed Administrative budget had been prepared for a single year, 2013 as a transitional period of the operation of the Organization under the ITTA, 2006. The ITTA, 2006 entered into force definitively on 7 December 2011 in accordance with the provisions of paragraph (1) of Article 39 of the ITTA, 2006. In accordance with the provisions of the Chairperson's Consensus Paper adopted by the Council during its Forty-seventh Session in La Antigua Guatemala, the Administrative budget for 2012, as approved by the Council [document CFA(XXVI)/7] shall, in accordance with Article 46(2) of the ITTA, 2006 remain in effect unless modified by the Council when it meets under the ITTA, 2006.

17. The Secretariat informed the Committee that the proposed Administrative Budget for 2013 was prepared using the exchange rate in the month of July 2012 of JPY 79.31 to USD.1. The Secretariat stated that the proposed changes to the Organizational structure would reduce the overall budget by US\$ 1 million but would also result in a one-off payment for separation costs of about US\$420,000 to be charged to the Working Capital Account. The Secretariat informed the Committee that the proposed Administrative budget for 2013 was in the amount of US\$7,773,194.00, composed of (US\$7,003,105 for the basic administrative costs and US\$770,089.00 for core operational costs, in accordance with Article 19 of the ITTA, 2006.

18. The Secretariat stated that the Personnel and other costs in the Basic Administrative component of the Administrative budget had been reduced by 5.9% compared to the Administrative budget for 2012. However, the inclusion of Core Operational costs as provided for in the ITTA, 2006 had resulted in an overall increase of 5.9% in the Administrative Budget for 2013 as compared to the Administrative budget for 2012.

19. The Secretariat further informed the Committee that the Personnel and other costs from the Programme Support Fund had been reduced by 56.6% as a result of the Organizational restructuring of the Secretariat. Consequently, the overall cost savings in both the Administrative Budget and the Programme Support for 2013 would be 10.3% as compared to 2012.

20. The representative of the European Union sought clarification on the difference between separation benefits in the Administrative budget and the Separation cost to be charged to the Working Capital Account. The Secretariat explained that the Separation cost in the Administrative Budget had been budgeted to cover the payment of separation benefits including repatriation grant of one senior staff member in the Professional and higher category who would be retiring in 2013 and also in the event that one more senior staff member should separate from service in 2013. However, the Separation cost to be charged to the Working Capital account would be used to cover the separation benefits of staff to be affected by the proposed restructuring of the Secretariat.

21. The delegate of Japan proposed that the Secretariat staff members should make presentation of the reports prepared by the consultants since this would contribute to cost savings. The delegate also requested the Secretariat to provide the list of consultants employed by ITTO since the beginning of the year. The request was supported by the delegate of Germany and the Secretariat complied with the request.

22. The representative of the European Union indicated that the Market Information Service was a core task of the Organization and therefore, should be made part of the staff establishment instead of using consultants. In response the Secretariat indicated that the Market Information Service used to be funded as a project. However, funding through voluntary contributions was no more forthcoming. Experience had also shown that it was cheaper producing the reports with a consultant than a full-time staff in the Secretariat since we do not have to pay the staff benefits and allowances to the consultant. On the issue of the Secretariat presenting the report of consultants, the Secretariat indicated that consultants are only employed in special cases and it would be difficult for the Secretariat to answer all questions relating to any specialized studies conducted by a consultant. However, in certain cases the Secretariat had been able to present the reports of consultants.

23. The Representative of the European Union expressed concern about the high cost for the production and dissemination of the TFU and proposed the use of electronic format and e-mails to reduce the cost. The

Secretariat replied that internet based distribution was utilized and hard copy distribution was resorted to only for countries where the internet service is not well developed.

24. In response to a proposal by the delegate of Guatemala for staff to be transferred to the Regional Offices in order to reduce cost, the Secretariat explained that ITTO has regional officers and no regional offices and further indicated that the establishment of regional offices would require additional funding which had not been budgeted for. The Secretariat further explained the functions of the Regional Officers in monitoring of ITTO projects, in addition to providing visibility to the Organization in the Regions. The Secretariat informed the Committee that the travel cost for project monitoring are charged to the Special Account and not to the Administrative account.

25. With regard to the creation of a new post of Special Assistant to the Executive Director under the proposed new Organizational Structure, the delegation of Indonesia, Peru and Guatemala supported the initiative of the Executive Director. The representative of the European Union, however, requested the Secretariat to provide further details in terms of the job description for the post of the Special Assistant. The representative of the European Union further indicated that the responsibilities of the Special Assistant appear to overlap with the mandate of the Executive Director. The delegate of Cameroon suggested that ITTO could follow the model of the International Network for Bamboo and Rattan (INBAR) where the Special Assistant has close links with the host country, China and therefore, is able secure funds from the Government to support INBAR's activities. The Spokesperson of the Consumers Group also stated that fund raising activities required a skill set of its own. In his response to the various comments on the creation of the post of Special Assistant, the Executive Director explained his intention for the creation of this new post and indicated that there was no overlap in the duties of the Special Assistant since the Officer, in addition to coordination of the other Divisions would also be required to assist with fund raising and coordination with the host government and the City of Yokohama as well as with donors and the private sector. The Secretariat provided the Job description for the post of the Special Assistant.

26. The delegation of Japan sought clarification from the Secretariat on the procedure to be adopted in recruiting staff and proposed that recruitment to the posts of the Divisional Heads should be done from outside the Secretariat. She referred to Staff Regulation 3.4 which states inter-alia that "Selection of staff members shall be made without distinction as to race, sex or religion. So far as is practicable, selection shall be made on a competitive basis." She also raised the issue of having three D-1 positions in the revised structure and requested the Secretariat to provide the job description of the D-1 position for Operations. The delegate of Japan also proposed that the staff regulations and rules should be amended, particularly the Rule relating to Staff travel. She proposed abolishing the provision of first class travel by staff members and replacing it with Business class for the professional staff and economy class for the General Service staff. The Secretariat clarified that Staff members do not travel by first class and that although the Staff Regulations make provision for the Executive Director to travel by First class, the Executive Director has never traveled by First Class and only travels on Business class for flights beyond nine hours. All other Staff members also travel under the same condition as the Executive Director. On the procedure for recruiting new staff, the Secretariat explained that under Article 14 paragraph 4 of the ITTA, 2006, the Executive Director appoints staff in accordance with regulations established by the Council and further referred to Staff Regulation 3.2 which states inter alia that "without prejudice to the recruitment of fresh talent at all levels, the fullest regard shall be given, in filling vacancies, to the requisite qualifications and experience of persons already in the service of the Organization".

27. The representative of the European Union sought clarification on unused annual leave and if staff were encouraged to take annual leave, as requested by the Committee at its Twenty-sixth Session. The Secretariat informed that the Executive Director had issued an Inter-Office memorandum directing that staff could accumulate annual leave up to a maximum of 30 days, instead of 60 days as specified in the Staff Regulations and Rules and that all staff members with accumulated annual leave should utilize such accumulated leave by 31 December 2012. The delegate of the European Union further sought clarification on who would be responsible for the Thematic Programmes in the new Organizational structure. The Secretariat explained that the Thematic Programmes would be handled by the Planning, Monitoring and Evaluation Officer in the Division of Operations.

28. Regarding the proposal by the Executive Director to increase the programme support cost from 8%-12% (13%-15% for ITTO executed projects) in order to increase the revenue from \$800,000 to \$1.1 million to cover the personnel cost of the four positions, the representative of the European Union stated that the increase in program support cost might become counter-productive in the long run. He added that the increase could affect the competitiveness of ITTO and consequently, donors contributions. He stated that the



programme support cost should be equal or similar to other agencies and proposed fund raising as a better option. The Executive Director responded that although he shared the opinion expressed by the EU delegate considering the current financial situation of the Organization and in the light of the proposed new Organizational Structure, there was no scope for further staff reduction and the only remaining option would be to increase in the program support cost to cover those expenditures.

29. The Spokesperson for the Consumers Group expressed the need for having legal expertise within the Secretariat to advice on the proceedings of the Council. She was supported by EU, Guatemala, Switzerland and Germany. The delegate of Papua New Guinea was, however, not in favour of having a legal Counsel considering that during the previous two agreements, members were not guided by Legal Counsel. The Secretariat responded that the ITTO has been relying on the UNCTAD Legal Advisor on a gratis basis. However, in the past the Secretariat had covered the travel and DSA expenses of the Legal Advisor whenever he attended meetings of the Council held outside Geneva. The delegate of USA stated that ITTO could consider taking Pro-bono legal services to assist the members of the ITTC in their deliberations.

30. On the proposal by the Executive Director to reduce the number of meetings of the Expert Panel on Technical Appraisal of Project Proposals from two to one, Cameroon, Togo and Guyana, Guatemala, Peru, Japan and Switzerland expressed their support for two meetings in a year instead of the one meeting. The delegates of Indonesia, Peru, U.S.A and Switzerland requested the Secretariat to provide more details of the various costs elements for holding the Expert Panel meetings. The delegate of Japan gave the example of the project evaluations carried out by the Thematic Programme Advisory Committee (TPAC) via email and proposed the replication of that system for the second meeting of the Expert Panel. Further discussions on the issue was referred to a small Working Group composed of equal number of Producers and Consumers. The Secretariat explained that in the case of Thematic Programmes, the Secretariat has been carrying pre-evaluation of the proposals before they are sent to the members of the TPAC which makes it easy for TPAC members to exchange ideas via e-mail. However, with regard to the regular project cycle, the Secretariat only reviews the proposals to ensure their conformity with the ITTO Manual for Project Formulation before forwarding them to members of the Expert Panel.

31. The Chairperson, after noting the deliberations at the meeting, requested the Secretariat to amend the proposed Administrative budget for 2013, taking into consideration the comments by member countries.

32. Consequently, the Secretariat prepared document CFA(XXVII)/2/Amend 1 containing the revised Administrative budget. The Committee noted that the changes to the Organizational structure had reduced the overall budget by US\$ 1 million and expressed satisfaction with the amended Administrative budget for 2013. Accordingly, the Committee approved Administrative Budget for 2013 in the amount US\$7,689,505.00 (US\$7,003,105 for the basic administrative costs and US\$686,400 for core operational costs, representing an increase of US\$351,775.00 (4.6%) compared to the approved budget for 2012 due mainly to the inclusion of "core operational costs as a new component in the budget in accordance with Article 19 of the ITTA, 2006.

33. The Committee noted that Personnel and other costs in the Basic Administrative component of the Administrative budget had been reduced by 5.9% compared to the Administrative budget for 2012. However, the inclusion of Core Operational costs as provided for in the ITTA, 2006 had resulted in an overall increase of 4.6% in the Administrative Budget for 2013 as compared to the Administrative budget for 2012.

34. The Committee further noted that the Personnel and other costs from the Programme Support Fund had been reduced by 56.6% as a result of the Organizational restructuring of the Secretariat. Consequently, the overall cost savings in both the Administrative Budget and the Programme Support for 2013 is 10.3% as compared to 2012.

35. The Committee decided to recommend to the Council to approve the Administrative Budget for 2013 in the amount of US\$ US\$7,689,505.00. However, taking into account discount granted for timely payment of contributions in 2012 the Net assessed contributions to Members for 2013 would be in the amount of US\$7,688,761.00.

36. The Committee also decided to recommend to the Council to approve the new Organizational Structure as contained in Annex II.

37. Following extensive discussions the Committee further decided to recommend to the Council to approve an increase in the Programme support cost from 8% to 12% and for ITTO executed projects from 13% to 15%.

38. The representative of the European Union stated that although the European Union could accept the increase in the Programme support cost as a necessary measure to balance the accounts in 2013, in future an increase in the Programme support cost, should be based on long term planning and on multi-annual assessments.

#### **Item 6: Review of Contributions to the Administrative Budgets**

39. The Secretariat introduced document CFA(XXVII)/3, dated 6 November 2012. This document detailed the history of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2012, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed the Committee that, as shown in the document, in 2012, \$2,392,991.00 had been received from Producer Members out of the total net assessment of \$2,559,520.00; and \$3,597,854.00 had been received from Consuming Members out of the net assessed amount of \$3,651,080.00. The Secretariat informed the Committee that payments were received from the Republic of Congo of the amount of US\$189,501.72 representing payment for its contribution to the Administrative Budget as follows:

- (a) An amount of US\$105,392.00 for full payment of its contribution for the financial year 2012;
- (b) An amount of US\$81,931.31 for full payment of its arrears in contribution for the financial year 2011; and
- (c) An amount of US\$2,178.41 for part payment of its arrears in contribution for the financial year 2010 which was assessed for US\$82,030.00 and therefore, leaving a balance of US\$79,851.59 for 2010.

40. As shown in the document, arrearages in contributions to previous years' budgets from Producing Members amount to \$3,357,358.13 and arrearages from Consuming Members amount to US\$115,603.40. The document also includes information on the status of arrearages in contribution of two members which affects their eligibility to submit project proposals; as well as the arrearages of former members under the ITTA, 1983 and ITTA, 1994 in the amount of US\$2,414,919.28.

41. The issue of membership of the Council and assessed contributions was raised by many delegations since countries that had signed the ITTA, 2006 but had not completed their ratification process had been erroneously classified as members with assessed contributions. There was also the case of countries that had not taken any action towards the ratification of the ITTA, 2006 but had paid their contributions in 2012 and therefore legally not considered as members. The ITTO Secretariat amended the document to reflect these changes (Document CFA(XXVII)/3/Amend 2).

42. On the issue of arrearages, many delegations expressed concern about the huge amount of arrearages owed to the Organization by Producer countries and urged countries in arrears to take the necessary actions to settle these arrears. The Committee further requested the Secretariat to contact these countries and to inform the Committee at its next Session in 2013.

#### **Item 7: Current Status of the Administrative Account**

43. The Secretariat introduced document CFA(XXVII)/4, dated 6 November 2012, 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 2012, the estimated expenditures for the current year would amount to \$6,749,853.00 (i.e. \$ 587,877.00 less than the total amount approved in the budget for 2012 of \$7,337,730.00).

44. The Secretariat further informed the Committee that the total contributions received to-date is \$5,990,845.00 and together with contributions expected to be paid by members before the end of 2012 (of \$310,218.00), it is anticipated that a deficit in the amount of \$447,223.00 would be incurred in 2012. The Committee noted that the Council had already taken a Decision to authorize the Executive Director to utilize funds in the Working Capital Account to cover such shortfall up to the limit of \$500,000.

45. The Secretariat also informed the Committee that the resources of the Working Capital Account had been slightly increased from the balance of US\$2,796,103.00 at the beginning of 2011 to \$3,285,361.25 as at 1 November 2012. However, taking into account the estimated deficit of US\$447,223 to be drawn from the Working Capital Account, the expected balance of the Working Capital Account by 31 December 2012 would be US\$2,838,138.25

46. The Committee took note of the report as amended (Document CFA(XXVII)/4/Amend.1).

#### **Item 8: Resources of the Special Account and the Bali Partnership Fund**

47. The Chairperson introduced the document CFA(XXVII)/5, stating that it contained historical financing information on projects, pre-projects and activities of the Organization, and requested the Secretariat to explain further.

48. The Secretariat informed the Committee that the document showed a comprehensive listing of expenditures on, and contributions to, the two sub-accounts of the Special Account, namely Pre-Project and Project Sub-Accounts, and the Bali Partnership Fund (BPF). A list of completed Pre-Projects, Activities and Projects is also included in the document as well as the pro-rated refunds to relevant donors including the funds remaining under "monitoring and evaluation". In accordance with Council Decision 3(XXVIII) of May 2000, agreement of the donors was requested at regular intervals for the transfer of their share of the remaining "monitoring and evaluation" funds, to the "Pooled Sub-Accounts" for ex-post evaluations. The funds transferred to this pooled account to date, amount to US\$3,392,502.09 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\$ 646,466.72.

49. The Secretariat informed the Committee that Statement on the Thematic Programme Sub-Account has been included in this document on pages 78 to 88, and that the report on the activities in the various Thematic Programmes will be directly reported at the Council. The five ITTO thematic programmes that were approved in November 2008, with a total budget of US\$58m had received pledges in the amount of US\$18m or 31%. The Secretariat also highlighted the schedule on the "summary of resources available in the Special Account" on page 108 and added that donor members are expected to utilize their available funds during this Council Session to finance thematic programmes, projects, pre-projects and activities pending financing.

50. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that as of the end of the last session, forty-five Activities (including Activities for biennial work programmes), five Pre-Projects and five Projects with a total amount of US\$20,604,402.00 had been funded from the resources of Sub-Account B of the Bali Partnership Fund. However, the available funds in the Sub-Account B of the Bali Partnership Fund as of 6 November 2012, was zero.

51. The Secretariat advised that since this document serves as an information and reference document, Members were invited to contact the Secretariat for further information or clarifications on the details either during the course of the Session or by correspondence at a later date.

52. The Committee took note of the document.

#### **Item 9: Auditor's Report for the Financial Year 2011**

53. The Secretariat introduced document CFA(XXVII)/6 which was the report of the Independent Auditors, Ernst & Young Shin Nihon LLC, Tokyo for the calendar year 2011, with the financial statements of the four accounts of the Organization – (a) the Administrative Account, (b) the Special Account, (c) the Bali Partnership Fund Account, and (d) the Executing Agencies Account.

54. Members' attention were drawn to pages 7 and 8 of this document, which provided consolidated financial information on all of the four Accounts of the Organization, showing a comprehensive picture of the overall financial status of the Organization. Of the total revenues of \$26.8 million for 2011, \$19.9 was voluntary contributions that were slightly higher than the amount of \$18.9 million in 2010. Out of the total expenditures of \$20.0 million, \$12.9 million was for the ongoing project works of the Organization. The current average funds managed by the Organization amounts to around \$50 million.

55. The audit works were carried out earlier this year during the months of March to May. The Auditors confirmed their satisfactory opinion on the financial statements of the Organization.

56. The Committee took note of the Auditor's report and decided to recommend their approval to the Council. The Committee also recommended to the Executive Director for the re-engagement of the same Auditor for the third year for auditing the Accounts of the Organization for the financial year 2012.

#### **Item 10: Biennial Work Programme of the Committee for the Years 2013-2014**

57. The Chairperson referred to the report by the Secretariat on the progress in implementation of the Biennial Work Programme for 2012-2013 presented at this Session of Council and the Biennial Work Programme for the Years 2013-2014 of the Committee on Finance and Administration [Documents ITTC(XLVIII)/7 and ITTC(XLVIII)/8 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, 2006, 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.

58. The Chairperson informed the Committee that the Government of Japan had introduced a new activity in Biennial Work Programme to promote resource mobilization. The delegate of Japan stated that Japan would support ITTO in developing a broader partnership with the private sector and others and indicated that non-traditional donors should be tapped in order to broaden the financial resource base of the Organization. The delegate indicated that ITTO should leverage its strength as the center of excellence. He was supported by the European Union and the United States of America.

59. The Chairperson informed the Committee that the Contact Group under the Chairperson of the Council and subsequently, the Chairperson's Open-Ended Drafting Group would finalize the proposed Biennial Work Programme for 2013-2014.

60. The Committee took note of the Biennial Work Programme for the Years 2013-2014, and with special attention to the sections related to the Administrative and Finance Activities as shown in the Annex I.

#### **Item 11: Election of Chairperson and Vice-Chairperson for 2013**

61. The Vice-Chairperson of the Committee for 2012, Mr. Mario Rafael Rodriguez Palma (Guatemala) was elected Chairperson of the Committee for 2013 and Ms. Ellen Shaw (United States of America) was elected Vice-Chairperson.

#### **Item 12: Dates and Venue of the Twenty-eighth and Twenty-ninth Sessions**

62. The Committee agreed that the Twenty-eighth and Twenty-ninth Sessions would be held on the same dates and at the same venues as the Forty-ninth and Fiftieth Sessions of the Council.

#### **Item 13: Other Business**

63. Under other business, the Committee discussed the Functions of the Committee under ITTA, 2006 and decided to recommend to the Council to approve the functions of the Committee as contained in Annex III.

64. The delegate of Japan expressed concern about the huge financial burden on Producer member countries in 2013, as a result of the reduced membership of Producer countries under the ITTA, 2006. Many delegations expressed similar concerns. The Committee subsequently decided to propose the following measures for the consideration of the Council:

- a) The assessed initial contributions of countries joining ITTA, 2006 after the Forty-eighth Session of the Council or in 2013 (hereafter "late joining members") shall be deposited in the Working Capital Account (WCA) and applied to the 2014 budget as described below:
- b) The basic Administrative costs of the budget should be reduced for the budget year 2014 as follows:
  - The amount of the initial contributions of late joining producer members shall be disbursed from the WCA and applied to reduce the share of the basic administrative costs to be paid by producer countries that are members at the time of the 48<sup>th</sup> Council Session; and
  - The amount of the initial contributions of late joining Consumer members shall be disbursed from the WCA and applied to reduce the share of the basic administrative costs to be paid by Consumer countries that are members at the time of the 48<sup>th</sup> Council Session.

#### **Item 14: Recommendations to the International Tropical Timber Council**

65. The Committee decided to make the following recommendations to the Council to:

- (1) Approve the Organizational Structure and Staff establishment as shown in Annex II;
- (2) Approve the Administrative Budget for the Financial Year 2013 as presented in document CFA(XXVII)/2/Amend.1, of the amount of US\$7,689,505.00. The assessed contributions from Members for 2013 will be US\$7,688,761.00 to take account of the discount to be given to Members for timely payment of their contributions in 2012 and utilization of part of the bank interest earned in the same year;
- (3) Approve an increase in the Programme Support charge from 8% (or 13% for ITTO executed projects) to 12% (or 15% for ITTO executed projects);
- (4) To adopt the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year 2011 as contained in document CFA(XXVII)/6;
- (5) Authorize the Executive Director to utilize funds not exceeding US\$500,000. from the Working Capital Account to cover separation costs of staff as a result of the restructuring and to report to the Committee at its next Session in 2013;
- (6) Consider an activity in the Biennial Work Programme for the development of strategies for the mobilization of new and additional financial resources; and
- (7) Urge members in arrears to make timely payments and to consider the issue during the next Council Session in 2013.

#### **Item 15: Report of the Session**

66. The Committee adopted this report as amended.

Annex I

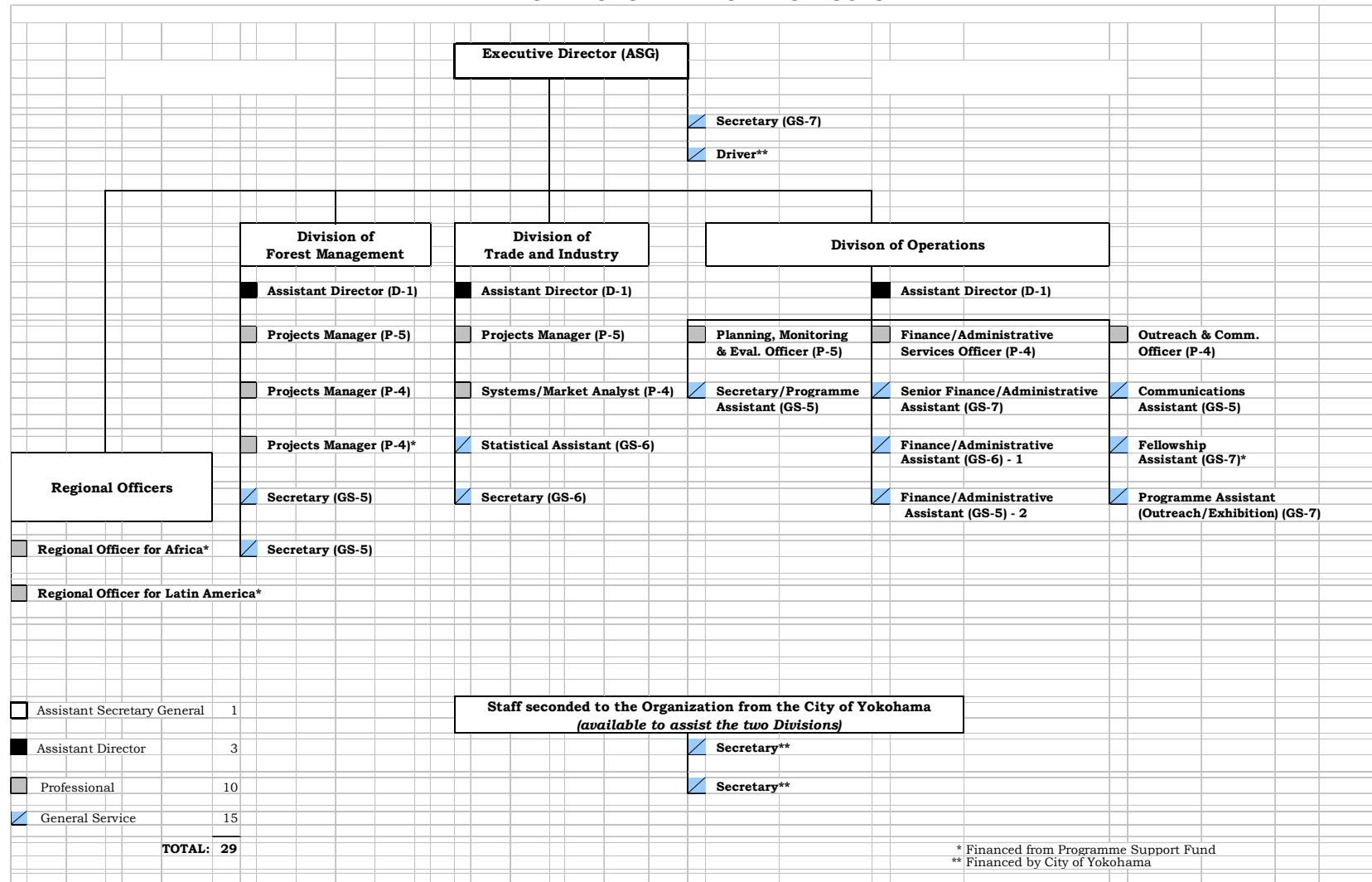
**BIENNIAL WORK PROGRAMME FOR THE YEARS 2013 - 2014  
COMMITTEE ON FINANCE AND ADMINISTRATION**

Activity	Implementation Approach and Cost	Activity Targets	Responsible Body
1. Review the independent audited statements for the 2012 and 2013 financial years, and make recommendation to the Council for their approval. <i>[ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.	• Reports of independent auditors published in ITTO Annual Reports in 2012 and 2013	CFA
2. Make recommendations to Council on the appointment of auditor for a three-year term for the purpose of auditing the accounts of the Organization for the 2013, 2014 and 2015 financial years. <i>[ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.	• Twenty-eighth CFA Report presented at the Forty-ninth Session of the Council in 2013	CFA
3. Examine and make recommendations to Council, regarding the approval of the Organization's administrative budget proposals for the financial years 2014 and 2015. <i>[ITTA, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.	• Twenty-eighth CFA Report presented at the Forty-ninth Session of the Council in 2013	CFA
4. 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, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.	• Report of the independent auditors for the financial years 2012 and 2013 presented at the Forty-ninth Session and Fiftieth Sessions of the Council in 2013 and 2014	CFA
5. 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, 2006, Article 26(3)]</i>	Routine. Regular Sessions' work.	• Decision on the ITTO Biennial Work Programme 2013-2014 presented at the Forty-eighth Session of the Council in 2012	CFA
6. Promote Resource Mobilization and	This 24-month activity will be divided into a first year of	• Report of work in 2013 and plan for	CFA

<p>Partnership of ITTO [ITTA, 2006, Article 1(g), (j)]</p>	<p>preparing and launching a funds mobilization and partnership strategy and a second year of active implementation. Specific activities will be refined in the first quarter of year one, but are expected to include, in the first year:</p> <ul style="list-style-type: none"> <li>• Formation of an informal, open-ended ad hoc advisory group including producer and consumer members and stakeholders to advise the Executive Director in developing and launching the strategy</li> <li>• Drafting of a proposal of fund mobilization and partnership strategy/action plan by the Secretariat</li> <li>• Convening of one or more meetings of members, partners and resource persons</li> <li>• Further consultation and refinement of the strategy</li> <li>• Submit a draft strategy and progress report to the Forty-ninth Session of the Council</li> </ul> <p>Year Two activities will be defined in detail during Year One, and will be provided in a report to the Council at its Forty-ninth Session.</p> <p>Expected funding sources: Voluntary Contributions Year 2013–US\$50,000 Year 2014–US\$50,000</p>	<p>2014 presented to the Forty-ninth Session of the Council in 2013.</p>	
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## ANNEX II

### APPROVED ORGANIZATIONAL STRUCTURE





### **ANNEX III**

#### **FUNCTIONS OF THE COMMITTEE ON FINANCE AND ADMINISTRATION**

1. Examine and make recommendations to the Council regarding approval of the Organization's administrative budget and the management operations of the Organization.
2. Review the assets of the Organization to ensure prudent asset management and to ensure that the Organization has sufficient reserves to carry out its work.
3. Examine and make recommendations to the Council on the budgetary implications of the Organization's biennial work programme and on actions that might be taken to secure the resources needed to implement the objectives of the ITTA.
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.



## **ANNEX V**

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)**

**DOCUMENT:ITTC(XLVIII)/2**



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

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

**4 November 2012  
Yokohama, Japan**

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

**Report of the Chairperson**

**Introduction**

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

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

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

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

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

Final status of the Parties to the ITTA, 2006

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

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

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

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

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

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

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

#### Action Plan 2013-2018

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

#### 2013 Administrative Budget

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



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

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

Any other issues

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

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

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

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

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

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

**Other Matters**

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

**Adjournment**

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

## **ANNEX A**



**INTERNATIONAL TROPICAL  
TIMBER COUNCIL**

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.. November 2012

***Original: ENGLISH***

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

***DRAFT***  
**DECISION 2(XLVIII)**

**ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2013-2014**

The International Tropical Timber Council,

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

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

Decides to:

Adopt the Biennial Work Programme for the years 2013-2014 as contained in the Annex to this Decision;

1. 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;
2. Request the Executive Director to implement and/or facilitate the implementation of activities in the approved Biennial Work Programme for the years 2013-2014, as contained in the Annex; and
3. Request the Executive Director to report to Council on the progress in implementing the Biennial Work Programme for 2013-2014 during the Forty-ninth and Fiftieth sessions of the Council.

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**DRAFT  
DECISION 3(XLVIII)**

**ITTO STRATEGIC ACTION PLAN 2013-2018**

The International Tropical Timber Council,

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

Reaffirming the overall aim defined in ITTO Objective 2000;

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

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

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

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

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

Decides to:

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



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### **DRAFT DECISION 4(XLVIII)**

#### **STRENGTHENING THE ITTO THEMATIC PROGRAMMES: OPERATIONAL PROCEDURES AND GUIDELINES**

The International Tropical Timber Council,

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

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

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

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

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

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

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

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

#### Decides to:

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

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

# **ANNEX 1**

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

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



## **ANNEX 2**

### **GUIDELINES FOR THEMATIC PROGRAMME PROFILES AND THEMATIC PROGRAMME DOCUMENTS**

#### **1. Thematic Programme Profile (TPP)**

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

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

#### **2. Thematic Programme Document (TPD)**

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

##### Planning elements

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

##### Operational elements

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

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

### **ANNEX 3**

#### **TERMS OF REFERENCE FOR THEMATIC PROGRAMME ADVISORY COMMITTEES**

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

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**DRAFT  
DECISION 5(XLVIII)**

**ASSESSED CONTRIBUTIONS OF PRODUCER MEMBERS TO THE  
ADMINISTRATIVE BUDGET FOR 2013**

The International Tropical Timber Council,

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

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

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

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

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

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

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

Decides to:

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

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

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**DRAFT  
DECISION 6(XLVIII)**

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

The International Tropical Timber Council,

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

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

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

Decides to:

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

**ANNEX 1**

**PROPOSED SCHEDULE OF NEGOTIATION PROCESS**

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

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***DRAFT***  
**DECISION 7(XLVIII)**

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

The International Tropical Timber Council,

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

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

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

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### ***DRAFT*** **DECISION 8(XLVIII)**

#### **FUNCTIONS OF THE COMMITTEES**

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

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

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

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

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



## **ANNEX**

### **FUNCTIONS OF THE COMMITTEES**

#### **A. Functions Common to the Committees**

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

#### **B. Functions of the Committee on Forest Industry**

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

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

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

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

**D. Functions of the Committee on Reforestation and Forest Management**

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

#### **E. Functions of the Committee on Finance and Administration**

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

#### **F. Committee Procedures**

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

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***DRAFT***  
**DECISION 9(XLVIII)**

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

The International Tropical Timber Council,

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

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

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

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

Decides to adopt the:

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

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### ***DRAFT*** **DECISION 10(XLVIII)**

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

The International Tropical Timber Council,

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

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

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

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

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

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

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

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

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

Decides to:

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

### **Terms of Reference for the Workshop**

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

The objectives of the workshop are:

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

Participants in the workshop should include representatives from:

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

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

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