



**INTERNATIONAL TROPICAL
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25 – 30 November 2013
Libreville, Gabon

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

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25 – 30 November 2013**

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REPORT

OPENING OF THE SESSION (Agenda Item 1)

1. Speaking on the occasion of the Opening of the Forty-ninth Session of the International Tropical Timber Council (ITTC), Mr. José Trinidad Suazo Bulnes, Chairperson of the ITTC expressed his gratitude and appreciation to the host, the Government and People of Gabon for their hospitality and excellent arrangements. He extended a hearty welcome to His Excellency Mr. Raymond Ndong Sima, Prime Minister and Head of Government of Gabon, and noted that the presence of His Excellency, the Prime Minister was a clear demonstration of the commitment of the host government to the objectives of the International Tropical Timber Agreement and the sustainable management of the vast forest resources of Gabon. The Chairperson also expressed his gratitude to H.E Mr. Gabriel Tchango, Minister of Water and Forests of Gabon, H.E. Mr. Henri Djombo, Minister of Forest Economy and Sustainable Development of Congo, Senator Jorge Viana of the Federal Senate of Brazil and Mr. John Scanlon, Executive Secretary of CITES as well as members of the Diplomatic Corps who had graced the occasion with their presence.
2. The Chairperson welcomed back the governments of Colombia and Brazil and the Government of Costa Rica, a new member to the fold of ITTO. He urged other countries that had not completed their ratification of the ITTA, 2006 to expedite the process.
3. The Chairperson stated that the future of the tropical forests and the future of millions of the world's poorest people are inextricably linked. He indicated that rural poverty is concentrated in many areas where the world's biodiversity is most threatened and that more than a billion people now live within the world's 19 forest biodiversity "hotspots". He added that the future of tropical forests depends on the establishment of sustainable systems of management. He noted that despite ITTO's catalytic role with its far-reaching policy development and project work over the last 27 years, the problems of deforestation and forest degradation were still persisting in tropical countries. He indicated that although the conversion of tropical forests to agricultural land had decreased over the past ten years, the rate of loss of tropical forests in Latin America and Africa continued to be alarming. He was hopeful that with the implementation of the Activity on "Mobilizing new financial resources and partnerships for ITTO and its Objectives" Producer countries would find the required resources to finance the sustainable management of their forests. In his concluding remarks, the Chairperson called on producer and consumer countries to work together as partners to be able to achieve the objectives of ITTO.
4. In his key note address, H.E. Mr. Raymond Ndong Sima, the Prime Minister and Head of Government of Gabon, welcomed all the delegates to the Forty-ninth Session of the ITTC and renewed the commitment of his government to the sustainable management of the vast forest resources of Gabon. He indicated that the major focus of his government's policy is to promote the sustainable management of forest and wildlife resources, forest management, industrialization of the timber industry, biodiversity conservation with the involvement of the rural communities of Gabon. He added that Gabon has set the target of 2025 to achieve the status of a world leader for certified tropical timber, with the support of an innovative industry, fully developing the potential of its sustainably managed forests, operated as carbon sink and biodiversity sanctuary. He indicated that for that reason, the Country had banned the export of logs in 2009 and took the historic decision to have all logs processed locally. The Prime Minister mentioned that about 8 million ha of Gabon's forests were being managed sustainably, including 2 million ha that had been certified by the FSC since 2009. He commended ITTO for the many initiatives undertaken in recent years to assist member countries in the sustainable management of their tropical forests, especially countries in the Central Africa region.
5. In his concluding remarks, H.E. the Prime Minister expressed his hope that the request of the Government of Gabon to host the ITTO's Regional Office for Africa would be favourably considered by the Council.
6. In his address to the Council, H.E. Mr. Henri Djombo, Minister of Forest Economy and Sustainable Development of the Republic of Congo stated that many major international conferences had been convened in 2012 and 2013 and cited the United Nations Conference on Sustainable Development in June 2012 in Rio de Janeiro; the United Nations Forum on Forests in April 2013; the International Conference on Forests and Food Security in May 2013 in Rome; and the UNFCCC CoP-19 in November 2013 in Warsaw and indicated that unfortunately, there was no platform for consultation

among tropical forest countries to prepare shared positions on forests before and during those meetings. He further noted that as part of the post-2015 United Nations Programme, the international community is developing sustainable development goals and called on ITTO and its member countries to bring all their efforts to bear for the emergence of one specific sustainable forest management objective rather than the promotion of a natural resource management objective of general scope. He also called on member countries to strive to raise the profile and visibility of forestry on the international stage in relation to sustainable management, fair trade, capacity building and financial mechanisms. H.E. Mr. Djombo noted that in the context of climate change, many tropical forest countries have acceded to the REDD+ process and were making considerable efforts to promote sustainable forest management. Despite the slowness of financial support from the international community, the Congo Basin countries were fully committed and producing convincing results in terms of forest certification. He also stated that the process must take into account biodiversity conservation in protected areas, poverty alleviation in forest areas, sustainable forest management and the need to simplify the procedures. He further indicated that governments that continue to allocate their own resources to this agenda should receive substantial financial assistance. The Honourable Minister also called on the Council to support the proposal presented by the Governments of Congo and Gabon to update the ATO-ITTO Principles, Criteria and Indicators for the Sustainable Management of African Forests, incorporating new processes such as REDD+ and FLEGT.

7. In his address to the Council, Senator Jorge Viana of the Federal Senate of Brazil acknowledged the importance of ITTO to Brazil and noted that the ITTA, 2006 has the potential to bring ITTO to new heights. He noted that the ITTA, 2006 include explicit acknowledgement of the need to address important and sometimes controversial issues such as illegal logging, certification, environmental services, community forestry and sustainable forest management. He urged the Organization to overcome the challenges of completely eliminating illegal deforestation in the tropics which contribute to increases in carbon emissions and climate change. He believed that ITTO, as an Organization established by a UN treaty, could greatly contribute to the discussions on Climate change, including giving support to the UN Climate Conference in 2014.
8. Senator Viana stated that the loss of forest cover in Brazil decreased from 2.4 million ha in 2004 to 640,000 ha in 2012. He attributed the success of the Brazilian model in deforestation reduction to the adoption and implementation of public policies to fight and prevent illegal actions, as well as the enforcement of forest laws and use of satellite imagery to detect deforestation in real time. He added that the Brazilian model was being extended to neighboring countries with funds provided by the Amazon Fund and ITTO.
9. Senator Viana called for political willingness among countries to surmount the challenge of expanding the areas of sustainable forest management in the world. He stressed the importance of strengthening ITTO by providing it with the required financial resources so that forests become vital economic assets in the world. He pledged Brazil's continuous role as a major player in ITTO.
10. In his address to the Council, Mr. John Scanlon, CITES Secretary-General recognized the President of Gabon's commitment to addressing wildlife conservation issues across the African continent. He mentioned the objectives of CITES and stated that nearly 35,000 species of wild plants and animals, and their derivatives were being regulated by CITES. Of this number, 3% of species are threatened with extinction, listed under Appendix I, and the vast majority of species listed under Appendix II (96%) could become extinct without a strictly regulated international trade.
11. Mr. Scanlon attributed the success of the ITTO-CITES programme to the increased confidence in CITES' regulatory controls. He recalled that in 1975, only eighteen (18) tree species were listed in the CITES Appendices. This number has increased to more than 400 tree species representing a major development in the use of the Convention. He mentioned that although CITES is a species Convention, its implementation also brings benefits to local people, national economies and entire ecosystems and added that combatting illegal trade has great benefits for people, such as through protecting tourism assets and ecosystems and the vital services they provide. He noted that there were many challenges in meeting the objectives of CITES, but new and exciting opportunities were also emerging to use technology to help meet these challenges. He indicated that CITES was actively promoting the further development and use of modern technologies to more effectively intercept illegal trade and facilitate legal and sustainable trade, including collaborative efforts with ITTO, UNCTAD, the World Customs Organization and the World Economic Forum.

12. Referring to the 24 ITTO-CITES projects in 11 countries that were under implementation, Mr. Scanlon noted that these projects were contributing towards sustainable livelihoods. He cited the impact of the joint programme in Cameroon that has led to the sustainable exploitation of *Prunus africana* and the production of three videos that has captured the progress made in the field in three countries. He expressed deep gratitude to the donors to the programme, especially the generous contributions of the European Union through the European Commission, Germany, Norway, the United States of America, and the private sector companies. He added that the future challenge would be to continue to provide current levels of support to the ITTO and CITES member countries to assist them in more effectively implementing CITES for listed tree species.

ASCERTAINMENT OF THE QUORUM (Agenda Item 2)

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

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

14. The Chairperson referred to document ITTC(XLIX)/1 Rev.3 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)

15. The Executive Director informed the Council that the membership of the Organization stood at 67, of which 37 were Consumer Members and 30 were Producer Members. He referred to documents ITTC(XLIX)/3, ITTC(XLIX)/13 and ITTC(XLIX)/14 on the contribution of Colombia, Brazil and Costa Rica to the Administrative Budget for 2013 and indicated that in the absence of any objections, the votes and assessed contributions of Colombia, Brazil and Costa Rica for 2013 will be deemed confirmed.
16. The list of membership of the Council is attached to the Agenda (Annex II).

REPORT OF THE CREDENTIALS COMMITTEE (Agenda Item 5)

17. The report of the Credentials Committee was presented by Mr. Félix Magallón González (Panama), Chairperson of the Committee. The Committee, composed of representatives of 4 producer countries (Indonesia, Malaysia, Panama, and Togo) and 4 consumer countries (EU, Finland, Sweden and U.S.A.) convened a meeting on 29 November 2013 to examine the credentials and attendance of 32 countries and the European Union participating in the Forty-ninth Session of the International Tropical Timber Council and Sessions of the Associated Committees.
18. 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 2013 (Agenda Item 6)

19. The Chairperson referred to document ITTC(XLIX)/1Rev.3 drawing the attention of Members to the proposed distribution of votes for the year 2013, 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 Biennial Administrative Budget for 2014 and 2015.
20. In the absence of any objections or comments, the distribution of votes as contained in document ITTC(XLIX)/1 Rev.3 was approved.

ADMISSION OF OBSERVERS (Agenda Item 7)

21. The Chairperson drew the Council's attention to document ITTC(XLIX)/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)

22. In his statement to the Council, Mr. Emmanuel Ze Meka, the Executive Director of ITTO welcomed all delegates to the Session. He expressed his gratitude to H.E. Mr. Raymond Ndong Sima, Prime Minister and Head of Government of Gabon and all Ministers and members of the diplomatic corps who had graced the occasion with their presence. He recalled the adoption of the ITTO Libreville Action Plan in 1998 when the Government of Gabon hosted the ITTC Session for the first time. He welcomed Brazil, Colombia and Costa Rica into the ITTO family and stated that the membership of ITTO now stood at 67 – the largest it has ever been.
23. The Executive Director paid tribute to the memory of Ms. Celestine Ntsame-Okwo, ITTO Regional Officer for Africa who passed away after a short illness. He recalled the professionalism and dedication of Ms. Celestine Ntsame-Okwo and her leadership in Africa. He also paid tribute to the memories of scores of victims of typhoon Haiyan which devastated the Philippines and requested the Council to observe a moment of silence.
24. The Executive Director reported on developments that had taken place in 2013, including the restructuring of the Secretariat that had resulted in reduction in personnel costs without compromising on staff efficiency and quality of work that had enabled the Organization to achieve and maintain its standing as a major international forestry organization. He mentioned activities in the Biennial Work Programme and Decisions of the Council and cited in particular the resumption of the two flagship publications, the Tropical Forest Update and the Market Information Service. The Executive Director informed the Council that ITTO continued in 2013 to strengthen partnerships and engagements with other International Organizations such as CITES, FAO, ATIBT, Collaborative Partnership on Forests and Japan International Cooperation Agency (JICA). He mentioned ITTO's engagement in discussions, along with other CPF members, on the role of the CPF in implementing the outcomes of the Rio+20 Conference, including in the formulation of the Sustainable Development Goals.
25. He also reported on the role played by ITTO during the Fifth Tokyo International Conference for African Development (TICAD V) which was convened in Yokohama in June. He noted particularly the role of ITTO in the high-level policy dialogue to mobilize support for African countries and the Thematic Programme Session on the Post-2015 Development Agenda, chaired by the UN Secretary General, Mr. Ban Ki-moon.
26. The Executive Director flagged issues that needed consideration by the Council for the smooth functioning of the Organization. He particularly urged the Council to examine carefully the proposals contained in the Fundraising Strategy and Action Plan for 2013 and 2014 and to discuss the best ways to increase funding for the Organization and its work. He noted that the ITTA 2006 includes ambitious social, economic and environmental objectives and referred to the ITTO Strategic Action Plan 2013-2018 which was developed last year to operationalize the objectives of the ITTA, 2006. He indicated that the full implementation of the Strategic Action Plan would require substantial funding in order to achieve the intended far-reaching benefits of sustainable forest management, environmental protection, biodiversity conservation and poverty reduction in tropical countries.
27. In conclusion the Executive Director stated that with the entry into force of the ITTA, 2006 and the adoption of the ITTO Strategic Action Plan 2013-2018, ITTO has a great opportunity to increase the contribution of tropical forests to the achievement of the Millennium Development Goals and the post-2015 Development Agenda.

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

28. The Chairperson presented the report of the Twenty-seventh meeting of the Informal Advisory Group (IAG) convened on Sunday, 24 November 2013. Chaired by Mr. José Trinidad Suazo Bulnes, the Chairperson of the Council, the meeting was attended by the Vice-Chairperson of the Council, the Chairpersons of the Committees, the representatives of the Consumer and Producer groups, representative of the Government of Japan and the Executive Director.
29. The following issues were considered by the IAG:
 - i. Brief background of the IAG:
 - Decision 5(XXVI);
 - Report of the IAG at its Twenty-sixth Meeting, 4 November 2012;

- General observation by IAG Members;
 - ii. Election of the Producers' spokesperson and Vice-Chairperson of the Committee on Economics, Statistics and Markets.
 - iii. Final status of the parties to the International Tropical Timber Agreement, 2006.
 - iv. Functions of the Informal Advisory Group.
 - v. Consideration of draft decisions/elements of decisions, if any, submitted pursuant to ITTC Decision 7(XXXIII):
 - Projects, Pre-Projects and Activities [Decision 1(XLIX)];
 - Reassessment of the functions of the Informal Advisory Group -- *submitted by the Secretariat*;
 - Matters related to Article 14 of the ITTA, 2006 -- *submitted by the Secretariat and supported by Switzerland (version also submitted by Japan)*;
 - ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests -- *submitted by the Secretariat*;
 - Procedures to Respond to Additional Funding Opportunities -- *submitted by the Secretariat*;
 - Creation of the Regional ITTO Office for Africa as part of the Restructuring of ITTO Secretariat to increase the Efficiency of the Organization -- *submitted by the Government of Gabon*;
 - Organization of a Regional Forum on Forest Education and Research in commemoration of the 50th anniversary of forestry faculties in Latin America -- *submitted by the Government of Peru*.
 - vi. List of possible decisions for the Forty-ninth Session of the ITTC and report to the Council; and
 - vii. Other matters.
30. The IAG duly noted that the position of the Producer Spokesperson had become vacant following the resignation of Dr. Agus Sarsito (Indonesia). The IAG also noted that neither the Chairperson (Mr. Harrison S. Karnwea, Sr. - Liberia) nor the Vice-Chairperson (Mr. Osamu Hashiramoto - Japan) of CEM would attend the Forty-ninth ITTC. The IAG recommended that the Producer Caucus should at the earliest opportunity select a new Producer Spokesperson and that the Consumer Caucus should nominate a new candidate to be elected by the Council as the new Vice-Chairperson of CEM for 2013. Ms. Shaw also informed the IAG that she would vacate her position as Consumer spokesperson after the IAG meeting since she would commence duties at as Vice-chairperson of the Committee on Finance and Administration. She urged dialogue between the caucuses on filling these important positions and suggested more informal dialogue between the caucuses to ensure there was an equitable sharing of responsibilities in serving as officers of the Council. The IAG urged the Consumer caucus to nominate a new Consumer spokesperson.
31. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Forty-ninth Session as follows:
- i. Projects, Pre-projects and Activities [Decision 1(XLIX)];
 - ii. Reassessment of the functions of the Informal Advisory Group;
 - iii. Matters related to Article 14 of the ITTA, 2006;
 - iv. ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests;
 - v. Procedures to Respond to Additional Funding Opportunities;
 - vi. Organization of a Regional Forum on Forest Education and Research in commemoration of the 50th anniversary of forestry faculties in Latin America.
32. The full report of the Informal Advisory Group (IAG) is contained in Annex V.
33. Dr. Ruth Turia (PNG) informed the Council that Dr. Putera Parthama (Indonesia) and Mr. Tabi Agyarko (Ghana) had been elected as the Producer Spokesperson and Chairperson of the Committee on Economics, Statistics and Markets respectively.

ENHANCING COOPERATION BETWEEN ITTO AND CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI) (Agenda item 10)

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

34. 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 that the Secretariat had not received any

information from member countries on their proposals for listing of tropical timber and tree species in the Appendices of CITES.

(b) Report on the Implementation of the CITES Programme

35. Dr. Steven Johnson (ITTO Secretariat) presented the report as contained in document ITTC(XLIX)/5. 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.
36. Dr. Johnson reported that the demand for Programme support substantially exceeded available resources under the first phase, ITTO and CITES subsequently submitted a second grant application to the EU through the EC covering the 4 year period 2012-15 for a total amount of 7.5 million euro (about \$10 million, one-third of which would have to come from other donors). This grant application was approved and the first installment of funds was received in early 2012. Additional pledges were received during 2011-13 from Germany, the Netherlands, Norway, USA, and the private sector. These pledges currently make up less than 40% of the non-EC funding required under the phase two grant agreement with the EU through the EC.
37. The Secretariat reported that in January 2013, an international workshop on SFM and CITES aimed at sharing experiences gained to date under the Programme was convened in Bali, Indonesia. The workshop brought together over 60 participants from all target countries, donors and other international organizations to help guide work under phase two of the Programme. A regional workshop for Central America and Mexico was also convened in July 2013 to introduce the Programme to relevant countries, following the listing of several species of *Dalbergia* from the region at CITES CoP 16 in March 2013.
38. Twenty-one country-specific activities have been approved and are underway in Brazil, Cameroon, Congo, DRC, Indonesia, Madagascar, Malaysia and Peru as of August 2013, focusing on African species *Pericopsis elata* (afromosia), *Prunus africana* (African cherry), and several *Dalbergia* (rosewood) and *Diospyros* (ebony) species from Madagascar; Asian species *Aquilaria/Gyrinops* spp. (agarwood) and *Gonystylus* spp. (ramin); and Latin American species *Cedrela odorata* and *Swietenia macrophylla*. Activities (focusing especially on the non-detriment findings required under CITES Appendix II and on tracking systems) were being prepared in August 2013 by several countries in liaison with the regional coordinators for possible Programme funding. An additional 10 activities had been submitted by countries and were being evaluated or revised. The Programme advisory committee was scheduled to meet during the 49th ITTC Session. The Secretariat further reported that the programme website (www.ito.int/ITTO at work/CITES/) 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.
39. Ms. Milena Sosa Schmidt (CITES Secretariat) provided further update on the ITTO-CITES collaboration. She informed that the 16th Conference of the Parties to CITES held in March 2013 in Bangkok, Thailand agreed to the inclusion of around 300 species of trees in the Appendix II of CITES. She indicated that most of the listings carry action plans and decisions that direct the range States to undertake activities to strengthen their capacities to implement the CITES convention.
40. The representative of the CITES Secretariat informed that the CITES Secretariat had taken the lead on the production of outreach materials, including banners, leaflets and posters; toolkit and videos (Video on the management of *Swietenia macrophylla* from Peru; a video on *Prunus Africana* from Cameroon; and a video on *Gonystylus* spp. from Indonesia). She further informed that following the decision of CoP16, the CITES Secretariat would organize a workshop to share experiences, discuss management of wild and plantation-source agarwood, identify and agree on strategies that balance the conservation and use of the wild populations, while relieving the pressure on these through the use of plantation-sourced agarwood. She indicated that the workshop would most probably be convened in the second half of 2014.

41. Ms. Schmidt also informed on assistance to Madagascar with the overall implementation of the country's action plan on *Diospyros spp* (ebonies) and *Dalbergia spp.* (rosewood and palisander): with elements on scientific surveys, identification, training workshop on non-detriment findings, marking and tracking systems, taxonomy and nomenclature, etc. On the issue of timber trade study, as agreed at CoP16, the CITES Secretariat would commission a trade study to review the trade in timber species listed in Appendices II and III to determine the types of specimens that initially appear in international trade or exported from range States and those which dominate the trade in and demand for the wild resource. Once the specimens that meet these criteria have been determined, the study would also determine which six-digit universal HS codes and associated definitions would be applicable to these specimens.
42. The delegate of the European Union commended the Secretariats of the two Organizations, ITTO and CITES for the smooth and efficient implementation of the programme. He appealed to other donors to provide additional financial resources to the Programme. The delegate of the United States also expressed similar sentiments and commended the Secretariats of CITES and ITTO as well as donors that have contributed to the Programme. He commended all the partner countries implementing the Programme and underscored the fact that the CITES programme had been a good example of two Organizations working together and building on each other's strengths. There were also commendations from delegates of member countries implementing the Programme, including Brazil, Peru, Cameroon, and Indonesia. The delegate of Japan called for continuity and sustainability of the Programme, including with the private sector.

MATTERS RELATED TO ARTICLE 14 OF THE ITTA, 2006 Decisions 3(XXV), 5(XLII) and 2(XLVI) (Agenda Item 11)

43. The Chairperson introduced the agenda item and invited comments from members.
44. The delegate of Switzerland informed that Japan and Switzerland had proposed draft Decisions and that there were only minor differences between the two proposals. He indicated that the two countries were working together to present a consensus draft Decision for the consideration of the Council.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO BIENNIAL WORK PROGRAMME 2013 – 2014 (Agenda item 12)

45. 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(XLIX)/6.
46. The Biennial Work Programme (BWP) 2013-2014 as approved in Council Decision 2(XLVIII) includes fifty-four activities grouped in accordance with the strategic priorities identified in the ITTO Strategic Action Plan 2013-2018 plus routine, administrative and financial activities. The activities are grouped under the responsibility of the Council, the Committees and the Secretariat, including sixteen activities under 'regular session's work' with no cost implications, five activities funded from core budget, one activity funded by programme support (Activity 36, Expert Panel), one activity (Activity 26) funded by the TMT Thematic Programme and 31 activities seeking voluntary contributions.
47. The funding sought under the BWP 2013-2014 was US\$9,416,590, divided into US\$1,241,254 from the core budget, US\$280,000 from programme support, US\$15,626 from unearmarked funds and US\$7,879,710 from voluntary contributions. US\$2,768,851 (29.40%) of the budget sought under the BWP had been received, including US\$2,037,588 (25.86%) in voluntary contributions. Out of the thirty-one activities seeking voluntary contributions, three (9, 67%) had been fully funded, fourteen (45, 16%) had received partial funding and fourteen (45, 16%) remained unfunded.
48. The Secretariat highlighted the implementation status of a number of activities including:
 - Enhancing cooperation between ITTO and CITES;
 - Continue to monitor progress in the application of criteria and indicators for sustainable forest management;
 - Promoting the understanding of the contribution of environmental services to the sustainable management of tropical forests;

- Promoting the implementation of guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land;
 - Further enhancing public relations, education and outreach activities to best convey the achievement of the objectives of the Organization;
 - Developing an ITTO knowledge management strategy and knowledge management guidelines;
 - Development of Environmental Product Declaration (EDP) for three tropical wood products;
 - Strengthening the capacity to promote efficient wood processing technologies in tropical timber producing countries and
 - Matching the needs of forest industry with the innovations, technologies and know-how developed through ITTO projects.
49. The delegate of the European Union commented on the lack of implementation of a large number of activities. He also indicated that the report did not focus on what had been achieved and how these had contributed to meeting the objectives of the Organization. The delegate of Brazil also expressed concern about the large number of activities that remained unfunded. He was supported by the delegate of Peru, Guatemala and Mexico who also wondered whether the Council should revisit the Priorities in the Strategic Action Plan 2013 -2018, as a result of the low level of funding or non-funding of some priority areas.
50. The delegate of Switzerland thanked the Secretariat for the Progress Report on the implementation of the Biennial Work Programme 2013-2014. He noted that the report provided concise and analytical information and answered the requests that Switzerland had addressed to the Secretariat in the past Sessions. He indicated that it was much easier to have a good reading of the information on the progress made, and the key achievements. He noted however, that comparing the proposed budget with activities implemented showed that the Organization was too much below what was planned to be achieved in the biennium and called on the Council to learn lessons from this situation in order to deal with the two issues of planning and the funding of the next Biennial Work Programme 2015-2016.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO THEMATIC PROGRAMMES (Agenda Item 13)

51. Dr. Gerhard Breulmann (ITTO Secretariat) presented the report as contained in document ITTC(XLIX)/7.
52. He noted that following the completion of the Thematic Programme pilot phase and the entry into force of the International Tropical Timber Agreement 2006 (ITTA, 2006), the TPs had become an integral part of the ITTO operations, and reflected in the new ITTO Strategic Action Plan 2013-2018.
53. He indicated that under the Thematic Programmes, 66 projects had been approved for funding, i.e. 22 under TFLET (including 8 under the 'pre-cursor'), 31 under REDDES, 5 under CFME and 8 under TMT. He also presented an overview of the projects funded under each programme. Twenty-one (21) projects had been completed, Thirty-seven (37) projects were ongoing, 6 projects were in the inception phase and 2 projects had fallen into 'sunset'.
54. The report noted that during the 48th ITTC, new pledges of US\$550,000 were received, including US\$300,000 for REDDES from Switzerland and US\$ 250,000 for TFLET, i.e. US\$200,000 from Japan and US\$50,000 from the USA. In December 2012 Australia made a pledge of US\$1,942,098 to TFLET under its 'Illegal Logging: Regional Capacity Building Partnership'. The ITTO – EU/CITES programme contributed US\$307,130 to TMT to be used for projects with objectives relevant to both programs (TMT and CITES). The total pledge received was US\$2,799,228.
55. The Thematic Programme on Industry Development and Enterprises (IDE) had not yet received any pledges from donors. The Thematic Programme on Community Forest Management and Enterprises (CFME) had not received any new pledges since the 46th ITTC in December 2010. Recalling Decision 4(XLVIII) on 'Strengthening the Thematic Programmes', Dr. Breulmann urged members to contribute to the Thematic Programmes Sub-Account in order to fully implement ongoing Thematic Programmes as soon as possible, and also appealed to the Council to re-emphasize the urgent need for additional financial pledges for the implementation of all thematic programmes.
56. In 2013, three proposal cycles were launched, including the 5th and 6th cycle under TFLET and the 4th cycle under TMT. Under the 5th TFLET cycle, ten (10) proposals were received from eight member

countries, under the 6th TFLET cycle sixteen (16) proposals were received from eleven member countries and under the 4th TMT cycle, three proposals were received from three member countries.

57. The funding available under the 4th TMT cycle was mainly through a grant from the European Union (through the European Commission) under the ITTO-CITES Program, calling for part of the funds (20%) to be devoted to activities relevant to both the ITTO-CITES Program and the ITTO TMT Thematic Programme. The call was therefore restricted to proposals addressing the objectives of both programs. Furthermore, due to the limited funding available, only pre-projects (max. 9 months) and small projects (max. 18 months) of up to US\$150,000 were permitted under the cycle.
58. The report highlighted the achievements, impacts and lessons learned in the implementation of the various projects under the Thematic Programmes.
59. The delegate of Brazil reiterated the importance of all Thematic Programmes and cited the concentration of resources in the TFLET and REDDES Thematic Programmes. He appealed to donors to provide funding for all Thematic Programmes. He indicated that sometimes the funding priorities of donor countries did not necessarily reflect the urgent needs of Producer member countries and expressed concern that that could lead to a decrease of interest in the Thematic Programmes and the Organization itself. He noted that the effective implementation of sustainable forest management and a world timber economy was critically dependent upon adequate resources, including financing, capacity development and the transfer of environmentally sound technologies to Producer member countries. He proposed that to ensure that all Thematic Programmes receive minimally reasonable level of resources, the Council must adopt a way of redistributing a percentage of resources allocated to the favoured Thematic Programmes. He was supported by the delegate of Panama.
60. On the issue of balance of funding for all thematic programmes, the delegate of the United States noted that it would be difficult to strike a balance between what donors want to fund and actual funding needed and expressed concern about the proposal to move funds from one Thematic Programme to the other. In terms of implementation, he indicated that the TPs still lacked the programmatic approach. He was supported by the delegate of the European Union who also urged stronger support for the Thematic Programmes and also underlined the substantial financial contribution provided by the European Union to the Thematic Programmes. He emphasized the need to bring the TPs more in line with initiatives of other organizations and underlined that the full potential of the Thematic Programmes was yet to be fully realized. He also called for more feedback from countries on achievements and how actions could feed into policies, lessons learned, and commonalities. He further stated that the Thematic Programmes had brought on board new donors and he looked forward to discussions on why the IDE Thematic Programme had not received any funding as yet.
61. The delegate of Guatemala underlined the importance of the Thematic Programmes and indicated that Guatemala had received funding for the implementation of five (5) projects under the thematic programmes which had brought radical change to INAB. He called on the Secretariat to elaborate a report on how the thematic programmes have achieved their objectives and also appealed to donors for more funding of the Thematic Programmes and underscored the importance of all Thematic Programmes. He was supported by the delegate of Guyana who also indicated that Guyana had benefited from the funding of two projects under the Thematic Programmes and also noted that the Thematic Programmes complement very well the regular project cycle. He called on the Secretariat to organize a workshop for countries to present what had been achieved under the Thematic Programmes.

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 14)

62. The report was presented by Dr. Jürgen Blaser (Switzerland). He referred to document ITTC(XLIX)/8. He indicated that the report was a follow up on ITTC Decisions 2(XXXIX) and 1(XLI) requesting updated information on major developments in tropical forests related issues in the decisions and related discussions under the United Nations Framework Convention on Climate Change (UNFCCC) and in the Intergovernmental Panel on Climate Change (IPCC). The report covered progress made since the Forty-eighth Session of the ITTC in November 2012. Specifically, it summarized the discussions at COP 18 of UNFCCC in Doha, Qatar, from 26 November to 8 December 2012 and the 38th Session of the Subsidiary Body for Scientific and Technological Advice (SBSTA) and the

Subsidiary Body for Implementation (SBI) in Bonn on 3-14 June 2013, including two workshops on results-based finance for the full implementation of REDD+ activities.

63. He noted that REDD+ had been one of the important parts of the international negotiations and discussions of UNFCCC since the Bali Action Plan of 2007. He further indicated that the Copenhagen Accord (2009) also recognized the crucial role of REDD and the need to enhance sequestration of atmospheric carbon dioxide by forests and agreed to provide positive incentives through the immediate establishment of mechanisms including REDD+. COP 16 of UNFCCC in Cancun in December 2010 provided guidance on safeguards for REDD+ and approved a SBSTA work programme on policy approach and positive incentives on issues relating to REDD+1.
64. The report further noted that COP 18 of UNFCCC in Doha in December 2012 decided to develop a work programme on results-based finance for REDD+ in 2013 through the organization of two in-session workshops. The purpose of the work programme was to scale up and improve the effectiveness of REDD+ finance by reviewing ways and means (a) to transfer payments for results-based actions; (b) to incentivize non-carbon benefits; and (c) to improve the coordination of results-based finance.
65. In accordance with the decisions of COP 18 in Doha in December 2012, SBSTA 38 in June 2013 reviewed various methodological guidance for the development and implementation of REDD+ activities. Three subjects such as national forest monitoring, timing and frequency of reporting on safeguards and addressing drivers of deforestation and forest degradation were recommended for adoption by COP 19 in November 2013 while the subjects of (i) measuring, reporting and verifying and (ii) forest reference emission levels and/or forest reference levels were identified for final review at SBSTA 39 in November 2013 for possible adoption by COP 19. SBSTA had also agreed to continue its work on methodological guidance for MRV with the aim of completing this work to be adopted by COP 19 (November 2013).
66. The report indicated that based on the decision of COP 18 on a work programme on results-based finance in 2013, two workshops on results-based finance for the full implementation of REDD+ activities were held. The first workshop was held on 10 June while the second workshop on 21-22 August 2013 in Bonn, Germany.
67. The report highlighted various activities being implemented by ITTO to enhance the capacity of stakeholders in the design and implementation of REDD+ actions in the context of promoting sustainable forest management in the tropics, including the implementation of the REDDES Thematic Programme, the facilitation of REDD+ feasibility studies in Central Kalimantan, Indonesia and a public-private partnership on REDD+ in Java, Indonesia.
68. In conclusion, the report noted that with the aim of scaling up tropical forests' contribution to global GHG emission reductions through REDD+, enhancing the ITTO Thematic Programme on REDDES and REDD+/SFM partnerships would be essential.

**ITTO/CBD COLLABORATIVE INITIATIVE TO CONSERVE TROPICAL FOREST – DECISION 6(XLVI)
(Agenda Item 15)**

69. The report was presented by Mr. John Leigh (ITTO Secretariat). The report is contained in document ITTC(XLIX)/9.
70. 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 the ITTC adopted decisions welcoming the ITTO/CBD collaboration (CBD Decision X/36 and ITTC Decision 6 (XLVI)).
71. 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.

72. 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.
73. 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. The Initiative focuses both on production and protection forests. The report further noted that the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests (2009) reflect the clear importance in promoting biodiversity conservation outside protected areas, through the long-term sustainable use of forest resources for the sustainable livelihoods of local communities. Also, the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests (2002) provides the elements to recover the biodiversity conservation capacity of degraded forests in the tropics.
74. 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 were invited 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 US\$15 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 million. 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. The projects under this Initiative being piloted with total budgets of over US\$ 13 million, of which donor governments; Japan (main donor), Switzerland, Belgium, USA and the Republic of Korea contributed a total of US\$ 9,441,972 as of late 2013 were the following:
- 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.
 - Study for the Rehabilitation and Sustainable Management of Sacred Forests on RAMSAR Sites 1017 and 1018 in Benin;
 - Promoting Biodiversity Conservation in Betung Kerihun National Park (BKNP) as the Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia - Phase III;
 - Buffer Zone Management for Pulong Tau National Park with Involvement of Local Communities in Management, Sarawak, Malaysia; and
 - Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and Its Range of Influence in Mexico and Guatemala;
75. Additional projects currently being developed and under consideration for funding, were the following:
- "Building the capacities for biodiversity conservation in Trans-boundary Conservation Areas (TBCAs) in the Congo Basin countries through SFM practices and the use of satellite and radar imagery" submitted by COMIFAC with an ITTO Budget of US\$5,539,162
 - "Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi

Range in Myanmar” submitted by the Government of Myanmar with an ITTO budget of US\$3,093,976 (ITTO Ref. No.: PD 723/13 Rev.1 (F))

- “Strengthening Mangrove Ecosystem Conservation in the Biosphere Reserve of Northwestern Peru” submitted by the Government of Peru with an ITTO budget of US\$496,290 (ITTO Ref. No.: PD 601/11 Rev.3 (F))
- “Study for the Rehabilitation and Sustainable Management of the Mangrove Forests in the Coastal Area of Benin” submitted by the Government of Benin with an ITTO budget of US\$72,900 (ITTO Ref. No.: PPD 160/12 Rev.1 (F)).

76. All the interventions lauded the ITTO-CBD joint initiative. The delegate of Cameroon on behalf of all the beneficiary countries (Cameroon, Central African Republic, Democratic Republic of Congo, Gabon and Congo) thanked ITTO and CBD for the implementation of the project PD456/07 Rev.4(F) “Building the Capacities of Forestry Training Institutions Members of the Network of Central African Forestry and Environmental Training Institutions (REFFEAC) for Concessions”. The delegate of Brazil, on behalf of the eight ACTO member countries (Bolivia, Brazil, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela) commended ITTO and CBD for the implementation of the project PD-A/47-266 “Building Capacities for ACTO Member Countries in Ecologically Responsible Management and Biodiversity Conservation in Managed Forests of the Amazon”. While the delegate of Guatemala commended donors, ITTO and CBD for the implementation of the project PD668/12 Rev.1(F) “Integrated Management of Natural Resources and Biodiversity in the Tacana Volcano and its range of influence in Mexico and Guatemala” being jointly implemented with Mexico.

ITTO FELLOWSHIP PROGRAMME – DECISION 4(XXVII) (Agenda Item 16)

(a) Progress Report on the ITTO Fellowship Programme

77. Dr. Chisato Aoki (ITTO Secretariat) presented the report as contained in document ITTC(XLIX)/10. She noted that the Fellowship Programme, which began in 1989, had enabled 1,227 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 have been awarded to people from Asia-Pacific, 31% to people from Africa, 24% to people from Latin America/Caribbean, and 3% to people from developed consumer countries, who carried out their activities in producer member countries. Seventy-one percent of the fellowships awarded were in the field of Reforestation and Forest Management, 21% in Forest Industry and 8% in Economics, Statistics and Markets.
78. The report mentioned that the Secretariat had just completed the development of a Fellowship Alumni Network website to provide opportunities for fellows to communicate among themselves as well create innovative and collaborative activities to challenge critical global forestry issues.
79. The total value of fellowships awarded to date amount to approximately US\$7.1 million. Funding has been provided through the generous voluntary contributions from Japan (74%), U.S.A. (15%), the Netherlands (7%), Australia (3%) and others (1%) including Sweden, U.K., Bali Partnership Fund Sub-Account (b) and the private sector.
80. 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 encourages capacity development of women foresters, and has supported 353 women to undertake fellowship activities, accounting for 29% of the total number of fellowships. Eighty-five percent of the fellowships have already been completed, while 10% are still operational and 5% terminated for unavoidable reasons.

(b) Report of the Fellowship Selection Panel

81. The report was presented by Mr. Rob Busink (The Netherlands), Chairperson of the Panel. The report is contained in document ITTC(XLIX)/11 Rev.1. The selection panel was composed of representatives of Cameroon, Honduras, Indonesia, Japan, Republic of Korea and USA. The Selection Panel considered a total of 73 applications made up of 38 applications from Africa, 13 from Asia/Pacific and 22 from Latin America and Caribbean region. Eight percent of the applications were in the field of Economic Information and Market Intelligence (EIMI); 12% in the field of Forest Industry (FI) and 80%

in the field of Reforestation and Forest Management (RFM). Twenty five percent of the applications were submitted by female applicants.

82. While reviewing these 73 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.
83. 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 also took into account the Strategic Action Plan in its selection Process. The Panel recommended to the Council to award 23 fellowships, subject to the availability of funds at a total cost of US\$151,445.00. Women accounted for 35% of the recommended applicants. Forty percent of the recommended applicants were from Africa, 30% from Asia/Pacific and 30% from Latin America and Caribbean region. The panel also recommended that some of the former fellows in the three geographic regions could be invited to make a presentation on their success stories at the next Session of the ITTC to be held in Yokohama in 2014, as part of events marking the commemoration of the 50th Session of the ITTC.
84. The delegate of the United States commended the Secretariat for the efficient management of the Fellowship programme and indicated that the United States was proud to be one of the main donors to the Programme. She was supported by the delegate of Togo who also wondered whether the Secretariat had developed the criteria to be used to select past Fellows to attend the celebration marking the 50th ITTC to be convened in Yokohama in November 2014. The Chairperson of the Panel responded that selection criteria for the fellowship applications were already in place and that the same criteria would be used for the selection of fellows to attend the 50th Session of the ITTC. The delegate of Panama also commended donors that had provided financial support to the Fellowship programme.
85. The report was approved by the Council.

ANNUAL REPORT FOR 2012 (Agenda Item 17)

86. The Annual Report for 2012 was presented by Mr. Ramon Carrillo (ITTO Secretariat). The report highlighted the work of the Organization in 2012, 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 2012.
87. Among the policy work of the Organization in 2012 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;
 - Promoting Efficient wood-processing technologies in producer countries;
 - Promoting trade in tropical timber and timber products from sustainably managed and legally harvested sources;
 - Validating revised draft principles and guidelines for SFM;
 - Improving forest law enforcement;
 - Promoting community forest management through a public-private partnership;
 - Maintaining ITTO's active involvement in international cooperation and collaboration;
 - Requirements of Legality and procurement policies for timber products;
 - Facilitating market Access;
 - Monitoring forest and timber certification;
 - ITTO and CBD Collaborative Initiative to conserve tropical forests; and
 - Strengthening collaboration between ITTO and JICA.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (Agenda Item 18)

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

88. The delegate of the European Union announced a pledge of 4 million Euros to the Special Account to finance an ITTO activity on “Independent Timber Market Monitoring System for the analysis of the reception of FLEGT licensed timber on the EU market”. He noted, however, that the pledge was subject to the successful conclusion of the contract negotiations between ITTO and the European Union. He was hopeful that the contract would be signed by the end of December 2013, and the project would be able to start by the beginning of 2014. He further mentioned that as a follow-up to the discussions on the fundraising strategy an amount of US\$13,000 would be taken from the 4 million Euros to support the recruitment of a fundraising professional for ITTO.

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

89. The report was presented by Mr. Mario Rafael Rodriguez Palma (Guatemala), Chairperson of the Committee on Finance and Administration. The Panel was composed of representatives of Japan, Switzerland, USA, Brazil, Benin and Papua New Guinea and the Executive Director. The Panel noted that as at the end of the Forty-eighth 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. As of 20 November 2013, the total funds received in the Sub-Account B of the Bali Partnership Fund since its establishment, amounted to US\$19.57 million, out of which \$19.4 million had been allocated. The estimated available fund balance as of 31 December 2013 would amount US\$175,793.57.

90. The Panel examined the list of projects, pre-project and activities pending financing and suggested that the following Activities from the Biennial Work Programme 2013 – 2014 would be eligible for funding from the Sub-Account B of the Bali Partnership Fund:

- Activity 12 (PP-A/48-275) Promote the understanding of the contribution of environmental services to the sustainable management of tropical forests
 - Jointly organize the International Forum on Environmental Services of Tropical Forests with FAO and other potential partners, to be held in Costa Rica in April 2014.

Proposed funding from Sub-Account B of the BPF: \$65,793.57

- Activity 23 (PP-A/48-280) Development of Environmental Product Declaration for three tropical wood products
 - Compile EPDs through the development of a Life Cycle Assessment reports for three products, namely *meranti* plywood, ipe decking and *khaya* lumber representing three important products from the three tropical regions.

Proposed funding from Sub-Account B of the BPF: \$90,000.00

- Activity 54 (PP-A/49-294) Implementation of the Fundraising Action Plan
 - Engage a Temporary fundraising Professional to assist the Executive Director in planning and especially implementing the fundraising for the Organization. All resources mobilized will support ITTO’s Strategic Action Plan 2013-2018, focusing on achieving the goals and objectives of ITTO and its members.

Proposed funding from Sub-Account B of the BPF: \$20,000.00

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

92. The delegate of Malaysia expressed gratitude to the European Union for the pledge of 4 million Euros to implement a system for independent timber market monitoring. He also commended the EU for its pledge contribution towards the recruitment of a fundraising specialist for the Organization. He noted that once the Organization was developing systems and investing in systems to monitor the entry of legal timber, any announcement to promote the implementation of SFM for sustainable timber or activities related to implementing systems for developing or exporting verified legal timber would equally be most appreciated.

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 19)

Joint Session of the Committees

93. The Joint Session of the Committees was chaired by Mr. Rob Busink (The Netherlands), Vice-Chairperson of the Council.

Report of the Expert Panel for Technical Appraisal of Project Proposals

94. The Joint Session considered the reports of the Expert Panel for Technical Appraisal of Project Proposals at its Forty-fifth and Forty-sixth Meetings held on 4-8 February 2013 and on 29 July-2 August 2013 in Yokohama, Japan as contained in documents ITTC/EP-45 and ITTC/EP-46, respectively. The reports were presented by Mr. Mario Rafael Rodriguez Palma (Guatemala), Chairperson of the Expert Panel for Technical Appraisal of Project Proposals at its Forty-sixth meeting.
95. The reports highlighted the following:
- A total of thirty-two (32) and forty-two (42) proposals were appraised at the Forty-fifth and Forty-sixth meetings respectively;
 - Thirteen (13) proposals (42% of proposals evaluated) comprising nine (9) projects and four (4) pre-projects were accorded category 1 rating at the Forty-fifth meeting and fifteen (15) proposals (36% of proposals evaluated) comprising 11 projects and 4 pre-projects were accorded category 1 rating at the Forty-sixth meeting;
 - Eight (8) out of the thirteen (13) proposals accorded category 1 rating during the Forty-fifth meeting and eight (8) out of the fifteen (15) proposals accorded category 1 rating at the Forty-sixth meeting were new proposals;
 - None (0) proposal accorded category 3 rating during the Forty-fifth meeting and one (1) proposal accorded category 3 rating during the Forty-sixth meeting; and
 - Fourteen (14) proposals appraised during the Forty-fifth meeting and sixteen (16) proposals during the Forty-sixth meeting were sent back to proponents for revision and four (4) proposals appraised during the Forty-fifth meeting and ten (10) proposals during the Forty-sixth meeting were recommended not to be approved by the Committees.
96. The reports also highlighted the general findings and recommendations of the Expert Panel at its Forty-fifth and Forty-sixth meetings, particularly with regard to the structure and design of projects to be addressed by the proponents of proposals.

Reports on Ex-post Evaluations

97. 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 40/00 Rev.4 (I) Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)

98. The Secretariat informed the Committee that contact was established with the Common Fund for Commodities (CFC, the donor of the project) who indicated that in accordance with their procedures, ex-post evaluation can only be undertaken two years after the completion of the project. Therefore, the Secretariat would contact CFC again next year to arrange for the evaluation of this project.

PD 306/04 Rev.1 (I) Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia

A presentation was made for the Committees by the consultant, on the results of his ex-post evaluation of the project. The ex-post evaluation was carried out in May 2013 by Dr. Hiras Sidabutar (Indonesia), thirty-two months after project completion. Some of the conclusions were:

- Despite weaknesses of the project design, the project had been successfully implemented and completed through full execution of all planned activities, delivery of the defined outputs and achievement of its defined specific objectives;
- The project had generated significant favourable impacts: attitude of the primary beneficiaries towards commercial utilization of planted timbers and development of forest plantations was improving; enthusiasm of the forest industries for availability of appropriate processing

technologies for planted timbers was growing while policies and programmes on forest plantation development were being enhanced;

- Technology transfer had been performed effectively through wide dissemination of the project outputs and publications, conduct of the workshop and seminar on improved utilization of tropical plantation timbers, execution of the road-show program throughout the regions and training of Malaysian researchers at FFPRI of Japan; and
- Overall, sustainability of the project was promising: the forest research institutions across the regions had been carrying out studies and experiments relating to planted wood properties and processing techniques using the methods developed under the project and a follow-up project proposal had been submitted to and approved by ITTO and awaiting funding for its implementation.

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

The report was presented by the consultant, Dr. Florence P. Soriano (Philippines). The Joint Committees noted that the project was completed on time and within the approved budget. The ex-post evaluation was carried out in June 2013 (25 months after project completion). The project provided scientific evidence of the efficacy of technology for inducing eaglewood formation including direct inoculation with the relevant pathogens. It identified the most suitable species of *Aquilaria* for eaglewood formation, mass produced inoculum and established demonstration sites in plantations and natural forests. The report noted that all planned project outputs were completed and the Government of Indonesia had adopted various measures to ensure sustainability of project outputs, including adoption of a 10-year Gaharu Master Plan. Recommendations of the ex-post evaluation included the need to communicate project objectives more widely, the need for risk assessment including potential for invasive insect outbreaks at project formulation stage, the need for a national plan for eaglewood producing trees, the need for private-public partnerships, and the need for regulation of inoculum pathogens. Dr. Soriano concluded that the project was successfully implemented and urged ITTO to promote information-sharing between eaglewood producing countries. Work on eaglewood is also relevant to the ITTO-CITES Programme and some of the recommendations of the ex-post evaluation could be relevant to future work on *Aquilaria* species under that Programme.

99. The representative of Indonesia thanked the consultant, donors and ITTO. He indicated that Indonesia had constituted a task force to take into account the recommendations of the ex-post evaluation in its future work on eaglewood. He noted that the project had drawn on and contributed to a long-running research program on eaglewood in Indonesia.
100. The representative of the USA thanked the consultant and noted that there might be a need for improving benefit sharing so that those collecting eaglewood would benefit more from the income derived from it. He queried whether Indonesia planned to phase out collection of eaglewood in the wild in favour of plantations and whether consumer preferences would continue to favour wild-produced material. He also questioned whether pest infestation was a problem in the wild or only in plantations.
101. The representative of Malaysia noted that *Aquilaria* is also native to his country and that its high value required special measures to conserve it. Since the findings of the project are extremely important to other countries, he suggested that Indonesia should consider convening a workshop to share the results obtained under the project.
102. The representative of PNG supported this call for an information sharing workshop on eaglewood producing species. The Secretariat informed the Joint Committees that a workshop on eaglewood/agarwood producing species would be convened in the second half of 2014 under the ITTO-CITES Programme and those relevant results from the project and its ex-post evaluation would be included in the agenda of the workshop.
103. During the Joint Session of the Committees, the Committees further took note of both the presentation of the synthesis of the ex-post evaluation for PD 54/99 Rev.2 (F) and PD 240/03 Rev.1 (F) under the Thematic Group of Environmental Services by the consultant, Mr. Jorge Malleux, and the presentation of the synthesis of the ex-post evaluation for PD 156/02 Rev.3 (F) and PD 349/05 Rev.2 (F) under the Thematic Group of Mangroves; by the consultant, Mr. Antonio Villa-Lopera. The Committees commended the consultants for their report and presentation. In addition, the delegations of Cameroon, Gabon, Guatemala, Mexico and Panama highlighted the critical importance of the highly vulnerable

mangrove forests in their countries and urged the Council to urgently consider advancing a decision to revamp ITTO's old Mangrove Work Plan 2002 – 2006.

Report on Development of ITTO Knowledge Management Strategy and Knowledge Management Guidelines

104. The report was prepared by the Consultants, Dr. Ivan Tomaselli and Mr. Riff Fullan. It was presented by Mr. Fullan. The report noted that the main recommended activities for the development of the ITTO Knowledge Management Strategy and Knowledge Management Guidelines would have to focus on the following three strategic pillars:

Strategic Pillar 1: Enhancing knowledge sharing and dissemination. The ITTO website is by far the most significant vehicle for sharing ITTO knowledge and learning and it receives the most attention, followed by the creation of a wide range of ITTO knowledge outputs.

Strategic Pillar 2: Leveraging knowledge through partnerships. Currently the most under-exploited area of ITTO influence, as ITTO's engagement in a variety of international partnerships, as well as with many partners in different regions, provides the foundation upon which a significantly stronger knowledge brokering role could be played by ITTO, especially through facilitation, support and capacity building for networks and communities of practice.

Strategic Pillar 3: Enabling knowledge use. This pillar is aimed at building appropriate knowledge capacities and institutional structures to fully realize ITTO's potential. The fulfillment of pillars 1 and 2 would depend upon having capacities within ITTO that are partly already in existence, and are partly in need of development. Pillar 3 exists to ensure such capacities are ready to be deployed as needed.

105. The report further noted that ITTO currently supports a wide variety of projects and activities in the area of tropical timber and SFM and also manages a substantial volume of information related to conservation, sustainable use and trade in tropical forest resources and acknowledges ITTO's important role in linking producer and consumer countries and in promoting international collaboration over tropical timber.
106. The importance of knowledge and learning to ITTO is considerable: through the dialogues, syntheses of the state-of-the-art in various technical publications, and the learning that is constantly taking place in the context of project and activity implementation, knowledge and learning could in many ways be said to constitute the life-blood of ITTO.
107. The report indicated that ITTO should take a conscious and strategic approach to KM and learning in order to maximize the impact of its work and the fulfillment of its mandate. However, in tackling this challenge the approach should be iterative and participatory rather than attempting to tackle all challenges big and small simultaneously and with the same level of energy. These activities, starting from the smallest and most immediate (e.g. strengthening retention of institutional memory, promotion of more opportunities for inter-divisional interaction) to the more complex and longer-term (e.g. reconceptualization of the website and the information management linked to it, increased engagement in facilitation of networks/collaborative processes), have been designed to bolster each other, and to create what will eventually be a self-sustaining momentum.
108. In order for this momentum to be built, later activities within the strategy could only be defined through reflection and adaptation based on earlier activities. While this results in a certain lack of specificity in the longer term (e.g. in Phase 3), it offers the possibility of a far more cost-effective and robust strategy, and a KM system that truly serves the knowledge and learning needs of ITTO and its partners.
109. The report indicated that the fundamental evolution foreseen would be from support for traditional dialogues, project/activity collaboration and information provision, to a more networked way of working, that would elevate knowledge and learning to a more central position, and place responsibility for their generation and use in the hands of the people and institutions that are best placed to accomplish this.
110. The delegate of Guatemala noted the emphasis on the role of the Secretariat in the report and sought clarification on the role of the regional offices and whether the KM Strategy could also promote regional meetings, perhaps organized through the regional offices. In his response, the consultant agreed that regional networking holds a lot of potential, and regional meetings could be organized for example around other meetings to take advantage of synergies and make it easier to finance.

111. The delegate of Mexico mentioned the potential of social media in stimulating greater multi-stakeholder engagement, and that there was already a lot of use of social media for such purposes. In his response, the consultant agreed about the potential of these kinds of tools, though the specific technical tools used and the contexts within which they are used need to be determined within a strategic approach as part of ITTO KM strategy, and bearing in mind the resource constraints within the strategy. He further noted the question of how these tools would be 'rolled out', and indicated that the use of such tools/media would only be appropriate if members and partners would be engaged in a meaningful way, so that 'social media users' themselves would generate much, if not most of the energy required and would only need a 'light touch' facilitation-wise from the Secretariat.
112. The delegate of the European Union agreed with the need to implement a KM Strategy, and underlined its importance and potential benefits for ITTO. He indicated that there might be some things to examine in terms of specific recommendations, as well as getting a clearer idea of resources already in place and the additional resources required.
113. The delegate of Peru referred to the fact that 2014 marks the 50th anniversary of several universities engaged in forest-related issues, and therefore, presents an excellent opportunity to reflect and capitalize on the learning that had occurred over that period, and the future outlook for the sector. He indicated that this would also provide an excellent opportunity for ITTO to network with the academic community in Peru. In his response, the consultant stated that it would be up to ITTO to decide where the most strategic opportunities are, but certainly where there is a chance to share critical knowledge and to network among key stakeholders, it would be good for ITTO to take advantage of it.

Technical Guidance for the Quantification of Carbon Benefits in ITTO Projects

114. The Joint Committee received the report on "Technical Guidance for the Quantification of Carbon Benefits in ITTO Projects" resulting from ITTO Project financed under the REDDES Thematic Programme. The report was presented by Dr. Carmenza Robledo,
115. The outcomes of the activity included: (i) a fast track estimation tool (sScreen) developed for estimating the contribution of forestry activities to climate change mitigation, including carbon sequestration, carbon enhancement, greenhouse gas emissions reduction from deforestation and forest degradation and quantification of timber and wood products; (ii) results of quantifying carbon benefits generated from three ITTO projects (Colombia: Alternative financing model for sustainable forest management in San Nicolas, Ghana: Women and Tropical Forestry Development Program (Phase1), and Malaysia: Development of Lanjak Entimau Wildlife Sanctuary as a totally protected area); and (iii) a technical guidance for the quantification of carbon benefits in the design and implementation of ITTO projects.
116. She recommended in her presentation that the sScreen should be made available to forest managers and decision makers and "Technical Guidance for the Quantification of Carbon Benefits in the Design and Implementation of ITTO Projects" should be published and uploaded on the ITTO website for wider dissemination. Formulation and organization of a capacity building programme for the sScreen and the technical guidance was also recommended to ensure effective forest carbon measurement and monitoring of ITTO projects.
117. The presentation was received with strong interest by delegates. The delegations of Malaysia, Switzerland, Brazil, the EU, Congo and Indonesia, expressed their appreciation for the work and acknowledged the value and usefulness of the sScreen and the technical guidance, but requested more time to study them prior to publication and dissemination.

ITTO Annual Market Discussion 2013

118. The ITTO Annual Market Discussion – 2013, was held in the Joint Session of All Committees on 27 November 2013. The theme of the Market Discussion was "Trade Approaches to Meeting Market Demand for Legality". Mr. Rob Busink, Vice-Chairperson of the Council, chaired the meeting and Mr. Barney Chan (TAG Coordinator) served as the moderator of the Market Discussion.
119. The following feature presentations were made during the Market Discussion:

Mr. Alhassan Attah, Marketing Consultant
Ghana

"Progressing Towards the Export of VPA/FLEGT
License Timber: Ghana's Experience and Lessons

	Learned”
Dr. Ivan Tomaselli, President STCP Engenharia de Projetos Ltda. (Brazil)	“Trends in Brazil’s Production and International Trade”
Mr. Ralph M. Ridder, Director General Association Technique Internationale des Bois Tropicaux (ATIBT)(France)	“Forest Sector and Timber Trade in ATIBT Focus Countries”
Mr. Maidiward, Forestry Attache Embassy of Indonesia in Japan	“Indonesia’s Readiness to Supply World Market with Legal Timber from Sustainable Managed Forests: Updating SVLK/VPA Implementation”
Mr. Boubacar Ben Salah, President Syndicat des Producteurs Industriels du Bois de Côte d’Ivoire (SPIB)(Côte d’Ivoire)	“FLEGT Processes in Côte d’Ivoire”
Mr. Rupert Oliver, Managing Director Forest Industries Intelligence, Ltd. (UK)	“The European Market for Tropical Timber: Turning a Crisis into an Opportunity?”

120. 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 2014. He informed the Committees that the tentative theme for the discussion would be “Domestic and Emerging International Markets – A Changing Market Landscape”.

Civil Society Advisory Group Special Event on “Challenges and Opportunities for Supporting Legal Smallholder and Community Forestry Enterprises in Today’s Context”

121. The Civil Society Advisory Group (CSAG) organized a panel discussion on the “Challenges and Opportunities for Supporting Legal Smallholder and Community Forestry Enterprises in today’s legal context” on 26 November 2013. The Session was chaired by Mme Nathalie Nyare Essima, the Technical Advisor to the Minister of Forestry, Gabon.

122. The following feature presentations were made during the Session:

FLEGT/VPA and SME/CFEs by Bernard Crabbé, European Commission

123. Mr. Crabbé presented the EU Forest Law Enforcement Governance and Trade (FLEGT) and the Voluntary Partnership Agreement (VPA). He gave an overview of the FLEGT Action Plan and the VPA and the current status with partner countries. He noted a number of opportunities which the FLEGT/VPA could have on the Small Medium Enterprises, and the Community Forest Enterprises. The VPA provides a base for national consensus between stakeholders, a space for NGOs to participate in the negotiations, level playing field as the FLEGT licensing for export to the EU is applied to all stakeholders, clarity and transparency is enhanced leading to a reduction of abuses of the system, and to raise awareness about legality issues, community rights and understanding of forest laws by all stakeholders. He noted a number of challenges for SMEs/CFEs and FLEGT and no single blueprint to suit all stakeholders due to different context and different actors involved. He also noted the cost of legality and its benefits and how to bring down the cost, the challenges of corruption and vested interests and the huge capacity building needs of all stakeholders.
124. The delegate of Indonesia mentioned the Indonesia National Legality Assurance System (SVLK) which include provisions for SME and CFEs and noted the main challenge for small scale holders as the lack of capacity and indicated that CFEs could do a group certification. He expressed gratitude to the government of UK and ITTO for support for the timber certification for the CFME which now totaling nearly 10,000 hectares in 10 districts which were carried out with the participation of NGOs and communities. He also indicated that the Ministry of Forestry was actively conducting capacity building for the CFEs and SMEs. The delegate of Benin announced an interest in the FLEGT process and informed that it has been 8 months since discussions began with the EC but there was lack of progress in the discussions. Benin would need more information and was committed to the discussions on FLEGT. The delegate of Cameroon informed that Cameroon had signed the VPA and ratified the agreement. The main challenge had been in setting up the traceability system in the

country. The software had not been developed for the traceability programme. In its place, the government had developed the SIGIF II system and Cameroon was seeking technical support from the EU to put the system in place for the country. Cote d'Ivoire thanked the EU representative for the presentation that underscored all the positive aspects of the FLEGT Action Plan. In addition to FLEGT, he indicated that there was a need for a global governance structure and system that would help Côte d'Ivoire's efforts on the FLEGT process.

125. In response, Mr. Crabbé stressed that the EU would continue to support Cote d'Ivoire in developing its FLEGT process and that the country was facing a difficult and complex environment. The EU and EFI were ready to provide support to Cote d'Ivoire, Indonesia, and Cameroon, the latter in support of their traceability system.
126. The delegate of Malaysia noted the involvement of his country in many of the dialogue on illegal logging and indicated that the EU's FLEGT VPA was the most promising action. He indicated that once signed, the VPA would form the baseline for future measurement of progress. He indicated that the EU had provided capacity building and that Malaysia has been one of the earliest countries to begin negotiating the VPA and has since made substantial progress. He indicated that Malaysia has strong NGO movements and also a strong industry and informed that some industries had indicated that the TLAS was too stringent, and difficult to implement, and would involve very high costs, while the NGOs have indicated their support for the TLAS. Pending the signing of the VPA, Malaysia has developed a license system to verify legality- MY TLAS, similar to the Indonesian SVLK and goes through third party audit. Malaysia has also developed an implementation coordination committee comprising of 8 agencies from 5 ministries to coordinate MY TLAS to demonstrate legality. The coordination is challenging but would help to develop an efficient system through computerization of the process. There is also MY TLAS advisory group, comprising of government, NGO and industry. Malaysia had not yet signed the VPA and stated that Malaysia's approach was different compared to other countries and once signed, Malaysia would be able to deliver legal timber the next day.

Progress of an ITTO funded project, RED-PPD-074: "Identification of a project on gender mainstreaming in the development of actions to control deforestation and forest degradation, to improve the wellbeing of forest dependent communities and other ecosystems in Central and West Africa" by Mary Nyuyinui, Gender Expert

127. The objective of the project was to carry out a study on women's involvement in deforestation and forest degradation in order to come out with a regional project on "how to improve gender mainstreaming in the development of actions against deforestation and forest degradation, adaptation to climate change and to improve on the welfare of forest-dependent communities" in Liberia, CAR, Gabon and Cameroon. The project started in September 2013 and the study was ongoing with data collection. By the end of December 2013, the studies would be finalized and the results of the studies would show women's contribution to deforestation, forest degradation, including proposals highlighting women's ability to contribute to the fight against climate change in the above mentioned countries.
128. The delegate of Cote d'Ivoire questioned the preliminary findings of the ITTO project which appeared to show that men have been the main stakeholders that destroy the large trees in the community forests and not women. He indicated that in Cote d'Ivoire, the men do the felling of the trees while the women do the planting. He underscored the fact that gender is an issue that needs to be integrated to understand the role of everyone, and their shared responsibilities. Cote d'Ivoire would be interested to see the final report of the project to disprove the preliminary findings in relation to the role of men in deforestation and forest degradation.

OR VERT PLATFORM by Mme Odette Nancyne MAROUNDU, President of OR VERT Platform since 2010, and IVARU-IBOTI NGO since 2006, member of REFACOF

129. The presenter informed that the Republic of Gabon had finally adopted the community forest process as a participatory tool for sustainable management of natural resources and that the process was not exclusive to men. Women's associations, under the umbrella of Or Vert Platform, Gabon, got engaged in the process and were responsible for the management of the Kougouleu Community Forest. These women were faced with some challenges such as administrative bottlenecks, the lack of commitment of the population that did not yet understand the wellbeing of working as a community, lack of technical support and the lack of access to funding.

Community Based Forest Management (CBFM) and Community Forest Enterprises (CFE) in Indonesia as one adaptive solution to empower the local community by Ms Christine Wulandari, Lampung University, and Communication Forum on Community Forestry (FKKM), Indonesia

130. The presenter gave a list of common characteristics of CFEs distinguishing CFEs from industrial systems, based on the rights of the community or its members as resource owner, including being smaller scale and less capital intensive, value added carried out at the local level and the investments staying within the community. Her presentation focused on CBFM, in Hutan Kemasyarakatan and Community Forestry (CF) in protection forest in the Lampung Province in Indonesia. She noted that it was possible for CBFM and CFEs to be part of the SVLK, the Indonesia legality verification system but it would require funding support, capacity building and technical support, underpinned by a change in legislation for local community forestry.

Pit sawing in Liberia and the changes that happened to bring this informal sector into the formal sector by Francis K. Colee, Green Advocates, Liberia

131. The presentation focused on the pit sawing or chainsaw logging as a small scale enterprise, conducted by members in the local communities and the product supplied to the local market. The pit sawyers in Liberia are organized through their union that participates in the VPA process. The challenge has been the lack of adequate capacity and awareness among the members and the lack of understanding of forest law and its compliance. Liberia enacted a new law on Chainsaw Milling Regulation in March 2012 to bring the sector into the formal regulated sector where they do pay taxes, while giving the communities the right to allocate forest areas for harvesting, and giving the pit sawyers the rights to the forest resources. The challenges have been combating illegal logging, ensuring low impact logging, improved recovery and reducing waste, enhancing their business plan development and benefits retention, employment and increased support for the right to Free, Prior and Informed Consent (FPIC), while balancing economic benefits and biodiversity conservation.
132. The delegate of Benin sought clarification on the Liberia pit sawing system with regard to the 5 stages to ensure a win-win situation for the pit sawyer, local community and government. He referred to stages 3, 4 and 5, and wanted to know the moment of state intervention in measuring the volume harvested and the corresponding tax payment, as well as the role of the government in the control of illegal logging.
133. The delegate of Gabon expressed his country's interest in drawing on the experience of Liberia on pit sawing since Gabon was facing similar problems and challenges. He indicated that legalizing pit sawing was a good approach, however, there should also be efforts placed on the management of the resource and that pit sawing should be subjected to certain management rules. He underscored that pit sawing could open opportunities for small local businesses which would be good for the people and the forest. He indicated that the low industrial impact from the low technology equipment used would be an added benefit. In his response, Mr. Colee provided further explanations on the implementation of the pit sawing legislation and promised to provide copies of the legislation to Gabon and Benin.

Overview of the structure of FSC and how FSC can support legality efforts by John Hontelez, Chief Advocacy Officer of the Forest Stewardship Council (FSC)

134. The speaker referred to Principle One of the FSC Principles and Criteria and indicated that FSC brings legality plus solutions covering environmental, social sustainability and market opportunities. He indicated that FSC can assist companies to comply with the EU Timber Regulation and the US Lacey Act where certification can help companies to ensure control on legality of harvesting and export which is an important part of a due diligence system. He further stated that some of the VPA countries have recognized or in the process of acknowledging FSC as compliance of FLEGT related legality. He cited Cameroon, Republic of Congo, Liberia and Central African Republic. FSC can also help smallholders to meet certification requirements via the smallholder support programme to achieve group certification and certification of small and low intensively managed forests (SLIMF). This would allow smallholders to gain market access and price premium through diversification, adding value and increase influence on the supply chain for timber products.

Committee on Economic Information and Market Intelligence

135. Mr. Tabi Agyarko (Ghana), Chairperson of the Committee on Economic Information and Market Intelligence, presented the report of the Committee, as contained in document CEM-CFI(XLVII)/6. The Committee met in Joint Session with the Committee on Forest Industry.
136. The Committee considered the reports of two (2) completed projects and one pre-project and declared these duly complete. The Committee further considered the progress in implementation of five (5) projects and noted that three (3) projects and one pre-project previously approved by the Committee were still pending financing and recommended to the Council that funding be made immediately available for them.
137. 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) promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources; (v) analyze the economic impact of governmental procurement policies on tropical timber markets; and (vi) items on Policy Work for 2014.
138. The Secretariat informed the Committee that funds remaining in the CEM part of the pooled ex-post evaluation fund had been depleted and were only sufficient to carry out ex-post evaluation of one project. The Secretariat recommended, and the Committee approved, the following project for ex-post evaluation.
- | | |
|---------------------|---|
| PD 406/06 Rev.1 (M) | Establishment of the National Forest and Timber Marketing Statistics System (Ecuador) |
|---------------------|---|
139. Following the usual consultations undertaken by the producer and consumer groups, Mr. Osamu Hashiramoto (Japan) was elected Chairperson of the CEM and Dr. Teguh Raharjo (Indonesia) was elected Vice-chair for 2014.
140. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

Committee on Reforestation and Forest Management

141. Ms. Alicia Grimes (United States of America), Chairperson of the Committee on Reforestation and Forest Management presented the report of the Committee, as contained in document CRF(XLVII)/8.
142. The Committee considered the reports on twelve (12) completed projects and declared these as duly complete. The Committee took note of a status report [document CRF(XLVII)/7] prepared by the Secretariat on the 68 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 (40), B) awaiting the signing of an Agreement (3), C) projects awaiting financing (23), or D) falling under the sunset provision since the last Session (2). 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.
143. On policy work, the Committee considered the following issues: (i) Promote the understanding of the contribution of environmental services to the sustainable management of tropical forests; (ii) 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; (iii) ITTO contribution to United Nations International Strategy for Disaster Reduction (UNISDR) and support to regional fire networks; (iv) ITTO collaboration with the International Partnership for the Satoyama Initiative (IPSI); (v) 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; (vi) Promote the publication, dissemination and application of the revised *ITTO*

Guidelines for the Sustainable Management of Natural Tropical Forests; and (vii) Quantifying Carbon Benefits of ITTO Projects.

144. The Committee on Reforestation and Forest Management noted that ex-post evaluation was conducted during the Joint Session of the Committees. The Committees further took note of both the presentation of the synthesis of the ex-post evaluation for PD 54/99 Rev.2 (F) and PD 240/03 Rev.1 (F) under the Thematic Group of Environmental Services by the consultant, Mr. Jorge Malleux, and the presentation of the synthesis of the ex-post evaluation for PD 156/02 Rev.3 (F) and PD 349/05 Rev.2 (F) under the Thematic Group of Mangroves; by the consultant, Mr. Antonio Villa-Lopera.
145. Mr. Jorge Malleux (Peru) was elected as Chairperson for 2014 and Dr. James Gasana (Switzerland) was elected as Vice-Chairperson.
146. The report of the Committee was approved by the Council. The full report is contained in Annex IV.

Committee on Forest Industry

147. Dr. Ruth Caroline Hitahat Turia (Papua New Guinea), Chairperson of the Committee on Forest Industry presented the report of the Committee as contained in document CEM-CFI(XLVII)/6.

148. The Committee considered the completion reports on five (5) projects and duly declared these as complete and selected the following completed project for ex-post evaluation:

PD 523/08 Rev.1 (I) Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia

149. The Committee further reviewed the progress in implementation of nine (9) 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.

150. The Committee noted that the Joint Session of the Committees considered the ex-post evaluation of the following projects in the field of Forest Industry:

PD 306/04 Rev.1 (I) Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia

The ex-post evaluation was carried out in May 2013 by Dr. Hiras Sidabutar (Indonesia), thirty-two months after project completion.

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

The report was presented by the consultant, Dr. Florence P. Soriano (Philippines).

151. 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/47-262];
 - (ii) Matching the needs of the forest industry with innovations, technologies and know-how developed through ITTO projects [PP-A/47-263]; and
 - (ii) Items on Policy Work for 2014.
152. Following the usual consultations undertaken in the Producer and Consumer caucus groups, Mr. Björn Merzell (Sweden) was elected Chairperson of the CFI and Mr. Miguel R. Mendieta (Honduras) was elected Vice-chair for 2014.

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

Committee on Finance and Administration

154. The CFA reviewed the draft Biennial Administrative Budget for 2014 and 2015, and recommended to the Council to approve the Biennial Administrative Budget for the Financial Years 2014 and 2015 in the amount of US\$7,335,762 and US\$7,689,505 respectively. The approved budget for 2014 represent a decrease of US\$296,743 (3.86%) compared to the approved budget for 2013. The approved administrative budget for 2015 was kept at the same level as the approved budget for 2013.
155. The Committee reviewed members' contributions to the Administrative budget and noted that in 2013, an amount of US\$2,075,185.17 had been received from Producing Members out of the total net assessment of US\$3,699,700.00; and US\$3,947,233.00 had been received from Consuming Members out of the net assessed amount of US\$3,989,061.00. The Committee noted that the arrearages in contributions to previous years' budgets from Producing Members amount to US\$2,682,276.13; and arrearages from a consuming member amount to US\$43,476.00. The arrearages of 10 former members amount to US\$2,348,664.28 that includes the interest charge of US\$31,043.56. As at 25 November 2013 the total outstanding contributions from Producer Members was US\$4,385,833.73 and from Consumer Members was US\$85,304.00.
156. 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.
157. The Committee examined the current status of the Administrative Account and noted that the estimated expenditures for the financial year 2013 would amount to US\$6,562,595.00 (i.e. US\$1,085,023.00 less than the total amount approved in the budget for 2013 of US\$7,689,505). This had been achieved through stricter control of expenditures and other prudent financial management measures instituted by the Executive Director, as well as the weaker strength of the Japanese Yen.
158. The Secretariat informed the Committee that the total contributions received from both Producer and Consumer members amounted to US\$6,022,795.78, and together with contributions expected to be paid by members before the end of 2013 (of US\$1,058,091.00), it was anticipated that an estimated surplus in the amount of \$521,886.48 would accrue in 2013. The Secretariat further informed the Committee that the balance of the Working Capital Account (WCA) was estimated to increase from the balance of US\$3,198,075 at the beginning of 2013 to US\$4,066,726.57 by the end of the year 2013.
159. The Committee on Finance and Administration reviewed the Auditor's report for the Financial Year 2012 and recommended to the Council to approve the report of the Independent Public Accountants on the Accounts of the Organization for the Year 2012. The Committee also recommended to the Council to approve the appointment of BDO Toyo & Co. / BDO Sanyu & Co., Tokyo, to audit the Accounts of the Organization for the financial year 2013 and beyond, subject to satisfactory performance.
160. The Committee recommended to the Council to approve the terms of reference for the recruitment of a temporary fundraising consultant to assist the Executive Director in mobilizing new funding and partnerships for ITTO and its Objectives.
161. The Committee reviewed the ITTO Whistle Blower Policy presented by the Secretariat and recommended to the Council to approve the Policy. The Committee also agreed to include in the agenda for the next Session, the revision of the ITTO Staff Rules and Regulations and requested the Secretariat to provide the up-to-date information on the UN Staff Regulations and Rules to member countries.
162. Following the usual consultations among Producers and Consumers the Committee elected Ms. Ellen Shaw (USA) and Mr. Gilbert Kaya (Republic of Congo) as Chairperson and Vice-chairperson respectively of the Committee for 2014.
163. 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 2014 (Agenda Item 20)

164. The delegate of Indonesia, on behalf of the Producer Group, nominated Mr. Rob Busink (The Netherlands) as Chairperson of the Council for 2014.

165. The delegate of Switzerland, on behalf of the Consumer Group, nominated Dato' Dr. B.C.Y. Freezailah (Malaysia) as Vice-Chairperson of the Council for 2014.
166. The Council unanimously approved both nominations.

DATES AND VENUES OF THE FIFTIETH AND FIFTY-FIRST SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (Agenda Item 21)

167. The delegate of Japan confirmed that the Fiftieth Session of the Council would be convened in Yokohama, Japan on 3 – 8 November 2014.
168. The delegate of Malaysia thanked the government of Gabon for hosting the Forty-ninth Session of the ITTC. He noted Malaysia's long history of systematically managing its forest resources and its aspiration to have at least 50% of its land area under forest and tree cover, in accordance with the country's commitment made at the Earth Summit in 1992. He underlined the world-wide recognition of the country's tropical forests as one of the most productive in the world and indicated that the country was blessed to still have 56.4% of its land area covered by forest, with nearly 33 million hectares still covered with natural tropical forest. He further underlined the contribution of the Malaysian timber industry to the country's export earnings and noted that in 2012, the Malaysian timber sector generated over MYR20 billion of export earnings and contributed nearly 2.9% of the Gross Domestic Product (GDP) and stated that the timber industry of Malaysia is one of the prime driving forces for growth in the country's economy. He noted the introduction of timber certification to further enhance the implementation of SFM in Malaysia, which has become the first timber certification scheme in the Asia-Pacific region to be accorded international recognition through its endorsement by the PEFC in May 2009 and underlined that the MTCS had gained international recognition and accepted under the national timber procurement policies of importing countries.
169. The delegate noted that in view of the developments and achievements, Malaysia would tentatively offer to host the Fifty-first Session of the Council on 23 - 28 November 2015. He indicated that Malaysia would confirm the offer by the first quarter of 2014.

OTHER BUSINESS (Agenda item 22)

Statement by UNFF Consultant, Mr. Chipeta Mafa on the International Arrangement on Forests

170. Mr. Chipeta indicated that he was one of five consultants undertaking the independent assessment on the International Arrangement on Forests. He noted that although much had been spoken, and written about forests around the globe there was the need for consultations with member states, major groups, and all key parties on the international arrangement on forests in order to be able to provide an independent opinion and suggestions on the way forward.
171. He expressed his gratitude to all delegates who had shared ideas with him during the Session in spite of their busy schedules. He promised that the final report would be succinct, cutting through on what had worked and why, and what did not work and why. He underlined that the report would focus on the things that would really move countries forward in the coming years and indicated that it was premature to share with delegates views that were being expressed.
172. He reiterated his gratitude to delegates who had been open with him and indicated that he would be contacting them again in the near future to seek further clarifications on some issues.

Statement by Representative of the UNFF Secretariat, Ms. Afsa Kemitale

173. Ms. Kemitale provided an update on recent developments in the international forest policy process, in particular with regard to the review of the International Arrangement on Forests (IAF) and informed that the Eleventh Session of the United Nations Forum on Forests in May 2015, would review the effectiveness of the IAF, and decide on its future.
174. She noted that in accordance with relevant resolutions of the ECOSOC and the UNFF, the International Arrangement on Forest refers to the Forum itself as a subsidiary body of ECOSOC with universal membership; the Forum's method and organization of work, its mandate and functions, its Secretariat and key stakeholders including Member States, forest related international organizations, the Collaborative Partnership on Forests (CPF) of which ITTO is one of the most active members,

regional processes and organizations, as well as major groups. She indicated that UNFF11 in 2015 would also review progress made in the implementation of the Non-Legally binding instrument on all types of forests as well as its four shared global objectives on forests. In addition, implementation of the decisions and resolutions of the Forum, as well as the contributions of forests to other internationally agreed development goals including the Millennium Development Goals (MDGs) would also be part of the review of the IAF in 2015.

175. The representative of the UNFF stated that the review of the IAF and decisions on its future was happening at a time that the international community was fully engaged in defining the future development agenda beyond 2015 around specific sustainable development goals, making the work of the UNFF11 even more strategically important for the international forest community. She noted that during UNFF10 convened in Istanbul, Turkey in 2013, the Forum adopted a resolution to carry out intensive inter-sessional activities on the IAF to pave the ground for the Eleventh Session of the UNFF in 2015, including:
- Soliciting views from Member States and other stakeholders on the IAF. The UNFF Secretariat had consequently prepared and sent out a survey to all stakeholders. The deadline for submission of the views was extended to 30 November 2013. She underlined the importance of the review and strongly encouraged countries that had not yet done so, to submit their views immediately. A compilation of these views would be submitted to the first meeting of the ad-hoc expert group on the IAF scheduled for February 2014.
 - The second key agreed inter-sessional activity was the independent assessment of the IAF. The work of the five independent consultants would be coordinated by 2 co-facilitators namely:
 - Mr. Hans Hoogoven from the Netherlands representing the North; and
 - Ambassador Saiful Azam Martinus Abdullah of Malaysia, representing the South.
 - The third and final inter-sessional activity would be to hold two meetings of the IAF open ended intergovernmental ad hoc expert group (AHEG to be convened on 24 -28 February 2014 in Nairobi, Kenya and the second AHEG would be held either in December 2014 or January 2015 in New York.
176. The key mandate of the AHEG would be to review all inputs including the response to the survey, as well as the final outcome of the independent assessment of the IAF, and any other relevant inputs and provide its recommendations on the future of the IAF to UNFF11, taking into account the developments with regard to the sustainable development goals and the post 2015 UN development agenda.
177. The AHEG on IAF would be chaired by two representatives, one from the North and the other from the South. Mr. Charles Barber from the United Nations had been nominated as the AHEG co-chair from the North. Prior to AHEG1, the eighth session of the Open Working Group of the General Assembly on Sustainable Development Goals would discuss "forests" from 4-7 February 2014 in New York. The meeting of the Open Working Group (OWG) would provide a unique opportunity to integrate forests among the SDGs.
178. In preparation for the meeting of the OWG, the UNFF Secretariat carried out number of activities including:
- (a) The preparation of the Forest Issue Brief (FIB). This Issue Brief was coordinated and prepared by the UNFF Secretariat with contributions from CPF and non-CPF organizations within the UN system; and
 - (b) The FIB is aimed at communicating the significant contributions of all types of forests and trees to sustainable development, and the need for their integration into SDGs.
179. In this regard, the Forest Issue Brief provided many facts and figures about multiple contributions of forests to all issues of sustainable development. It also provided a list of existing key goals and targets related to forests. In addition, the Brief stressed the fact that the integration of forests into the SDGs would require all environmental, economic and social dimensions of forests and trees outside forests and their contributions to sustainable development to be recognized. It recommended that the OWG

and SDGs should take into full account the interconnections of forests with other critical areas such as water, energy, biodiversity, agriculture, land, and food security.

180. In this regard the UNFF Secretariat promoted and highlighted the contributions of forests to other issues through providing specific suggestions on at least ten other Issue Briefs prepared for the OWG so as to ensure that the recommendations coming out of these briefs are integrated, cross-sectoral, cross-institutional and gender sensitive. The FIB provided two options: a specific SDG on forests, and a cross-cutting “integrated Landscape SDG” focusing on land, forest biodiversity, water and other renewable natural resources. Furthermore, the UNFF Secretariat organized the 1st Facilitative Dialogue on the International Arrangement on Forests workshop in October in Vienna. Among other topics, the workshop held extensive discussions on how to elevate the status of forests in the SDGs.
181. The representative also informed that Ms. Jan McAlpine, the Director of UNFFS retired on 15 November 2013, and Mr. Mahendra Joshi, Senior Programme Officer was acting as Officer-in-charge of the Secretariat. She indicated that in spite of limited resources and staff, the UNFF Secretariat was functioning well and on track to deliver on its programme of work. The recruitment process for the new Director was moving ahead expeditiously and the new director should be recruited by April 2014.
182. The representative commended ITTO for seconding staff to the UNFFS in the past and stated that as the UNFF Secretariat was preparing for the review of the International Arrangement on Forests and the UNFF11 Session, there was more than ever before the critical need of both human and financial resources and called on the Council to assist once again with a secondment of staff to the UNFF Secretariat.
183. She further underlined that the UNFF Secretariat would like to ensure that the outcomes of the inter-sessional activities and the UNFF11 fully reflect the views of all Member States and called upon the donor community to assist in providing funds for the participation of developing countries and countries in transition to the mandated AHEGs, and more importantly, to the UNFF11 Session in May 2015.

Statement by the Representative of Equatorial Guinea

184. The representative expressed gratitude to ITTO and the Government of Gabon for the invitation to participate in the Forty-ninth Session of the ITTC. He provided information on the population of the Country (1,150,000) and a land area (28,051 km²), 80% of which is covered by forests. Guinea Equatorial is located 111.11 km to the north of the equator, on the Gulf of Guinea. The country used to be a Spanish colony and hence its official language is Spanish.
185. He noted that Equatorial Guinea was participating in the Session of the Council for the first time as an observer and expressed the interest of his country to become a member of ITTO and would subsequently deposit its instrument of accession at the United Nations.
186. He informed that Equatorial Guinea is a member of the IUCN, OAB, COMIFAC, CITES, Ramsar, RAPAC, CEFDHAC, RIFFEAC, and many other organization. The country has transboundary areas with Cameroon (Rio Campo and Campo Ma'an Natural Reserves) and with Gabon (the great Monte Alen – Mont de Cristal Landscape). The country also has an exclusive 300,000- km² economic marine area to the southwest of the Muni Estuary Natural Reserve, which is shared with Gabon and home to a substantial mangrove ecosystem.

DECISIONS AND REPORT OF THE SESSION (Agenda Item 23)

187. The Chairperson referred to documents ITTC(XLIX)/15 – ITTC(XLVIII)/21 comprising the seven (7) Decisions for consideration and adoption by the Council.
188. 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 for the circulation of the decisions and the report of the Council to Members.
189. The texts of the seven decisions adopted by the Council are contained in Annex III.

CLOSING OF THE SESSION (Agenda Item 24)

Statement by the Civil Society Advisory Group (CSAG)

190. The statement was presented by Mr. Francis Kemaworlee Colee, Green Advocates of Liberia on behalf of the Civil Society Advisory Group (CSAG).
191. The CSAG expressed gratitude to the Government of Gabon and ITTO for the organization and hosting of the Session. He stated that the CSAG takes very seriously its important role for civil society in contributing to ITTO's policy development, and as collaborators in, and contributors to activities implemented by member governments, and as potential implementers of ITTO activities, including projects. He thanked the Secretariat for officially including a CSAG panel discussion in the Council agenda. He noted that the ITTO revised Guidelines for SFM continued to generate a lot of debate in the Council. He recalled that the Guidelines had already undergone 3 revisions, with the CSAG participation in many of them and providing inputs. Yet, the Council was still debating the adoption of the revised Guidelines. He underlined that achieving the widespread implementation of SFM would require, among other things, addressing land tenure; revising policies for the allocation of forest resources; promoting transparency in forest production and trade; and a strong commitment to gender mainstreaming and forest law enforcement. He reiterated that it was not enough for Governments to pay lip service and carry out pilot studies and field demonstrations and noted that member countries have been doing these; yet, the full roll out of successful demonstration projects throughout the member countries was still lacking. He indicated CSAG continued concern that the many lessons learned from projects funded by ITTO were not being fully adopted nationally within the member countries.
192. He further stated that the CSAG continued to note that the use of participatory mechanisms to engage local communities appeared to be just to tick the box and greater inclusion of social experts, CSAG and NGO communities working with the local communities might help ITTO members to ensure real inclusiveness and participation and stakeholder consultation. CSAG was convinced that informal, domestic and regional markets would continue to play an ever increasing role in the economy of many of the ITTO producer and consumer countries as well as the issue of tenure and community management and enterprise, forest certification and gender, gaining ever more prominence for the ITTO member countries as the climate change dialogue, impacts and response mechanisms evolve.
193. The CSAG made the following recommendations for the consideration of the Council:
- That ITTO should adopt the Guidelines on SFM and continue to expand its work and influence on reforming policy and governance in order to address the new global challenges and capture emerging opportunities to promote sustainable forest management, social and economic development;
 - ITTO should encourage all member countries to adopt the successful field pilot and demonstration projects to the rest of the country in a strategic and planned manner;
 - Encourage ITTO to research and publish an annual country score sheets or report cards on how each ITTO member country was performing on legality, progress towards SFM, environmental issues, women-based community forest enterprises, the rights of communities and other small producers and their participation in markets and trade. This could be a form of an Index (like the Corruption Perception Index prepared by Transparency International) on the performance of member countries on "land tenure; gender mainstreaming; levelling of CBFM implementation; revising policies for the allocation of forest resources; promoting transparency in forest production and trade; and a strong commitment to forest law enforcement. He reiterated that it was high time that members underwent evaluation and be accounted on their commitment and compliance towards the ideals which they have signed in the ITTA 2006. CSAG was willing to work with ITTO to develop the methodology for the Index; and
 - Encourage ITTO to formally introduce some form of Grievance mechanism that encompasses elements of a whistleblower protection programme in response to violations of SFM at the country level. This would help to support the national appeals process and ensure that grievances are acknowledged, checked and acted upon. Clear rule of law requires that the ITTO provides appropriate remedies and effective redress mechanisms. These may include appeals mechanisms, as well as efficient monitoring mechanisms to ensure the impartial and just implementation of laws, rules and regulations on Sustainable Forest Management (SFM). He also called for the institution of claim and recourse mechanisms to allow affected communities to question decisions and to have access to justice and remedy and that the CSAG was willing to assist ITTO in setting up such a mechanism.

Statements by Delegations and Observers

194. The representative of South Africa indicated that although his country announced in 2008 its intention to join ITTO as a Consumer member, certain technical challenges had led to delays, including the configuration of departments in 2009 although a firm decision had already been made. He informed that the new Department of Agriculture, Forestry and Fisheries had begun a new process to facilitate a formal decision for South Africa to join ITTO. He also indicated that the Department would from time to time be asking for assistance from the Secretariat in processing South Africa's application for membership. The representative also informed that South Africa was preparing to host the XIV World Forestry Congress in 2015 and extended an invitation to all members of ITTO and stated that formal letters from the Minister would be sent to all Ministers responsible for forestry to inform them of the Congress and invite their country's participation.
195. The delegate of Panama welcomed the many achievements accomplished during the 49th Session of the International Tropical Timber Council. He thanked each of the participating countries for their flexibility in reaching consensus on many important decisions adopted by the Session. He also expressed profound appreciation to donors for funding ITTO projects. He extended his gratitude to the Government of Gabon for the warm hospitality.
196. The delegate of the European Union on behalf of the Union and of its 27 Member States of the ITTO informed that Croatia had become the 28th Member of the EU on 1st July 2013 and hoped that Croatia would soon join the ITTO family. He welcomed the new ITTA, 2006 members, Brazil, Colombia and Costa Rica and expressed his gratitude to the Chairperson and members of the Bureau, who had guided the Forty-ninth Session to its successful conclusion. He also thanked the ITTO Secretariat for their tireless involvement in support of the Council Session. The EU delegate also expressed gratitude to the government and people of Gabon for hosting this session and for welcoming delegates so warmly to Libreville.
197. He noted that the EU and its Member States had engaged in the Session in a positive and constructive manner and thanked all negotiation partners for their flexibility and spirit of compromise. He indicated that deliberations were comprehensive, sometimes passionate and not easy, but overall they were effective to deliver agreement on some important decisions. He welcomed the continued work of the Organization to assist producer countries in the implementation of SFM of their tropical forests through a range of activities funded through the regular Project cycle and the Thematic Programmes. He indicated that in line with the ITTO Strategic Action Plan 2013-2018, there was the need to ensure that ITTO strives to improve its strategic approach and increases its ability to report on results/achievements, rather than individual activities. He underlined that lessons learnt from projects should increasingly be shared with the entire ITTO constituency in a more effective manner, as outlined in the report on the knowledge management strategy. He welcomed particularly the continued cooperation with CITES, CBD, Ramsar, CPF and individual CPF member organizations.
198. He called on ITTO to further strengthen its role in promoting policy work on issues related to SFM and promotion of trade in legally and sustainably harvested timber products and stressed that it would be important, at the next Session of the Council, for the organization to agree on the revised and updated Voluntary Guidelines for the Sustainable Management of Natural Tropical Forests and to start implementation as soon as possible. He noted that ITTO members had already made significant efforts in the multi-year revision process and the adoption of the Guidelines, an important ITTO contribution to policy development at the international level, should not be further delayed. Against this background the delegate called on the Organization to give increased attention to issues related to gender across its areas of work.
199. The EU delegate stated that the EU and its Member States remain an important contributor to the ITTO Administrative budget as well as a major supporter of the Organization through voluntary contributions and recalled the EU's earlier announcement of its intention to provide an amount of 4 million EUR to an ITTO activity to establish an "Independent Market Monitoring mechanism to monitor the trade in legal timber in the EU market". In addition, the EU and its Member States continue to dedicate significant resources and provide support for the implementation for the FLEGT Action plan, including through the conclusion of several VPAs with various producer countries. He indicated that the EU was pleased to hear the very positive feedback on the joint work on the initiative by the concerned partner countries. He recalled that for many years the EU and its Member States have been actively promoting the implementation of national and regional sustainable forest management policies in the Congo Basin, including through their active support to the Congo Basin Forest Partnership.

200. With regard to the functioning of the Organization, the delegate stated that the EU was pleased to see continuing efforts to make ITTO's work ever more efficient and cost-effective and to bring its rules and procedures in line with the best international standards, including by adopting a whistle-blower policy, improving its internal control standards and deciding to revise its staff rules and regulations at the Fiftieth Council Session in November 2014. He called for continued monitoring of the trends in the Administrative Budget in order to ensure its sustainability.
201. The delegate stated that the funding situation of the Organization remained challenging and underlined the importance of the CFA discussions on the report on the resource mobilization and partnership strategy and underscored the need to follow-through on agreed priority action. He called on the Organization to become more and more proactive and to take full advantage of all possible funding opportunities and tackling the issue in a more strategic manner, including by building strong partnerships with relevant organizations based on their respective mandates and comparative advantages in order to promote joint programmatic approaches to strategic issues.
202. He noted that one important outcome of the Forty-ninth Session was the decision on the process for the selection of the next Executive Director, who would need the appropriate background and experience to enable ITTO to face the important challenges ahead and indicated that the EU and its Member States were looking forward to a successful recruitment process based on an open competition and professional merits. He underlined that the new Executive Director would be key to fully exploiting the great potential of ITTO.
203. In concluding his remarks, the EU delegate pledged the EU and its Member States' continuing strong support to ITTO.
204. The delegate of China thanked the Government of Gabon and the City of Libreville for their hospitality and excellent organization of the Forty-ninth Council Session. She also expressed her thanks and appreciation to the Chairpersons and Vice-chairpersons of the Committees for their dedication towards the committee's work. The delegate further expressed her appreciation to the staff of the Secretariat for their dedication and professionalism in supporting the work of the Council. She thanked all delegates for showing responsibility and flexibility in the negotiations that enabled the Session to achieve successful results. The delegate reconfirmed and emphasized China's continuing support to the work of ITTO.
205. The delegate of Japan expressed appreciation to the Government of Gabon for successfully hosting the Forty-ninth Session of the Council. He also thanked all member countries for their flexibility and the constructive manner which brought the Session to a successful and fruitful conclusion. He was glad that the Government of Japan was able to contribute an amount of USD 5,512,582 to the work of ITTO during 2013 and extended a cordial invitation to all delegates to attend the Fiftieth Session of the Council to be convened in Yokohama in November 2014.

Statement by the Elected Vice-chairperson, Dato' Dr. B.C.Y. Freezailah

206. The Vice-chairperson elect expressed his sincere gratitude to the Council for electing him as Vice-Chair of the Council for 2014. He acknowledged his past experience in the work and activities of the organization, and especially in promoting the international trade of tropical timber from sustainably managed sources – a vision shared by all members of the Council. He cherished the opportunity of working closely with the Chairperson of the Council, Mr. Rob Busink, from the Netherlands – a country which had helped Malaysia to initiate forest certification and was looking forward to serving the Council in 2014, under the leadership of Mr. Rob Busink.
207. He noted that 2014 would be a challenging year for the Council. He cited the need to appoint a new Executive Director, to succeed Mr. Emmanuel Ze Meka whose term of office would expire in 2015. In addition, exporters would need to assure the legality and sustainability of their timber to meet the requirements of the US Lacey Act, the EU Timber Regulation and similar legislation in Australia. He stressed that these issues must be addressed by the Council for ITTO to remain relevant. He also called on the Council not to forget the huge challenge faced by Producers in the implementation of SFM and certification as it requires strong institutions and resources, both financial and human which is in short supply in producer countries and noted the declining voluntary contributions of the ITTO donor community to assist producers to implement SFM within the framework of the ITTA, 2006. The Vice-chairperson elect stated that the possible adoption of the new voluntary guidelines for SFM which

are even more stringent than the existing guidelines would further add to the burden of producer members.

208. He called for a deep reflection on what had been achieved, and what the Council had not been able to do and how members might redouble their efforts to achieve the objectives of the ITTA, 2006.

Closing address by the Minister of Water and Forests of Gabon, H.E. Gabriel Tchango

209. In his closing address, the Minister of Water and Forests of Gabon, H. E. Mr. Gabriel Tchango commended the Council for the lively debates on relevant issues during the Forty-ninth Session. He noted that like in the previous Sessions, the Council had demonstrated consistency and discipline, by dealing with each and every item included in its agenda so as to achieve the targets set for the session. He was convinced that this know-how, a distinctive feature of ITTO, had allowed the Council to take appropriate decisions which should be implemented in a timely manner to facilitate the smooth operations of ITTO. He also expressed his heartfelt and sincere congratulations to the ITTO Secretariat and the interpreters/translators for their professionalism and dedication, without which the success of the Session would have been compromised.
210. The Honourable Minister noted that the Forty-ninth Session of the Council in Libreville had attracted the participation of many partner organizations that share the same concerns with ITTO and indicated that the attendance of these partner organizations had provided ample evidence of their active cooperation in the fields of sustainable forest management, biodiversity conservation and the further processing of tropical timber. He stressed that Gabon would not remain indifferent to the various efforts undertaken by the international community, including ITTO, to enhance the multifaceted partnerships underway to facilitate the implementation of collaborative actions. He was convinced that each member country would strive to implement the recommendations and decisions adopted by the Session to make tropical forests sustainable and to engage in the further processing of tropical timber and the development of its international trade, in order to achieve the Millennium Development Goals, including combating poverty and achieving an ecological balance.

Closing Statement by the Chairperson, Mr. José Trinidad Suazo Bulnes

211. In his closing address, the Chairperson expressed his sincere appreciation for the excellent organizational arrangements by the ITTO Secretariat, in cooperation with the host, the Government of Gabon, which had led to the successful conclusion of the Forty-ninth Session of the Council.
212. He underlined the economic value of forests and the multiple services they provide in terms of health, food security and climate regulation, among others, in addition to the contribution of forests to local development in many different ways that are difficult to estimate and value from an economic viewpoint but nevertheless fundamental for the livelihoods of millions of people, especially rural and indigenous communities.
213. He noted the challenges posed by forest conservation, including the need to continue to promote sustainable forest management and addressing new emerging challenges such as climate change adaptation and mitigation; community forest management; development of a sustainable basis for an economically and environmentally viable forest industry; improvement of the forest information base; updating and enhancing information parameters to integrate environmental, socioeconomic and governance variables into the national forest evaluation systems and thus contribute to the development of improved information for decision-makers; promoting financial compensation for environmental services provided by forests; and improving the development of public policies and the legal framework in support of forest conservation.
214. He referred to the objectives of the International Tropical Timber Agreement 2006 in promoting the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests as well as promoting the sustainable management of tropical timber producing forests and indicated that the Organization should monitor the status of forests and recognize that sustainable management of forests has reached a new dimension with an enhanced exemplary and more relevant guiding role. He indicated that the concept of sustainable forest management has now emerged as a paradigm to guide long-term global policy, and to turn this into a tangible reality is an urgent challenge.

215. The Chairperson underscored the fact that tropical forests are the source of a wide range of environmental goods and services, as well as other economic and cultural services that offer multiple opportunities to promote social, economic and cultural development and that the sound management of forest resources requires not only adequate technical equipment but also a socially equitable approach to support small-scale agricultural and forest producers, local communities, young people and women, among others, so as to enable them to enjoy the economic benefits derived from the wide range of products and services provided by forests.
216. He noted that 25% of the world's poor depend fully or in part on forest products for their livelihood, and any action aimed at increasing the economic gains derived from forests was likely to benefit the poor rural communities living in predominantly forested ecosystems and surrounding areas. Thus, by improving their access to forest resources and defining stable and transferrable ownership rights, it would be possible to enable these communities to diversify their livelihoods, while at the same time promoting the sustainable use of resources. He underscored the fact that the ability to demonstrate good governance in the forest sector was becoming more and more important for those countries that want to participate in the new climate change mitigation programmes and that in a globalized world and in the midst of this information age, certifying the legal origin of timber was becoming increasingly significant. He indicated that forest product buyers were demanding that the products they buy come from sustainably managed source and that this was more and more becoming a requirement for market access and urged ITTO Producer members to capitalize on the new trend.
217. The Chairperson stated that over the last few years, inter-governmental discussions on forests at the international level had intensified and cooperation had been strengthened, at both the international and regional levels, with regard to trade and technical issues as well as the development of criteria and indicators for sustainable forest management and monitoring and evaluation mechanisms. He hoped that the commitment and spirit of integration and cooperation would continue and that receiving financial and technical assistance for relevant programmes and projects is highly important for ITTO producers.
218. The Chairperson officially closed the Forty-ninth Session of the International Tropical Timber Council.

ANNEX I

LIST OF PARTICIPANTS

Document: ITTC(XLIX)/Info. 2 Rev.1

Distr.
General

ITTC(XLIX)/Info.2 Rev.1
29 November 2013

English/French/Spanish

FORTY-NINTH SESSION
25 – 30 November 2013
Libreville, Gabon

LIST OF PARTICIPANTS

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LISTE DES PARTICIPANTS

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Conseiller du Ministre en charge de la Coopération Internationale, Libreville
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Conseiller du Ministre en charge des Forêt, Libreville
Conseiller du Ministre en charge des Industries, Libreville
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Directeur Général des Industries, Libreville

- | | |
|-----------------------------|---|
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| ** Ms. Hermance Moure | Directeur Général Adjoint, Libreville |
| ** Ms. Blandine Yombo Dinah | Chef de Division des Accords de Siège au
Ministère des Affaires Etrangères, Libreville |
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GHANA

- | | |
|--------------------------|--|
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| ** Dr. Ben Nathan Donkor | Ag. Executive Director, Timber Industry
Development Board, Forestry Commission, Accra |

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- | | |
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City |
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GUYANA

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|------------------------|---|
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|------------------------|---|

HONDURAS

- | | |
|----------------------------------|--|
| * Mr. Jose Trinidad Suazo Bulnes | Ministro-Director, Instituto Nacional de
Conservación y Desarrollo Forestal, Areas
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- *** Ms. Alicia Grimes
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Mr. Obiang Abaga Jesus	Director General, Ministerio de Agricultura y Bosques, Malabo
Mr. Rigoberto Esono Annune	Funcionario, Ministerio Agricultura y Bosques, Malabo

MADAGASCAR

Ms. Via Sabine Marie Dorothee	Directeur de Valorisation des Ressources Naturelles, Ministère de l'Environnement et des Forêts
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SOUTH AFRICA

Mr. Motsamai Nkosi	Manager Stakeholder Engagement IXV World Forestry Congress 2015, Department of Agriculture, Forestry and Fisheries
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Mr. Sapol Boonsermsuk	Director, International Cooperation Division, Royal Forest Department
Mr. Suchat Kalyawongsa	Director of International Forestry Cooperation Office, Royal Forest Department

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Mr. Eduardo Mansur	Director, Forest Assessment, Management and Conservation Division
Mr. Jean-Claude Nguinguiri	Forestry Officer, Sub-regional Office for Central Africa, Libreville
Mr. Hugues N'gosso	Consultant National Project MNV, Libreville

UNITED NATIONS FORUM ON FORESTS (UNFF)

Ms. Afsa Kemitale	Program Officer
Mr. Chipeta Mafa E.	IAF Consultant

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CITES, SWITZERLAND

Mr. John Scanlon	Secretary-General
Ms. Milena Sosa Schmidt	Programme Officer – Flora

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Project Formulation Adviser, Gabon office

Ms. Satoko Kato

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Illegal Logging Program Coordinator

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Ms. Edoa Bernadette Chantal

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Ms. Ophelle Owono Mbeng

Ms. Sylvie Chantal Sekola

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Chargée de Communication Régionale

International Consultant for ITTO funded
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Point Focal, Gabon

Point Focal, Central African Republic

Vice President

AGAFI President

AFESO President, Gabon

President of Plateform OR VERT, Gabon
Member

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Mr. Marius Ekué

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Senior Research Scientist

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Ms. Anakarina Pérez Oropeza

Mr. Mathieu Auger-Schwartzberg

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Outreach & Events Manger

Sub-Regional Coordinator Congo Basin

Chief Advocacy Officer

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Mr. Alfred Ngoye	Researcher

MELABI, COTE D'IVOIRE

Ms. Ahoussi née Ayouo Lobgochi Delphine	President
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Ms. Rose Ondo née Ntsame	President
Ms. Cecile Duclaux-Monteil	Member

THUNEN INSTITUTE FOR FOREST GENETICS, GERMANY

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Dr. Céline Blanc-Jolivet	Scientist
Dr. Henri-Noël Bouda	Scientist

TRAFFIC INTERNATIONAL, MALAYSIA

Mr. Hin Keong Chen	Global Forest Trade Programme Leader
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DOUBLE HELIX TRACKING TECHNOLOGIES PTE LTD

Mr. Darren A. Thomas	Managing Director
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Mr. Boubacar Salah
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Market Discussion Speaker
Market Discussion Speaker

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Vice-Chairperson	Mr. Rob Busink

Economic Information and Market Intelligence

Chairperson	Mr. Tabi Agyarko
Vice-Chairperson	Mr. Shingi Koto

Reforestation and Forest Management

Chairperson	Ms. Alicia Grimes
Vice-Chairperson	Mr. Jorge Malleux Orjeda

Forestry Industry

Chairperson	Dr. Ruth Carolien Hltahat Turia
Vice-Chairperson	Mr. Björn Merzell

Finance and Administration

Chairperson	Mr. Mario Rafael Rodriguez Palma
Vice-Chairperson	Ms. Ellen Shaw

Spokespersons

Producers	Dr. Putera Parthama
Consumers	(vacant)

ITTO SECRETARIAT

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Executive Director

Dr. Steven E. Johnson
Assistant Director, Trade and Industry

Mr. Takeshi Goto
Assistant Director, Forest Management

Mr. Edmond Collins Ahadome
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Dr. Gerhard Breulmann
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Mr. Li Qiang
Systems Analyst

Mr. Polycarpe Masupa-Kambale
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Mr. R. M. Manohar
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Communication and Outreach Officer

Prof. Floriano Pastore
Regional Officer for Latin America

Dr. Chisato Aoki
Fellowship Coordinator

Ms. Kanako Ishii
Secretary / Programme Assistant

Ms. Maiko Suzuki
Senior Finance/Administrative Assistant

Ms. Rosemarie Jungheim
Secretary

Ms. Naho Tamura
Secretary

Mr. Simon Kawaguchi
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Ms. Adriana Sugihara
Secretary/Programme Assistant

ANNEX II

AGENDA

DOCUMENT: ITTC(XLIX)/1 Rev.3

Distr.
GENERAL

ITTC(XLIX)/1 Rev.3
6 November 2013

Original: ENGLISH

FORTY-NINTH SESSION
25-30 November 2013
Libreville, Gabon

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 2013
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. Matters Related to Article 14 of the ITTA, 2006 – Decisions 3(XXV), 5(XLII) and 2(XLVI)
12. Progress Report on the Implementation of the ITTO Biennial Work Programme 2013 – 2014
13. Progress Report on the Implementation of the ITTO Thematic Programmes
14. 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)
15. ITTO/CBD Collaborative Initiative to Conserve Tropical Forests – Decision 6(XLVI)
16. ITTO Fellowship Programme – Decision 4(XXVII)
 - (a) Progress Report on the ITTO Fellowship Programme
 - (b) Report of the Chairperson of the Fellowship Selection Panel
17. Annual Report for 2012
18. 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)
19. Reports of the Associated Sessions of the Committees
 20. Election of Chairperson and Vice-Chairperson of the Council for 2014
 21. Dates and Venues of the Fiftieth and Fifty-first Sessions of the Council and the Associated Sessions of the Committees
 22. Other Business
 23. Decisions and Report of the Session
 24. Closing of the Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 - Opening of the Session

The Forty-ninth 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(XLIX)/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

[Document ITTC(XLIX)/3, ITTC(XLIX)/13 and ITTC(XLIX)/14]

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

Item 5 - Report of the Credentials Committee

[Document ITTC(XLIX)/4]

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 2013

[Document ITTC(XLIX)/1 Annex]

The proposed distribution of votes for the year 2013, in accordance with Article 10(7) of the ITTA, 2006, is shown in the Annex of the Provisional Agenda (Document ITTC(XLIX)/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 2014.

Item 7 - Admission of Observers

[Document ITTC(XLIX)/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(XLIX)/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-seventh Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 24 November 2013.

The report of the Twenty-seventh 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(XLIX)/5]

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

Item 11 - Matters Related to Article 14 of the ITTA, 2006

Pursuant to its Decision 3(XXV) Annex on procedures for the appointment of the Executive Director of ITTO and its subsequent Decisions 5(XLII) and 2(XLVI) which appointed and renewed the mandate of the current Executive Director with effect from 6 November 2011 to 5 November 2015, the Council may wish to decide on procedures for the appointment of the next Executive Director whose tenure of office would begin on 6 November 2015.

Item 12 - Progress Report on the Implementation of the BWP 2013 – 2014
[Document ITTC(XLIX)/6]

The Council will receive the progress report on the implementation of the Biennial Work Programme for 2013–2014 as contained in Document ITTC(XLIX)/6.

Item 13 - Progress Report on the Implementation of the ITTO Thematic Programmes
[Documents ITTC(XLIX)/7]

The Council will receive the progress report on the status of implementation of the ITTO Thematic Programmes as contained in Document ITTC(XLIX)/7.

Item 14 - 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(XLIX)/8]

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

Item 15 - ITTO/CBD Collaborative Initiative to Conserve Tropical Forests– Decision 6(XLVI)
[Document ITTC(XLIX)/9]

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

Item 16 - ITTO Fellowship Programme – Decision 4(XXVII)
[Documents ITTC(XLIX)/10 and ITTC(XLIX)/11]

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(XLIX)/10]; and (b) the report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(XLIX)/11]. The Council will announce the final selection of awards based on the Chairperson's report.

Item 17 - Draft Annual Report for 2012

The Secretariat will present to the Council the draft Annual Report for 2012.

Item 18 - Special Account and Bali Partnership Fund
[Document ITTC(XLIX)/12]

- (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(XLIX)/12].

Item 19 - 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 20 - Election of Chairperson and Vice-Chairperson of the Council for 2014

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2014. 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 21 - Dates and Venues of the Fiftieth and Fifty-first 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 Fiftieth and Fifty-first Sessions.

At its Forty-eighth Session convened in Yokohama, Japan, the Council decided that its Fiftieth Session would be convened in Yokohama, Japan on 3 – 8 November 2014. The Council may wish to confirm the dates and venue of the Fiftieth Session and set the dates and venue for its Fifty-first Session to be convened in 2015.

Item 22 - Other Business

The Council may consider any matters brought under this item.

Item 23 - 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 24 - Closing of the Session

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

Annex

PROPOSED DISTRIBUTION OF VOTES FOR 2013

PRODUCER MEMBERS & POTENTIAL MEMBERS

	<u>No. of Votes</u>
Africa	
Benin	25
Cameroon	26
Central African Republic */	
Congo	25
Côte d'Ivoire	25
Democratic Republic of the Congo	26
Gabon	26
Ghana	25
Liberia	25
Madagascar */	
Mali	25
Mozambique	26
Nigeria */	
Togo	25
Asia & Pacific	
Cambodia	21
Fiji	18
India	32
Indonesia	83
Malaysia	126
Myanmar	53
Papua New Guinea	41
Philippines	18
Thailand **/	
Vanuatu **/	
Latin America/Caribbean	
Bolivia **/	
Brazil	143
Colombia	26
Costa Rica	13
Ecuador	19
Guatemala	13
Guyana	17
Honduras	13
México	27
Panamá	14
Paraguay */	
Peru	32
Suriname **/	
Trinidad and Tobago	12
Venezuela **/	
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.

	<u>No. of Votes</u>
<u>CONSUMER MEMBERS</u>	
Albania	10
Australia	16
China	253
European Union	395
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	32
Poland	11
Portugal	15
Romania	10
Slovakia	11
Slovenia	10
Spain	23
Sweden	11
United Kingdom	26
Japan	157
New Zealand	11
Norway	10
Republic of Korea	66
Switzerland	12
United States of America	<u>70</u>
Total:	1,000

ANNEX III

TEXT OF THE DECISIONS

ADOPTED BY THE COUNCIL AT ITS FORTY-NINTH SESSION

**DOCUMENT: ITTC(XLIX)/15
DOCUMENT: ITTC(XLIX)/16
DOCUMENT: ITTC(XLIX)/17
DOCUMENT: ITTC(XLIX)/18
DOCUMENT: ITTC(XLIX)/19
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ITTC(XLIX)/15
30 November 2013

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FORTY-NINTH SESSION
25 - 30 November 2013
Libreville, Gabon

DECISION 1(XLIX)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Forty-ninth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM-CFI(XLVII)/6 , and CRF(XLVII)/8; and the report of the Nineteenth Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(XLIX)/12;

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 2013;

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 2013:

PPD 162/12 Rev.2 (F) Developing Model of a Self-sufficient and Sustainable FMU (Indonesia)
ITTO Budget: \$70,291.00

PPD 163/12 Rev.2 (F) Assessing Growth and Yield Rates of Major Commercial Species for the Adjustment of Forest Management Programs in the Yucatan Peninsula, Mexico (Mexico)
ITTO Budget: \$89,474.22

PPD 167/13 Rev.1 (M) Feasibility Study on the Certification of ONAB's National Plantation Estates (Benin)
ITTO Budget: \$88,794.00

PD 645/12 Rev.3 (F) Promoting Sustainable Forest Management of Rinjani Barat Forest Management Unit (Indonesia)
ITTO Budget: \$505,781.00

PD 646/12 Rev.3 (F) Initiating The Conservation of Cempaka Tree Species (Elmerrillia spp.) Through Plantation Development with Local Community Participation In North Sulawesi, Indonesia (Indonesia)
ITTO Budget: \$435,187.20

- PD 665/12 Rev.2 (F) Implementation of a Fire Prevention and Control Plan in the Central Amazon Region of Peru (Peru)
ITTO Budget: \$759,121.00
- PD 682/13 Rev.1 (F) Development of Quality-of-Governance Standards for Reducing Emissions from Deforestation and Forest Degradation (REDD) in Papua New Guinea (Papua New Guinea)
ITTO Budget: \$149,744.00
- PD 686/13 Rev.1 (M) Enhanced Research and Promotion of Non-Traditional Broadleaved Timber Species in Honduras (Honduras)
ITTO Budget: \$408,285.00
- PD 687/13 Rev.1 (I) Strengthening the Performance of the Wood Processing Sector in Guyana, through Building Local Capacity and the Enhancing National Systems that Promote Forest Products Trade and Sustainable Utilization of Forest Resources (Guyana)
ITTO Budget: \$250,068.00
- PD 689/13 Rev.1 (I) Promoting Biological and Non-Biological Agent Prevention and Control Techniques in Mechanical Timber Processing in Peru (Peru)
ITTO Budget: \$456,696.00
- PD 692/13 Rev.1 (M) Implementation and Operationalization of a National Information System for the Sustainable Management of Forest Resources (Cote d'Ivoire)
ITTO Budget: \$290,541.00
- PD 700/13 Rev.1 (I) Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products – Phase I (ITTO)
ITTO Budget: \$5,159,245.00

(b) Autumn project cycle for 2013:

- PPD 166/13 Rev.2 (F) Improving the Fuel Wood Supply through the Provision of Support to the Development of Forest Plantations in the Mokolo, Maroua and Kaelé Municipalities in the Sahelian Part of Cameroon (Cameroon)
ITTO Budget: \$70,056.00
- PPD 172/13 Rev.1 (I) Platform for Genetic Improvement of Species - Critical Information Development Phase for Implementation in Campeche (Mexico)
ITTO Budget: \$96,600.00
- PPD 173/13 Rev.1 (I) Management of Tropical Forest Species for the Production of Timber for Rural and Tourism Infrastructure Construction in South-East Mexico (Mexico)
ITTO Budget: \$54,058.00
- PPD 176/13 Rev.1 (F) Identification and Planning of Measures for the Sustainable Management of the Forest Estate Owned by Individuals in Togo (Togo)
ITTO Budget: \$53,368.00
- PD 631/12 Rev.2 (F) Reforestation of Coastal Wetlands in Southern Ghana Using Indigenous Tree and Bamboo Species (Ghana)
ITTO Budget: \$511,661.00
- PD 660/12 Rev.3 (I) Enhancing Industrial and Community Utilization of Wood Residues through Briquette and Charcoal Production for Environmental and Livelihood Improvement in Ghana (Ghana)
ITTO Budget: \$705,107.00

PD 661/12 Rev.2 (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: \$607,264.00
PD 694/13 Rev.2 (M)	Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana (Ghana) ITTO Budget: \$567,022.00
PD 695/13 Rev.2 (F)	Rehabilitation of Degraded Gazetted Forests in the Mount Korhogo, Foubou and Badenou in Northern Côte d'Ivoire with the Involvement of Local Communities (Côte d'Ivoire) ITTO Budget: \$1,304,942.00
PD 696/13 Rev.2 (F)	Community Based Restoration and Sustainable Management of Vulnerable Forests of the Rewa Delta, Viti Levu (Fiji) ITTO Budget: \$310,576.00
PD 698/13 Rev.2 (I)	Facilitating Forest-Industry-Market Integration (Guatemala) ITTO Budget: \$419,440.00
PD 710/13 Rev.1 (F)	Promoting Conservation of Selected High-value Indigenous Species of Sumatra (Indonesia) ITTO Budget: \$479,976.00
PD 715/13 Rev.1 (F)	Improving the Production, Conservation and Management of Forest Seeds in Benin (Benin) ITTO Budget: \$609,168.00
PD 722/13 Rev.1 (I)	Capacity Building on Reduced Impact Logging (RIL) in Dry Inland Forest in the Permanent Forest of Peninsular Malaysia (Malaysia) ITTO Budget: \$226,041.00
PD 723/13 Rev.1 (F)	Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar (Myanmar) ITTO Budget: \$3,093,976.00
PD 724/13 Rev.1 (F)	Guidelines for the Management of Tara (<i>Caesalpinia spinosa</i>) Plantations with a View to the Rehabilitation of Waste Lands in the Sub-humid Tropics of the Coastal Region of Peru (Peru) ITTO Budget: \$149,632.00

(ii) Authorize the financing for immediate implementation of the Projects, Pre-Projects and Activities as listed in the Annex 1 to this Decision; and

(iii) Authorize the financing for immediate implementation of the Projects, Pre-Projects and Activities as listed in the Annex 2 to this Decision, as soon as earmarked funds are available in the Special Account or in the Bali Partnership Fund Account.

2. Urges Members to consider financing those approved Projects, Pre-projects and Activities for which funds are not immediately available,
3. Appeals to Members to make unearmarked contributions to the Thematic Programmes Account and the Special Account,
4. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-projects and Activities to assist Members in achieving the Year 2000 Objective of ITTO, and

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

ANNEX 1

**Financing during 2013 for the immediate implementation
of the Projects, Pre-Projects and Activities
as listed below**

(i) Approved during the 2013 project cycles:	
PD 696/13 Rev.2 (F) Community Based Restoration and Sustainable Management of Vulnerable Forests of the Rewa Delta, Viti Levu (Fiji)	\$310,576.00
PD 710/13 Rev.1 (F) Promoting Conservation of Selected High-value Indigenous Species of Sumatra (Indonesia)	\$479,976.00
PD 722/13 Rev.1 (I) Capacity Building on Reduced Impact Logging (RIL) in Dry Inland Forest in the Permanent Forest of Peninsular Malaysia (Malaysia)	\$226,041.00
PD 682/13 Rev.1 (F) Development of Quality-of-Governance Standards for Reducing Emissions from Deforestation and Forest Degradation (REDD) in Papua New Guinea (Papua New Guinea)	\$149,744.00
PD 687/13 Rev.1 (I) Strengthening the Performance of the Wood Processing Sector in Guyana, through Building Local Capacity and the Enhancing National Systems that Promote Forest Products Trade and Sustainable Utilization of Forest Resources (Guyana)	\$250,068.00
PD 692/13 Rev.1 (M) Implementation and Operationalization of a National Information System for the Sustainable Management of Forest Resources (Cote d'Ivoire)	\$290,541.00
PPD 167/13 Rev.1 (M) Feasibility Study on the Certification of ONAB's National Plantation Estates (Benin)	\$88,794.00
(ii) Approved in the earlier project cycles:	
PD 124/01 Rev.4 (M) Phase III Stage 2 Promotion of Sustainable Management of African Forests	\$600,000.00
PD 601/11 Rev.3 (F) Strengthening the Mangrove Ecosystem Conservation in the Biosphere Reserve of Northwestern Peru (Peru)	\$496,290.00
PD 602/11 Rev.3 (F) Tropical Forest Governance in the Region of Darien, Panama (Panama)	\$350,402.00

Freezailah Fellowship Fund	\$200,000.00
Balance of Budget Year 2013 (partial)	\$315,000.00
Budget Year 2014 (partial)	
PD 73/89 (M,F,I)	\$88,961.41
Assistance for Project Identification and Formulation	
Additional funding for Pre-feasibility Study	
PD 419/06 Rev.3 (F) EXT-TICAD5	\$1,800,000.00
Forest Seeds Management and Conservation; Project for Rehabilitation and Reforestation of Degraded Forests in Côte d'Ivoire with the Involvement of Local Communities (Refugees, Internally Displaced People and Local Populations) (Côte d'Ivoire)	

(iii) Activities approved in the Biennial Work Programme for the years 2013-2014:

PP-A/49-287	\$95,150.00
Demonstration and adoption of credit schemes for Small-Medium Forest Enterprises (SMFEs) (partial funding) (ITTO Biennial Programme Activity: 2)	
PP-A/39-162A ITTO CITES Programme	\$1,775,657.24
Additional funding for Year 2013 (ITTO Biennial Programme Activity: 8)	
PP-A/48-274	\$30,000.00
Continue to monitor progress in the application of criteria and indicators for sustainable forest management	
- 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))	
PP-A/48-275	\$115,793.57
Promote the understanding of the contribution of environmental services to the sustainable management of tropical forests (ITTO Biennial Programme Activity: 12)	
PP-A/49-288	\$25,000.00
Promote the implementation of guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land	
ITTO participation in major international restoration forums (ITTO Biennial Programme Activity: 14 (b))	
PP-A/48-277	\$20,000.00
Contribute appropriately to national and international efforts in the area of prevention and management of fire in relation to tropical timber-producing forests	
6 th International Wildland Fire Conference to be held in 2015 in South Korea (ITTO Biennial Programme Activity: 15 (b))	

PP-A/48-278	\$100,000.00
Further enhance public relations, education and outreach activities to best convey the achievement of the objectives of the Organization	
Participating in, convening side events and exhibiting ITTO outreach materials at relevant international events (ITTO Biennial Programme Activity: 20 (b))	
PP-A/49-289	\$245,000.00
Implementation of the ITTO knowledge management strategy and knowledge management guidelines (ITTO Biennial Programme Activity: 22)	
PP-A/48-280	\$90,000.00
Development of Environmental Product Declaration (EPD) for three tropical wood products	
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 (ITTO Biennial Programme Activity: 23)	
PP-A/49-291	€ 4,000,000.00 (Approx. US\$5,435,000) (*See note 2) Pledges for 5-year period of 2013-2018 See also PP-A/49-293.
Promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources	
Independent timber market monitoring: analysis of the reception of FLEGT (Forest Law Enforcement, Governance and Trade) licensed timber on the EU market as framed by VPAs (Voluntary Partnership Agreements) (ITTO Biennial Programme Activity: 25 (b))	
PP-A/47-263	\$50,000.00
Disseminate findings outputs and lessons from completed ITTO projects to support the development of the tropical forest industry sector, including SMFE (ITTO Biennial Programme Activity: 33)	
PP-A/49-292	\$35,000.00
Promote the publication, dissemination and application of the revised <i>ITTO Guidelines for the Sustainable Management of Natural Tropical Forests</i>	
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 (ITTO Biennial Programme Activity: 35 (c))	
PP-A/49-293	\$75,000.00
Promote the publication, dissemination and application of the revised <i>ITTO Guidelines for the Sustainable Management of Natural Tropical Forests</i>	
Latin America Education Workshop (ITTO Biennial Programme Activity: 35 (c))	

PP-A/49-294	\$100,000.00
Promote Resource Mobilization and Partnership of ITTO Implementation of Fundraising Action Plan (budget for one year)	(\$66,200 through residue of previous Activity and \$13,800 through PP-A/49-291)

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

PP-A/ 44-236	\$1,941,097.49
Forest Law Enforcement, Governance and Trade (TFLET)	
Decision 10(XLIV) - Additional Funding:	

Note 1: Total pledges during 2013 amount to US\$15,699,091.71, including the indicative figures for €4 million.

Note 2: Pledges made in currencies other than the US Dollars shall be converted at the prevailing rate of exchange on the date of receipt of funds.

ANNEX 2

Projects, Pre-Projects and Activities Approved During 2013 Pending Financing

- PPD 166/13 Rev.2 (F) Improving the Fuel Wood Supply through the Provision of Support to the Development of Forest Plantations in the Mokolo, Maroua and Kaelé Municipalities in the Sahelian Part of Cameroon (Cameroon)
ITTO Budget: \$70,056.00
- PPD 172/13 Rev.1 (I) Platform for Genetic Improvement of *Tabebuia* Species - Critical Information Development Phase for Implementation in Campeche (Mexico)
ITTO Budget: \$96,600.00
- PPD 173/13 Rev.1 (I) Management of Tropical Forest Species for the Production of Timber for Rural and Tourism Infrastructure Construction in South-East Mexico (Mexico)
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- PPD 176/13 Rev.1 (F) Identification and Planning of Measures for the Sustainable Management of the Forest Estate Owned by Individuals in Togo (Togo)
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- PD 631/12 Rev.2 (F) Reforestation of Coastal Wetlands in Southern Ghana Using Indigenous Tree and Bamboo Species (Ghana)
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- PD 661/12 Rev.2 (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: \$607,264.00
- PD 694/13 Rev.2 (M) Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana (Ghana)
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- PD 695/13 Rev.2 (F) Rehabilitation of Degraded Gazetted Forests in the Mount Korhogo, Foubou and Badenou in Northern Cote d'Ivoire with the Involvement of Local Communities (Cote d'Ivoire)
ITTO Budget: \$1,304,942.00
- PD 698/13 Rev.2 (I) Facilitating Forest-Industry-Market Integration (Guatemala)
ITTO Budget: \$419,440.00
- PD 715/13 Rev.1 (F) Improving the Production, Conservation and Management of Forest Seeds in Benin (Benin)
ITTO Budget: \$609,168.00
- PD 723/13 Rev.1 (F) Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar (Myanmar)
ITTO Budget: \$3,093,976.00

- PD 724/13 Rev.1 (F) Guidelines for the Management of Tara (*Caesalpinea spinosa*) Plantations with a View to the Rehabilitation of Waste Lands in the Sub-humid Tropics of the Coastal Region of Peru (Peru)
ITTO Budget: \$149,632.00
- PPD 162/12 Rev.2 (F) Developing Model of a Self-sufficient and Sustainable FMU (Indonesia)
ITTO Budget: \$70,291.00
- PPD 163/12 Rev.2 (F) Assessing Growth and Yield Rates of Major Commercial Species for the Adjustment of Forest Management Programs in the Yucatan Peninsula, Mexico (Mexico)
ITTO Budget: 89,474.22
- PD 645/12 Rev.3 (F) Promoting Sustainable Forest Management of Rinjani Barat Forest Management Unit (Indonesia)
ITTO Budget: \$505,781.00
- PD 646/12 Rev.3 (F) Initiating The Conservation Of Cempaka Tree Species (*Elmerrillia* spp.) Through Plantation Development With Local Community Participation In North Sulawesi, Indonesia (Indonesia)
ITTO Budget: \$435,187.20
- PD 665/12 Rev.2 (F) Implementation of a Fire Prevention and Control Plan in the Central Amazon Region of Peru (Peru)
ITTO Budget: \$759,121.00
- PD 686/13 Rev.1 (M) Enhanced Research and Promotion of Non-Traditional Broadleaved Timber Species in Honduras (Honduras)
ITTO Budget: \$408,285.00
- PD 689/13 Rev.1 (I) Promoting Biological and Non-Biological Agent Prevention and Control Techniques in Mechanical Timber Processing in Peru (Peru)
ITTO Budget: \$456,696.00
- PD 700/13 Rev.1 (I) Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products – Phase I (ITTO)
ITTO Budget: \$5,159,245.00

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FORTY-NINTH SESSION
25-30 November 2013
Libreville, Gabon

DECISION 2(XLIX)
INFORMAL ADVISORY GROUP (IAG)

The International Tropical Timber Council,

Recalling Decision 3(XXII) which established the Informal Advisory Group (IAG) and called for a reassessment of its role and continued existence at the Twenty-sixth Session of the Council;

Recognising the supreme role of the Council to provide effective leadership within the ITTO and to make decisions which direct the work of the Organization;

Welcoming the contribution which the IAG has made in providing advice to Council;

Noting the continuing need for Council to proactively identify and discuss relevant policy issues;

Decides to:

1. Renew the mandate of the IAG up to the Fifty-first Session of the Council and reassess its role and continued existence at that Session;
2. Continue to apply the Terms of Reference of Decision 3(XXII) as attached to this Decision.

**TERMS OF REFERENCE FOR THE INFORMAL ADVISORY GROUP (IAG)
ON ORGANIZATION OF WORK UNDER THE ITTA, 1994**

Composition of the IAG

The IAG shall comprise the Chair and Vice-chair of the Council, the four Committee Chairs, the two Spokespersons of the producer and consumer groups, a representative of the host country of ITTO Headquarters and the Executive Director;

Roles and Responsibilities of the IAG

Under the direction of the Council, the IAG shall:

1. Receive, generate, synthesize and provide advice to Council, and in this context, review previous Council decisions, assess and advise Council on the need to sunset or further examine previous Council decisions in the light of ITTA, 1994;
2. Consider, in the context of the overall policy and strategic priorities of the Council, priorities related to public relations and public education of the ITTO;
3. Advise Council on ITTO's coordination and cooperation priorities with external agencies and organizations; for further decision and implementation of appropriate action by the Council;

Mode of Operation

1. The IAG shall be chaired by the Chairperson of Council or, in his or her absence, the Vice-chair of Council;
2. The IAG may propose informal Joint Producer/Consumer sessions to address policy options and strategies during Council Sessions;
3. The IAG shall meet prior to Council sessions for one half or one full day as necessary, during and following Council sessions. Intersessional work of the IAG shall be performed by e-mail, telephone, facsimile and mail;
4. The IAG shall be supported by the Secretariat to the extent needed to plan meetings, provide meeting support and undertake any necessary intersessional work.

Relationship to other ITTO Organizational Entities

The IAG shall take direction only from the Council and shall not give direction to, nor take direction from, the Committees, the Bureau, the producer/consumer groups, individual members or the Secretariat.

Financial Implications

Costs associated with any necessary intersessional work of the IAG shall be met through in-kind support from the organizations with which IAG members are associated. Costs to the ITTO of the establishment of the IAG shall be related to administrative support to be provided by the Secretariat for the effective and efficient functioning of the IAG.

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FORTY-NINTH SESSION
25 - 30 November 2013
Libreville, Gabon

DECISION 3(XLIX)

MATTERS RELATED TO ARTICLE 14 OF THE ITTA, 2006

The International Tropical Timber Council,

Recalling Article 14 of the ITTA, 2006;

Noting that the position of Executive Director of ITTO will become vacant on 6 November 2015;

Decides to:

1. Request the Executive Director to take action to advertise the position, using the text in the Annex to this Decision, in the ITTO Tropical Forest Update and websites of the ITTO, the Collaborative Partnership on Forests and other relevant international organizations and through notification to national governments and international organizations including the United Nations. The advertisement shall be placed by 30 December 2013;
2. Request the Executive Director to inform applicants to submit their applications to the Secretariat by 30 April 2014 by 17:00 hours (Japan time). The Secretariat will thereafter inform the focal point of the applicant's country of citizenship, and request the focal point to register any objection to the applicant's further consideration to the Executive Director within a period of 4 weeks;
3. Establish a panel composed of 6 producer members, and 6 consumer members, to examine the applications and verify the information therein, and agree on an indicative short list of no more than six names. The panel shall meet in Yokohama and finalize its work before 30 June 2014 and shall circulate its report to members by 7 July 2014. The two caucuses shall indicate their respective nominations for the panel by 28 February 2014, taking into account gender balance and geographic representation;
4. Request the Executive Director to invite all short-listed candidates to the Council at its Fiftieth Session to make a presentation and be available for informal consultations with Council members;
5. Request the Council to discuss the indicative short list of candidates prepared by the panel and to select the Executive Director at its Fiftieth Session;
6. Authorize the Executive Director to transfer an amount not exceeding US\$ 100,000.00 from the Working Capital Account to the Administrative Account to meet the costs of advertising the position of Executive Director, the work of the Panel, and travel costs for short-listed candidates invited to present at the Council in the most efficient and cost-effective manner.

ANNEX FOR DECISION 3(XLIX)

VACANCY FOR THE POSITION OF THE EXECUTIVE DIRECTOR OF ITTO

The International Tropical Timber Organization (ITTO), a commodity organization headquartered in Yokohama, Japan is in the process of appointing a new Executive Director. The ITTO mission is 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.

The Executive Director is the chief administrative officer of the International Tropical Timber Organization and is responsible to the International Tropical Timber Council for the administration and operation of the International Tropical Timber Agreement, 2006, in accordance with decisions of the Council.

The ITTO explicitly encourages applications from qualified female candidates.

Candidates who are citizens of ITTO member countries with the following qualifications may apply:

1. Competencies

Demonstrates:

- (i) **Professionalism:** Professional competence and mastery of subject matter, is conscientious and efficient in meeting commitments, observing deadlines and achieving results.
- (ii) **Accountability:** Ability to operate in compliance with organizational rules and regulations, to deliver outputs within prescribed time, cost and quality standards.
- (iii) **Communication:** Ability to communicate effectively orally and in writing. Listens to others, correctly interprets messages from others and responds appropriately. Openness in sharing information and keeping people informed.
- (iv) **Networking:** Ability to create and maintain a network of external contacts and coalitions with other relevant organizations, in a manner that enables the ITTO to play a leadership role internationally on matters relevant to its mandate.
- (v) **Leadership:** Experienced in proactively developing goals and strategies to accomplish the organization's objectives.
- (vi) **Vision and innovation:** Creates an environment that fosters innovation and innovative thinking. Empowers others to translate vision into results.
- (vii) **Managing performance:** Delegates the appropriate responsibility, accountability and decision-making authority. Makes sure that roles, responsibilities and reporting lines are clear to each staff member. Monitors progress against milestones.
- (viii) **Ethical standards:** Committed to the highest ethical standards in furtherance of his/her mission and the objectives of the ITTO.
- (ix) **Gender balance:** Committed to promoting equal opportunities.
- (x) **Diplomatic and negotiation skills,** including experience in working with high-ranking government and industry representatives.

2. Professional Experience

- (i) **Managerial experience:** a proven track record and at least 15 years of experience in managing programs, staff and finances, in matters relevant to forestry, trade, environment or other equivalent field with proven experience in strategic planning;
- (ii) **Specific experience:** demonstrated experience in the field of sustainable forest management and timber trade would be a distinct advantage;

- (iii) International experience: previous work at the international level and experience in dealing with international organizations; and
- (iv) Partnership building and fundraising experience: Demonstrated experience in creating strategic partnerships/networks and promoting initiatives with partner organizations. Demonstrated experience in mobilization of financial resources would be a distinct advantage.

3. Education

Master's or Ph.D. degree in forestry, natural resource management and conservation, economics, business administration, or any other relevant field.

4. Language

Proven ability in both oral and written communication in one of the official languages of ITTO (English, French and Spanish) and preferably a working knowledge in the other two official languages of ITTO. Good command of English would be a distinct advantage.

Salary and Emoluments

Salary is equivalent to that of an Assistant Secretary General (ASG) in the scale of the United Nations, including benefits such as removal expenses, home leave travel every 24 months, children's education grant, rental subsidies, etc.

Conflict of Interest

Candidates should have no vested financial interest in the timber industry or timber trade and related activities

Applications

Written applications including a cover letter explaining how the candidate meets the required qualifications, a completed United Nations Personal History form (form P.11), a curriculum vitae and additional supporting materials related to the job qualifications and a recent photo should be received at ITTO headquarters by 30 April 2014. Applications may be submitted electronically or by mail or fax and should be sent to:

Executive Director
International Tropical Timber Organization
International Organizations Center, 5th Floor
Pacifico-Yokohama, 1-1-1, Minato-Mirai
Nishi-ku, Yokohama, Japan 220-0012
Tel: (81-45) 223-1110
Fax: (81-45) 223-1111
E-mail: itto@itto.int

* * *

FORTY-NINTH SESSION
25 - 30 November 2013
Libreville, Gabon

DECISION 4(XLIX)

ITTO VOLUNTARY 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;

Acknowledging the efforts by producer countries to implement the existing guidelines on the sustainable management of natural tropical forests published in 1990, and the substantial support for these efforts provided by consumers and donors;

Also recalling the ITTO Action Plan 2008-2011 which calls for review, revision and promotion of the use of the ITTO guidelines; the 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; and the ITTO Biennial Work Programme for the Years 2013-2014 which calls for 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;

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 Members as well as the report of the draft 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];

Welcoming the report of the final draft ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests [Document CRF(XLVII)/6];

Also welcoming the additional comments on the report of the final draft revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests made during the Forty-seventh Session of the Committee on Reforestation and Forest Management and the Forty-ninth 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 Members to build capacity and help accelerate progress towards sustainable forest management;

Also noting that the “ITTO Voluntary Guidelines for the Sustainable Management of Natural Tropical Forests” will assist Members in the development and implementation of forest policies and best practices of forest management in the tropics;

Decides to:

1. Invite Members to provide comments on the draft of the ITTO Voluntary Guidelines for the Sustainable Management of Natural Tropical Forests (CRF(XLVII)/6 dated 25 September 2013) to be submitted to the ITTO Secretariat by 30 April 2014;
2. Revise the final draft of the ITTO Voluntary Guidelines by 31 May 2014 taking into account comments received from members;
3. Make available to Members the revised final draft of the ITTO Voluntary Guidelines on the ITTO website on 1 June 2014;
4. Adopt, through an electronic non-objection procedure, the final draft of the ITTO Voluntary Guidelines by 31 July 2014;
5. Request the Executive Director to prepare and publish the adopted ITTO Voluntary Guidelines and to distribute the publication widely to Members and other interested parties;
6. Request the Executive Director to undertake the following actions to promote the ITTO Voluntary Guidelines and their application by Members:
 - a. Publish an information brochure summarizing the Guidelines (“Voluntary Guidelines at a glance”) in the three official languages of ITTO to be widely distributed;
 - b. Hold three regional capacity building training workshops to promote the understanding of the ITTO Voluntary Guidelines and encourage country-level initiatives, according to the attached Terms of Reference;
 - c. Encourage Members to apply the ITTO Voluntary Guidelines considering the national circumstances of member countries and to submit project proposals to ITTO where appropriate;
7. Authorize the Executive Director to seek voluntary contributions from Members and other potential donors to meet the financial requirements of this Decision, not exceeding US\$350,000.00;
8. Encourage members, the private sector and the international community in general to use the adopted ITTO Voluntary Guidelines as a reference and a contribution towards the challenging task of sustainable management of natural tropical forests, taking into account national circumstances, capacity and assistance provided under the framework of the ITTA, 2006, and other modalities;
9. Encourage Members and other potential donors to provide additional funds for promoting and applying the ITTO Voluntary Guidelines and adoption of national guidelines on the sustainable management of natural tropical forests.

Budget

Publication and dissemination of the ITTO Voluntary Guidelines	US\$ 94,500
Three (3) regional training workshops (USD 70,000 each)	US\$ 210,000
Programme support cost (15%)	US\$ 45,500
Total	US\$ 350,000

Terms of Reference for the Workshops

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

The objectives of the workshops are:

- To facilitate consultations and promote a better understanding of the ITTO Voluntary Guidelines for Sustainable Management of Natural Tropical Forests in particular to revitalize and renew the basics of sustainable forest management especially among decision makers and professional foresters and forestry enterprises operating in producer countries;
- To raise awareness among governments, donor agencies, private sector, NGOs and regional 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 from tropical natural forests;
- To encourage the effective implementation of the ITTO Voluntary Guidelines for the Sustainable Management of Natural Tropical Forests considering the national circumstances of member countries; and
- To enhance partnerships with relevant agencies engaged in sustainable forest management of natural tropical forests.

The workshops are intended to target members and forestry operators and may also include as appropriate:

- Trade Advisory Group and Civil Society Advisory Group
- Local educational and research institutions
- Certification bodies
- Private sector
- Intergovernmental organizations
- Non-governmental organizations

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FORTY-NINTH SESSION
25 - 30 November 2013
Libreville, Gabon

DECISION 5(XLIX)

PROCEDURES TO RESPOND TO ADDITIONAL FUNDING OPPORTUNITIES

The International Tropical Timber Council,

Noting that the possible sources of financing for the Special Account and the Bali Partnership Fund may include contributions and resources from other private and public sources in accordance with Articles 20(2) and 21(2), respectively, of the International Tropical Timber Agreement, 2006;

Further noting the adoption of the ITTO Strategic Action Plan 2013 – 2018, and noting the report on the ITTO fund mobilization and partnership strategy and Action Plan including its annexes presented at the Forty-ninth Session of the ITTC;

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

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

Recognizing the need to give ITTO more flexibility for accessing such funding mechanisms with a view to expanding the funding sources of the Organization;

Decides to authorize the Executive Director to:

1. Conduct consultations with Member government agencies, international organizations, and other donors regarding any ITTO project or pre-project proposal that have been recommended for funding or any approved ITTO project or pre-project with a view to adapting the proposal, the project or pre-project to comply with their requirements, as necessary;
2. To this end, prepare a revised project document in consultation with the submitting government as applicable and all relevant parties to the project or pre-project;
3. Participate in additional funding mechanisms that donors make available, such as calls for proposals, which would be appropriate for ITTO project work, and complete the necessary implementation and financial arrangements;
4. Notify Members on actions proposed to be taken under paragraphs (1) and (2), and request Members to approve the action subject to a time-bound, electronic no-objection procedure with an approval period of not less than twenty-one (21) days; and
5. Report to Members on actions taken under paragraphs (1) and (2), or under paragraph (3) at the first subsequent session of the relevant Committee or the Council.

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DECISION 6(XLIX)

ORGANIZATION OF A REGIONAL WORKSHOP ON SFM AND FOREST EDUCATION IN LATIN AMERICA

The International Tropical Timber Council,

Noting the major achievements and contributions made by various forest education and research institutions to global sustainable forest management, which significantly contributes to the consolidation of ITTO's Objective 2000;

Noting further that during the current five-year period, most Latin American universities in ITTO member countries will celebrate 50 years of service to the forest development of their countries and region;

Considering the outstanding involvement of universities in the tropical region of Latin America, for example, in developing guidelines for forest management, conservation of forest ecosystems, biodiversity research, community forest management, CITES, FLEG, forest industries, and timber technology;

Recalling that one of the two overall objectives of the ITTA, 2006 is to promote sustainable management of tropical timber producing forests, and that this can only be achieved with the involvement of high-level institutions and professionals;

Recalling further the ITTO Strategic Action Plan 2013-2018 whose priorities include to build and develop human resource capacity to implement SFM, and that in this framework, ITTO is essentially an organization that generates and distributes expertise and assistance to its members in order to develop the capacity needed to deal with the complex problems affecting forests;

Recognizing the importance of supporting initiatives to strengthen forest education institutions in Latin America through the organization of regional events that promote SFM, in collaboration with the efforts made by the Food and Agriculture Organization of the United Nations (FAO);

Welcoming the draft decision submitted by the Peruvian delegation with the support of other delegations at the Forty-ninth ITTC Session, to organize a regional workshop on the current status and outlook of forest education in Latin America over the next few decades, which will study the contribution made by forest education to SFM, to be held in Lima, Peru, in June 2014 at the Faculty of Forestry, National Agrarian University of La Molina;

Decides:

1. To support the initiative to organize the above event and to request the Executive Director to promote this initiative among the country members of ITTO and to seek voluntary financial resources for this purpose.

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25 - 30 November 2013
Libreville, Gabon

DECISION 7(XLIX)

CONSIDERATION OF REGIONAL ITTO PRESENCE AND REPRESENTATION

The International Tropical Timber Council,

Recalling Paragraph 5 of Article 3 of ITTA, 2006;

Acknowledging the services provided to Members by the Secretariat through the ITTO Regional Officers for Africa and Latin America and the Caribbean, under the management of the Executive Director, in relation to the project cycle, thematic programmes and the general representation of the Organization;

Reaffirming the need to continue enhancing the efficiency and productivity of the Organization as a whole, and the need to reduce overhead costs as far as possible;

Noting the request by a number of ITTO Members at the Forty-ninth Session of the ITTC for considering the possible role and objectives, feasibility and budgetary implications of strengthening regional representation, *inter alia* through the possibility of establishing regional offices;

Further noting Gabon's generous offer at the Forty-ninth Session of the ITTC to host an African Regional Office;

Decides to:

1. Hold a discussion on the issue of ITTO's regional presence and representation during the Fiftieth Council Session in Yokohama;
2. Invite Members to submit to the ITTO Secretariat by 30 June 2014 views on the possible role and objectives, feasibility, and budgetary implications of strengthening ITTO's regional presence; and
3. Requests the ITTO Secretariat to compile Members' submissions in advance of the Fiftieth Session of the ITTC and to prepare a concise background paper summarizing ITTO's experience with regional representation.

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE FOUR COMMITTEES

Documents: CEM-CFI(XLVII)/6

CRF(XLVII)/8

CFA(XXVIII)/10

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25-30 November 2013
Libreville, Gabon

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

FORTY-SEVENTH SESSION OF THE

COMMITTEE ON ECONOMICS, STATISTICS AND MARKETS

AND THE COMMITTEE ON FOREST INDUSTRY

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Report

Appendix A: Report on the ITTO Annual Market Discussion – 2013

Appendix B: Statement of the Trade Advisory Group (T-A-G)

REPORT

1. Opening of the Session

The Forty-seventh Session of the Committees was opened on 27 November 2013 at the Joint Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), co-chaired by Mr. Tabi Agyarko (Ghana), Chairperson of CEM and Dr. Ruth Caroline Hitahat Turia (Papua New Guinea), Chairperson of CFI. Mr. Rob Busink (The Netherlands), Vice-Chairperson of the Council chaired the Joint Session of the Committees on 26 November 2013 which considered items 4 and 8A of the Agenda and on 27 November 2013 which considered item 6 of the Agenda. The list of participants is presented in document ITTC(XLIX)/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(XLVII)/1 was duly adopted.

3. Admission of Observers

The Committees admitted the observers listed in document ITTC(XLIX)/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 Mr. Mario Rafael Rodriguez Palma (Guatemala), Chairperson of the Expert Panel for Technical Appraisal of Project Proposals at its Forty-fifth and Forty-sixth meetings held on 4-8 February 2013 and on 29 July-2 August 2013 in Yokohama, Japan as contained in documents ITTC/EP-45 and ITTC/EP-46, respectively.

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-fifth and Forty-sixth Meetings as follows:

Committee on Economic Information and Market Intelligence		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 686/13 Rev.1 (M)	Enhanced Research and Promotion of Non-Traditional Broadleaved Timber Species in Honduras	Honduras
PD 692/13 Rev.1 (M)	Implementation and Operationalization of a National Information System for the Sustainable Management of Forest Resources	Côte d'Ivoire
PD 694/13 Rev.2 (M)	Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana	Ghana
PPD 167/13 Rev.1 (M)	Feasibility Study on the Certification of ONAB's National Plantation Estates	Benin

Committee on Forest Industry		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 660/12 Rev.3 (I)	Enhancing Industrial and Community Utilization of Wood Residues Through Briquette and Charcoal Production for Environmental and Livelihood Improvement in Ghana	Ghana

PD 687/13 Rev.1 (I)	Strengthening the Performance of the Wood Processing Sector in Guyana, through Building Local Capacity and the Enhancing National Systems that Promote Forest Products Trade and Sustainable Utilization of Forest Resources	Guyana
PD 689/13 Rev.1 (I)	Promoting Biological and Non-Biological Agent Prevention and Control Techniques in Mechanical Timber Processing in Peru	Peru
PD 698/13 Rev.2 (I)	Facilitating Forest-Industry-Market Integration	Guatemala
PD 700/13 Rev.1 (I)	Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products – Phase I	ITTO
PD 722/13 Rev.1 (I)	Capacity Building on Reduced Impact Logging (RIL) in Dry Inland Forest in the Permanent Forest on Peninsular Malaysia	Malaysia
PPD 172/13 Rev.1 (I)	Platform for Genetic Improvement of <i>Tabebuia</i> Species – Critical Information Development Phase for Implementation in Campeche, Mexico	Mexico
PPD 173/13 Rev.1 (I)	Management of Tropical Forest Species for the Production of Timber for Rural and Tourism Infrastructure Construction in South-east Mexico	Mexico

6. ITTO Annual Market Discussion – 2013

The Committees noted the summary of the ITTO Annual Market Discussion – 2013, held in the Joint Session of All Committees on 27 November 2013, as contained in Appendix A. The theme of the Market Discussion was “Trade Approaches to Meeting Market Demand for Legality”. Mr. Rob Busink, Vice-Chairperson of the Council, chaired the meeting and Mr. Barney Chan (TAG Coordinator) served as the moderator of the Market Discussion.

The following feature presentations were made during the Market Discussion:

Mr. Alhassan Attah, Marketing Consultant Ghana	“Progressing Towards the Export of VPA/FLEGT License Timber: Ghana’s Experience and Lessons Learned”
Dr. Ivan Tomaselli, President STCP Engenharia de Projetos Ltda. (Brazil)	“Trends in Brazil’s Production and International Trade”
Mr. Ralph M. Ridder, Director General Association Technique Internationale des Bois Tropicaux (ATIBT)(France)	“Forest Sector and Timber Trade in ATIBT Focus Countries”
Mr. Maidiward, Forestry Attache Embassy of Indonesia in Japan	“Indonesia’s Readiness to Supply World Market with Legal Timber from Sustainable Managed Forests: Updating SVLK/VPA Implementation”
Mr. Boubacar Ben Salah, President Syndicat des Producteurs Industriels du Bois de Côte d’Ivoire (SPIB)(Côte d’Ivoire)	“FLEGT Processes in Côte d’Ivoire”
Mr. Rupert Oliver, Managing Director Forest Industries Intelligence, Ltd. (UK)	“The European Market for Tropical Timber: Turning a Crisis into an Opportunity?”

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 2014. He informed the Committees that the tentative theme for the discussion would be “Domestic and Emerging International Markets – A Changing Market Landscape”.

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(XLVII)/2 as follows:

Committee on Economics, Statistics and Markets

PD 124/01 Rev.3 (M) Promotion of Sustainable Management of African Forests (Africa)
Phase III Stage 1

The Committee took note of the presentation by the project coordinator (Mr. Olivier Ahimin) and the completion report in document CEM-CFI(XLVII)/2. He provided the background of this long-running project, including its phasing and the need for additional funding in order to complete Phase III, Stages 2 and 3. He detailed the many impacts of the project to date, including the establishment of national PCI working groups in 10 countries, contributions to forest certification/legality verification in several countries, collaboration with and inputs to activities of regional NGO's like WWF-CARPO, and the training of auditors/implementation of forest audits in several African countries. Future activities would include extension of project activities to new ITTO member countries in the region (Benin, Mali and Mozambique), conducting forest audits in a wider range of countries and expanded collaboration with relevant stakeholders and initiatives in the region.

Following the presentation, several delegations expressed their support for the work of the project and for its continuation. The representative of Benin expressed his country's interest to participate in future project activities. The representative of Congo noted the positive impacts of the project in his country and called for the project to continue. The representative of Côte d'Ivoire stated that the project activities undertaken in his country had assisted with rebuilding of forestry capacity and had established important links between central and west African countries. The representative of Gabon noted the importance of the forest concession audits carried out in her country under the project and requested continued support to extend audits to more concession areas. The representative of Switzerland commended the project for its many positive impacts to date which he hoped could be extended to more countries in future. He requested the project to attempt to gather data on its contribution to increases in certified forest areas in African countries in future. The representative of Togo expressed his country's gratitude for assistance from the project to develop PCI for Togo's plantation forests and requested assistance in future to extend the PCI to Togo's natural forests. The representative of Cameroon indicated his country's support for the project, recalling that the first two project coordinators had been from Cameroon which has developed national PCI that have been incorporated into the country's national forest strategy.

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

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

The Secretariat informed the Committee that this project had originally been included as a project under implementation in the documents prepared for the current session. However, due to the subsequent submission of the final report and financial audit by the Government of Gabon, the project could be considered under the agenda item on completed projects. The representative of Gabon made a brief presentation on the project, highlighting the achievement of its objectives to facilitate collection of log and timber production data in the field using netbook computers and transfer of this data to the STATFOR database. He detailed some of the problems faced in implementing the project including provision of the Gabonese contribution to the project budget and staff turnover partially due to a restructuring of the Ministry of Water and Forests. The Government of Gabon has submitted a new small project to ITTO under the Trade and Market Transparency thematic programme which will consolidate and build on the outputs of PD 182/03 Rev. 2 (M).

The Committee took note of the presentation of the representative of Gabon and duly declared the project complete.

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

The Secretariat reported to the Committee that this pre-project was aimed at improving decision-making on forest management at the national, regional, political, sub-district and forest management unit (FMU) levels in Thailand while its specific objective is to strengthen the National Forest Information System (NFIS).

The Committee noted that these objectives had been achieved principally through the conduct of a feasibility study and the formulation of an action plan and a full project proposal for the strengthening of the NFIS of Thailand. The pre-project had been implemented successfully without any serious delay or problems encountered.

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

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 reported to the Committee that all activities were completed and all outputs were achieved in a period of 80 months, including assessment of the current situation of Gabonese SMEs, selection of five SMEs to participate in the project activities and in the missions, missions to Brazil and South Africa to learn about various existing financial schemes which support SMEs, the identification of a financing mechanism for Gabonese nationals and SMEs identified, and the drafting of a project proposal aimed at supporting the implementation of this mechanism with the participation of five nationals/SMEs, which is still to be officially submitted to the ITTO.

The Committee noted that the project was executed below the budgeted ITTO contribution, with savings in the amount of US\$20,505.

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

PD 385/05 Rev.4 (I,F) Industrialisation, Marketing and Sustainable Management of Ten Mexican Native Species

The Secretariat reported that all activities were carried out and all outputs were achieved in a total period of 43 months, including prospective programmes for the sustainable silvicultural management of 10 selected species, training to forest producers, diagnostic study on primary and secondary timber industries in the region, technological characterisation of the selected species, technical assistance for primary and secondary timber processing industry personnel, product use and diversification, study of market niches and prices for the selected species, and product development and diversification.

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

The delegation of Mexico expressed its appreciation to the donors and ITTO for their support in the implementation of the project. She highlighted that forest industry development is of high priority of the Mexican government which has implemented a national programme on entrepreneurial capacity building in order to boost the competitiveness of the forest industry. The delegation of Mexico also informed that in this sense and with the aim of building from the outputs of the project, a new pre-project proposal has been submitted to ITTO for the utilization of tropical timber in the construction for the tourist sector.

The Committee duly declared the project complete.

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 reported that all activities were carried out and all outputs were achieved in a total period of 42 months, including assessments of resource availability, extraction intensity and regenerative growth of NTFPs. A policy designed to regulate NTFP harvesting had been formulated and implemented; gatherers and handicraft workers were trained on sustainable collection and production of high quality handicrafts from NTFPs; improvements to production processes were made in the manufacture of handicrafts; marketing of finished products improved; handicraft producers' groups were organized; gender sensitivity in extraction was determined; processing and marketing of NTFPs was undertaken; and enrichment planting of NTFPs was carried out.

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

PD 512/08 Rev.2 (I)

Industrial Utilisation and Marketing of Ten Potential Timber Species from Secondary and Residual Primary Forests (Peru)

The Secretariat reported that all activities were carried out and all outputs were achieved in a total period of 34 months, including new timber species technologically characterized, proposal of suitable conditions for primary processing, diversification of products and study of value added prototypes, business plans for timber products made from new secondary and residual primary forest species, and dissemination, training and technical assistance programme for forest enterprise management.

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

PD 523/08 Rev.1 (I)

Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia

The Secretariat reported to the Committee that this project was aimed at contributing to the alleviation of wood raw material supply problem facing the national wood industry through the efficient utilization of rubberwood from sustainable sources. Its specific objective was to promote the utilization of rubberwood from sustainable sources. Outputs of the project were: i) increased interest in the utilization of rubberwood owned by large companies; ii) improved incentives for and capacity in the utilization of rubberwood from smallholders' plantations; iii) revised and enhanced government policy governing rubberwood resource utilization; iv) increased investment in rubberwood utilization; and v) appropriate technologies available for the utilization of rubberwood from smallholders' plantations.

The Committee noted that in light of the indicators of the outputs defined in the project document, all planned activities had been achieved and delivered through the full execution of 22 planned activities noting that Outputs 1 and 2 were somewhat short of targets for reasons that were beyond control of the project.

The Committee also noted that with the delivery of all planned outputs, the specific objective has been achieved. However, judging from the pre-defined indicators of the specific objective, it was more appropriate to declare the specific objective as "nearly achieved" due mainly to the partial fulfillment of the pertinent indicators, particularly Indicator No. 3, as elaborated in the Completion Report.

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

Following the report by the Secretariat, the delegation of Indonesia explained that the project had been implemented within the approved timeframe and budget. The delegation of Indonesia expressed its appreciation to the ITTO Secretariat as well as the Government of Japan, the Government of Korea, and the Japan Lumber Importers' Association (JLIA), for funding the project.

The Committee 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(XLVII)/3.

Committee on Economics, Statistics and Markets

No ex-post evaluation report was considered at this session.

Committee on Forest Industry

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

PD 40/00 Rev.4 (I)	Utilization of Small-Diameter Logs from Sustainable Source for Bio-Composite Products (Indonesia)
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The Secretariat informed the Committee that contact was established with the Common Fund For Commodities (CFC, the donor of the project) who indicated that in accordance with their procedures, ex-post evaluation can only be undertaken two years after the completion of the project. Therefore, the Secretariat will contact CFC again next year to arrange the evaluation of this project.

PD 306/04 Rev.1 (I)	Improving Utilization and Value Adding of Plantation Timbers from Sustainable Sources in Malaysia
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A presentation was made for the Committees by the consultant, Dr. Hiras Sidabutar (Indonesia), on the results of his ex-post evaluation of the project.

The ex-post evaluation was carried out in May 2013, thirty-two months after project completion. Dr. Sidabutar informed the Committees that the evaluation involved review of existing project documents and files; meetings with the executing agency and its collaborators, former PSC members, key project personnel and other main stakeholders; and visits to relevant forestry institutions and forest industries in three regions of Malaysia. The key stages of the evaluation included in-depth analysis of the project design using the ITTO Manual for project formulation, second edition, as the framework with special attention to the problem tree and definition of the project elements, and assessment of project performance covering appropriateness of implementation process, achieved outputs and objectives, and impact as well as sustainability of the project.

According to the consultant, the project stemmed from studies conducted in Malaysia and was urgently needed to help sustain its forestry and wood-based industry sector that had been contributing significantly to the Malaysian economy over the decades but was experiencing a growing threat to its future viability due mainly to the continuing shortfall in supply of natural timbers. The establishment of forest plantations is one of the solutions but the properties and uses of the tree species that had been planted on a trial basis remained unclear. This problem was addressed by the project through its interventions.

It was pointed out that the specific objectives of the project were achieved through delivery of ten outputs for which 32 activities had been fully implemented within the sanctioned budget and duration i.e. US\$1,446,001 and 48 months, including 12 months of extension without additional funding, respectively.

Dr. Sidabutar reported the following conclusions:

- The problems addressed were inadequately analyzed and the project design was somewhat weak because the main causes and sub-causes of the problems addressed were not well identified; conformity of the project interventions to the actual causes was conceptually lacking clarity;

- Despite weaknesses of the project design, the project had been successfully implemented and completed through full execution of all planned activities, delivery of the defined outputs and achievement of its defined specific objectives;
- The project was implemented in an effective manner in full compliance with the project agreement and established ITTO rules and procedures; the required documents had been prepared and submitted on time;
- The strategy pursued in implementing the project was employment of a multi-disciplinary group of national and foreign experts, agencies and stakeholders directly or indirectly involved in the project execution with Forest Research Institute Malaysia (FRIM) acting as the national coordinating agency;
- The project has generated significant favorable impacts: attitude of the primary beneficiaries towards commercial utilization of planted timbers and development of forest plantations is improving; enthusiasm of the forest industries for availability of appropriate processing technologies for planted timbers is growing while policies and programmes on forest plantation development are being enhanced;
- Technology transfer had been performed effectively through wide dissemination of the project outputs and publications, conduct of the workshop and seminar on improved utilization of tropical plantation timbers, execution of the road-show program throughout the regions and training of Malaysian researchers at FFPRI of Japan;
- Overall, sustainability of the project is promising: the forest research institutions across the regions are carrying out studies and experiments relating to planted wood properties and processing techniques using the methods developed under the project and a follow-up project proposal has been submitted to and approved by ITTO and is currently awaiting funding for its implementation;
- Overall, the project can be categorically rated as successful in terms of the positive impacts on the environment of planted timber utilization it is generating and the promising sustainability of the project;
- The project had been implemented in a cost effective manner; the sanctioned amount of ITTO budget was prudently expended to fully execute the 32 originally planned activities.

Finally, Dr. Sidabutar recommended that:

- In formulating future similar projects, strict adherence by proponents to the ITTO Manual on project formulation and full participation of the primary beneficiaries must be assured in order to arrive at a sound and workable project design;
- In convincing forest industries on the commercialization of planted timbers, the regional R&D institutions should continue doing intensified research on wood properties and appropriate processing techniques, independent of external financial assistance, in close consultation with the forest industries;
- In speeding up the development of forest plantations, it is strongly advisable to make use of the experience of other countries in order to economize use of needed resources;
- The consultation held with Asiaprima Resources Sdn Bhd in Pahang revealed that it has documented vast information on properties of acacia timber and its suitable processing techniques; exploring possibility of sharing this information is worth considering as this information would be very useful for purpose of developing effective R&D programs by concerned forestry research institutions;
- To ensure technical soundness of project design and relevance as well as effectiveness of project interventions, adherence by any proponent to existing manual on project formulation is to be fully observed by the Expert Panel in assessing any project proposal;
- To provide funding for immediate implementation of proposed project PD 600/11 Rev. 1 (I) entitled "Life Cycle Assessment and Carbon Foot Print-Based Initiative for Process Improvement and Innovative Product Development of Sustainable Plantation-Grown Acacia mangium in Malaysia".

The Committees commended the consultant for his report and presentation.

PD 334/05 Rev.2 (I)

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

The Committees were informed by the Secretariat that the consultant scheduled to present his report on the ex-post evaluation of this project had been unable to attend the session due to his inability to obtain

an entry visa to Gabon. The Committees decided to postpone consideration of this project until their next session.

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

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

The Joint Committees took note of the presentation of Dr. Soriano on her ex-post evaluation of PD 425/06 Rev. 1 (I). The project was completed on time and within the approved budget. The ex-post evaluation was carried out in June 2013 (25 months after project completion) and involved review of all project materials as well as field visits to eaglewood production forests and plantations. Eaglewood is only produced by one in ten Gaharu trees leading to indiscriminate harvesting. Many species of the genera *Aquilaria* that produces eaglewood have been listed in CITES Appendix II which has given rise to work to establish plantations and treatments to induce eaglewood formation in order to promote sustainable management of the species. The project provided scientific evidence of the efficacy of technology for inducing eaglewood formation including direct inoculation with the relevant pathogens. It identified the most suitable species of *Aquilaria* for eaglewood formation, mass produced inoculum and established demonstration sites in plantations and natural forests.

All planned project outputs were completed. Some changes to planned activities were approved by the PSC without additional ITTO funding in order to enhance achievement of project objectives (i.e. visits to countries like Saudi Arabia with more advance eaglewood processing capacity versus originally planned visit to Vietnam). The project had to deal with an leaf-eating insect infestation of plantation Gaharu trees during implementation, a risk that was unforeseen in the project document. Measures to deal with the impacts of insect infestation should be built into future projects involving plantation establishment. The Government of Indonesia has adopted various measures to ensure sustainability of project outputs, including adoption of a 10-year Gaharu Master Plan.

Recommendations of the ex-post evaluation included the need to communicate project objectives more widely, the need for risk assessment including potential for invasive insect outbreaks at project formulation stage, the need for a national plan for eaglewood producing trees, the need for private-public partnerships, and the need for regulation of inoculum pathogens. Dr. Soriano concluded that the project was successfully implemented and urged ITTO to promote information-sharing between eaglewood producing countries. Work on eaglewood was also relevant to the ITTO-CITES Programme and some of the recommendations of the ex-post evaluation could be relevant to future work on *Aquilaria* species under that Programme.

The representative of Indonesia thanked the consultant, project donors and ITTO. He indicated that Indonesia had constituted a task force to take into account the recommendations of the ex-post evaluation in its future work on eaglewood. He noted that the project had drawn on and contributed to a long-running research program on eaglewood in Indonesia. The representative of the USA thanked the consultant and noted that there may be a need for improving benefit sharing so that those collecting eaglewood would benefit more from the income derived from it. He queried whether Indonesia planned to phase out collection of eaglewood in the wild in favor of plantations and whether consumer preferences would continue to favor wild-produced material. He also questioned whether pest infestation was a problem in the wild or only in plantations. The representative of Malaysia noted that *Aquilaria* was also native to his country and that its high value required special measures to conserve it. Since the findings of the project are extremely important to other countries, he suggested that Indonesia consider convening a workshop to share the results obtained under the project. The representative of PNG supported this call for an information sharing workshop on eaglewood producing species. The Secretariat informed the Joint Committees that a workshop on eaglewood/agarwood producing species would be convened in the second half of 2014 under the ITTO-CITES Programme and that relevant results from the project and its ex-post evaluation would be included in the agenda of this workshop.

The Committees commended the consultant for her report and presentation.

(B) Selection of Projects for Ex-post Evaluation

The Secretariat reminded the Committees of Decision 3(XXVIII) which provided guidelines for the selection of projects for ex-post evaluation and established a pooled fund for ex-post evaluations to be drawn from unused project monitoring and evaluation funds.

Committee on Economics, Statistics and Markets

The Secretariat informed the Committee that funds remaining in the CEM part of the pooled ex-post evaluation fund had been depleted and were only sufficient to carry out ex-post evaluation of one project. The Secretariat recommended, and the Committee approved, the following project for ex-post evaluation.

PD 406/06 Rev.1 (M)	Establishment of the National Forest and Timber Marketing Statistics System (Ecuador)
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Committee on Forest Industry

The Committee duly selected the following project for ex-post evaluation:

PD 523/08 Rev.1 (I)	Operational Strategies for the Promotion of Efficient Utilization of Rubber Wood from Sustainable Sources in Indonesia
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9. Policy Work

Five issues/activities under the CEM and two issues/activities under the CFI were discussed by the Committees.

Committee on Economics, Statistics and Markets

(i) Market Access

The Secretariat reported on recent developments relating to market access since the previous session. During the discussion of last year's Council session, a study on "Improving Resilience of the Tropical Timber Sector to the Impacts of Global and Regional Economic and Financial Crises" was presented by the consultant, which analyzed the impact of the global financial and economic crisis on the market situation of the world tropical timber trade. Since then, many ITTO producers and consumers continued to be facing weakened market demand for primary and processed timber products caused by the crisis. There were still many uncertainties and challenges for demand, supply and market access of tropical timber products.

A number of challenges may affect market access for tropical timber market, such as the existence of unilateral measures of protectionism on timber products including anti-dumping and countervailing measures; the progress of international environmental regimes; the strengthened public procurement policies; the developments of timber legality requirements, and progress in regional and national initiatives, etc.

Timber legality requirements and actions have been drawing the attention of tropical timber producers as more and more consumers are demanding that products should come from legal and sustainable sources. A number of ITTO consumer countries have given precedence to legality considerations in recent years, and these requirements and policies have important implications for tropical timber suppliers.

The EU Timber Regulation applies to a wide range of timber and timber products imported by the EU. In 2012, significant developments were seen including the adoption by the European Commission of the implementing regulation, and the EUTR came into force on 3 March 2013. In the USA, implementation of the Lacey Act 2008 Amendments has also created changes in the practices of importers, manufacturers, and timber companies to avoid the imports of illegally sourced timber. The Australian Illegal Logging Prohibition Act 2012 was adopted in 2012 and will come into force in 2014. Its requirements prohibit the import and processing of illegally logged timber. These developments and their possible challenges and opportunities for timber traders have attracted considerable attention of tropical timber market participants.

(ii) Forest and Timber Certification

The Secretariat reported on the development of forest certification in ITTO producing member countries for the year 2012.

According to the statistics collected by the Secretariat, the total area of certified forests in ITTO producing member countries was 18.9 million hectares in 2012, which accounted for 4.5% of the world's total area of certified forests of about 421.7 million hectares. The number of Chain of Custody certificates (CoCs) in ITTO producing member countries was 1,985, which accounted for 5.8% of the total number of CoCs in the world.

Forest certification in ITTO producer member countries involved two international certification systems:

- a. Forest Stewardship Council (FSC): The FSC certified forest area reached 10.7 million hectares in ITTO producing countries by the end of 2012, which accounted for about 6.3% of the total FSC certified forest area in the world. Meanwhile, the number of CoC certificates reached 1,669 in ITTO producing countries, accounting for 6.8% of the total in the world. The top three countries with the highest FSC certified forest area in ITTO producing member countries are Brazil, the Republic of Congo, and Gabon. Brazil has 7.2 million hectares of FSC certificated forest and 927 FSC-CoC certificates, followed by the Republic of Congo with 2.5 million hectares and Gabon with 1.9 million hectares of certified forest;
- b. Programme for the Endorsement of Forest Certification (PEFC): The PEFC certified forest area in ITTO producing countries reached 6.3 million hectares by the end of 2012, accounting for about 2.5% of the total PEFC certified forest areas in the world. The top two countries with the highest PEFC certified forest area in ITTO producing member countries were Malaysia and Brazil. Malaysia had 4.7 million hectares of PEFC certificated forest. Regarding PEFC-CoC certification, the number of CoC certificates reached 310 in ITTO producing countries, accounting for 3.1% of the total in the world. Malaysia led ITTO producers with 249 (CoC) Certificates.

In addition, there were three national certification systems in ITTO producer member countries as follows:

- Brazil: Brazilian Forest Certification Programme (CERFLOR);
- Malaysia: Malaysian Timber Certification Council (MTCC);
- Indonesia: Indonesian Ecolabelling Institute (LEI).

The first two certification systems (CERFLOR and MTCC) had been endorsed by PEFC, and their certification statistics had been covered by PEFC. In Indonesia, the situation for LEI certification was 1.9 million hectares of certified forest and 6 CoC certificates in 2012. Additionally, Indonesia has also developed and enforced the SVLK (Indonesian Timber Legality Assurance System – Indo-TLAS), which is based on a certification approach and requires all business units to obtain legality certificates.

Similar to previous years, three-fifth of the world's certified forests were certified under PEFC and almost two-fifth under FSC. However, FSC accounted for the biggest share of certified forests in ITTO producing member countries in 2012. The area of FSC certified forest in the Asia-Pacific region grew by 30 percent in 2012, and the number of CoC certificates grew by 20 percent, mainly due to the growing demand in the North American market.

PEFC continues to be the largest certification scheme in the world. However the certified forest area of 2012 decreased by 3.3% from 2011. PEFC was expected to expand in tropical forests through endorsements of certification systems in ITTO producing member countries. The assessment of the China Forest Certification Scheme (CFCS) is progressing well and could hopefully receive the endorsement of PEFC by the end of this year.

Following the report by the Secretariat, the delegation of Malaysia informed the Committee that the Malaysian Timber Certification Council (MTCC) co-hosted the PEFC Week in Kuala Lumpur from 11 to 17 November 2013, the first time such an event was held in the Asia/Pacific region. During the week its General Assembly, related meetings and a Stakeholder Dialogue were held in addition to a 2-day field visit to certified and regenerated forests. The 2-day Stakeholder Dialogue was attended by more than 300 participants. The General Assembly approved the standards submitted by the China Forest Certification Council for endorsement through a postal vote. Another highlight during the event

was the submission of standards by the newly established Indonesian Forestry Certification body, also to be considered by PEFC for endorsement. The PEFC Week was highly successful in creating awareness and promoting forest certification and its contribution to sustainable forest management.

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

The Secretariat reminded the Committee that this item would be taken up at its next session when the first Biennial Review of 2013-2014 to be carried out under the ITTA, 2006 would be considered by Council. The Joint Forest Sector Questionnaire (JFSQ) had been distributed to all members in 2013 and ITTO's statistical database would be updated to allow data from this year to be included in the 2013-14 Biennial Review. The Secretariat reviewed responses to the 2013 JFSQ and urged countries that had not provided data yet (Members: China, Fiji, Gabon, India, Mozambique, PNG, Republic of Korea, Trinidad and Tobago; Non-Members: Bolivia, Central African Republic, Egypt, Madagascar, Nepal, Nigeria, Paraguay, Thailand, Vanuatu, Venezuela) to do so as soon as possible.

The Secretariat also reported on its efforts to seek approval at the World Customs Organization (WCO) for an expanded and updated list of tropical wood species to be included as a sub-heading note in Chapter 44 of the Harmonized System of Customs Classification (HS). The WCO had given preliminary approval to this proposal (jointly submitted by ITTO and FAO) and was currently considering logistical matters regarding the placement and content (common names, Latin names or both) of the new list of over 400 tropical timber species in Chapter 44 of the HS.

The representative of Malaysia asked for clarification on whether the recent restructuring of the Secretariat had left sufficient capacity in place to carry out the core work of ITTO on producing the Biennial Review. The Secretariat confirmed that one post lost in the restructuring was that of the Statistician but that the intention of the Secretariat was to carry out production of the 2013-14 Biennial Review through a consultancy agreement with the previous Statistician. He confirmed that funds were available to allow for this consultancy in 2014 for production of the 2013-14 Biennial Review, but that resources (which should be made available under the Core Activities component of the Administrative Budget) and availability of the consultant could not be confirmed beyond that.

(iv) Promote trade in tropical timber and tropical timber products from sustainably managed and legally harvested sources [Activity 46(a), ITTO Biennial Work Programme 2010-2011]

The Committee took note of the presentation of the consultant (Dr. Kwame Asumadu) which provided details of the Guyanese company involved in the activity (DTL) and the details of the tracking system established. The system, based on hand-held computers and bar-code scanners, provides detailed information on the nature and location of timber produced by DTL and its transport. The interface between DTL's tracking system and government forest control systems allows the Guyana Forestry Commission to monitor DTL's forestry operations to ensure compliance with relevant permits and licenses. The consultant recommended that the work carried out under this Biennial Work Programme activity to establish tracking systems be continued. There is a need for systems that can link to or otherwise interface with national forest monitoring systems.

The representative of the USA asked the consultant how the tracking system developed for DTL differed from existing commercial timber tracking systems. The consultant responded that all tracking systems based on scanners and hand-held computers were similar but that the DTL system had been customized to reflect unique characteristics in Guyana. The representative of Togo cautioned that over-reliance on computers could be dangerous and that manual systems need to be perfected before turning to computerized systems and databases. The consultant pointed out the advantages of computerized systems including removing some of the risk of human-error inherent in manual systems. The representative of PNG noted that difficulties can occur in implementing the system. The EU noted that cost is often a factor in uptake of tracking systems and that the use of open access software (such as in this case) is a good idea. The consultant noted that the total budget of the project was US\$44,000 but that the software development had only been part of that cost and that there had been several delays in project completion due to changes in DTL staff which affected costs. The EU requested information on the intellectual property rights over the system; the Secretariat responded that all project outputs had been provided to ITTO as per the MOU signed with DTL and were available to other members on request. The representative of Indonesia requested information on the value of the system and its potential impact on timber certification. The consultant responded that DTL had found the system valuable and that its implementation would contribute to Guyana's on-going negotiations with the EU on

a Voluntary Partnership Agreement and could certainly contribute to any certification initiative undertaken by the company in the future. The representative of the USA asked for details of the IT company that developed the system which was reported to be NTE, based in Georgetown. The Chair noted that this was the last of 6 tracking systems developed under the 2010-11 Biennial Work Programme activity. The Secretariat proposed and the Committee supported that an activity would be included under the 2015-16 Biennial Work Programme to continue this work.

(v) Analyse the Economic Impact of Governmental Procurement Policies on Tropical Timber Markets

The Committee took note of the presentation of the consultant (Mr. Michael Martin) on his report prepared with Mr. Baharuddin Haji Ghazali [document CEM-CFI(XLVII)/5]. The presentation reviewed the terms of reference of the study and summarized highlights of the report. A general statistical analysis across countries found that shifts in demand reflect a range of factors, particularly general economic trends and consumer preferences. It was generally impossible to distinguish the impacts of public procurement policies for timber products from these wider trends. Declines in tropical timber imports in most major markets had pre-dated the introduction of public procurement policies. In Europe, declines were largest in countries most affected by the recent economic crisis, which were also countries without public timber procurement policies. Results of case studies of Belgium (with a public procurement policy for timber) and Italy (with no such policy) were presented. No statistically significant relationship was found between imports of tropical timber and the introduction of Belgium's public procurement policy. Italy, with no public timber procurement policy in place, shows a more pronounced decline in imports than Belgium.

The consultant noted that suppliers can meet the requirements of public timber procurement policies (and that many are doing so) but that compliance involves significant inputs of time and funds which some may decide are not worth expending due to the niche nature of markets for timber under public procurement policies. He recommended that ITTO could play a larger role in promoting demand for legal and sustainably produced tropical timber in emerging markets, and that these growing markets should be the focus of ITTO's efforts to develop and showcase sustainably and legally produced timber in the coming years.

Several delegations welcomed the informative report and presentation of the consultant, but called for more time to study the report given its importance and the wealth of information contained in it. The representative of Malaysia indicated that his country would undertake a process of consultation on the report with relevant stakeholders and called for ITTO support for a workshop to allow for full consideration of the report. The representative of the EU supported the main lessons of the report, i.e. that other factors are more important in determining demand for timber than public procurement policies; the increasing importance of emerging economies and domestic markets in producing countries; and the potential for ITTO to play a key role in promoting demand for legal and sustainably produced timber in emerging markets. He questioned the added value of a workshop to further discuss the report but welcomed the possibility of additional time to consider and comment on the report. The representatives of Congo and China echoed the call for more time to consider the report, with the former suggesting that further consideration of the report might take place in regional fora like COMIFAC and the latter noting that further information is needed to better reflect China's roles in the timber trade chain, especially as a major timber processing country. The representative of China supported Malaysia's call for a workshop to better understand the impacts of these public procurement policies and further discuss the report and its recommendations, taking advantage of ITTO's role as an important multilateral platform in tropical timber. The representative of Ghana echoed the call for a workshop. The USA and EU representatives continued to question the added value, objective(s) and content of such a workshop, noting that discussions on the report and its recommendations could continue under the Committee's Policy Work agenda at future sessions which would ensure wider participation than might be possible in a workshop.

The Committee recommended that members be invited to provide comments on the draft report to the Secretariat by 28 February 2014 to allow the consultants to finalize the report. It also invited members to submit ideas on and proposals for a workshop on this topic to the Secretariat. It decided to maintain this item on its Policy Work agenda for its next session, when the final version of the report incorporating member comments and any inputs received on the proposed workshop would be discussed.

(vi) Items on Policy Work for 2014

The Committee considered and agreed on the following items for policy work in 2014:

- Market access;
- Forest and timber certification;
- Selected data and analysis from ITTO Biennial Review and Assessment of the World Timber Situation; and
- Analyse the economic impact of governmental procurement policies on tropical timber markets (consider final report and proposal(s) for workshop).

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 provided details of the work carried out to date under the 2010-11 and 2013-14 Biennial Work Programme activities. Seven training missions have been undertaken to date in PNG, Guyana, Myanmar, Malaysia, Ghana, Cameroon and Mexico, with an eighth scheduled for December 2013 in Guatemala. Several different types of processing mills have been selected for the in-house training in each country and participants have included mill owners, managers, workers and government representatives. The scope of training has included log stocking/loading, kiln and boiler operation/maintenance, saw doctoring, finger-jointing and waste minimization. Funding for this activity would be depleted following the completion of the Guatemala training mission so donors were urged to provide additional funds for this partially funded 2013-14 BWP activity.

The delegate of Indonesia noted that the in-house training activity was a follow-up of an Indonesian project which found in-house training is best way to improve forest industry efficiency. Efficiency improvements can greatly improve profitability, but are dependent on many factors. It would be useful for the Secretariat to undertake a study on the economics of improving efficiency in forest industries and the impact of this on SFM. This may assist in attracting funding to the IDE thematic programme.

The Committee took note of the Secretariat's report and recommended to the ITTC that additional funding for this BWP activity be made available and that a study on the economics of improving efficiency in forest industries and the impact of this on SFM be undertaken, with this matter to be further considered under Policy Work at the next session of the Committee.

- (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 Committee that Mr. Vicente A. Molinos (USA) has been engaged as a consultant to assist in the implementation of the activity. The Secretariat compiled technical reports of outputs of the projects under the Committee on Forest Industry, which were grouped in the following topics:

- Biomass and residue utilization,
- Reduced impact logging,
- Primary processing of plantation logs,
- Value added processing,
- Utilization of lesser used timber species,
- NTFP utilization.

A survey was designed and tested in order to identify training needs and gaps for transfer of technology and know-how, and three questionnaires were defined for producers, consumers and others. In August 2013, the Executive Director circulated an invitation to members to respond to the survey and to provide contacts that could provide relevant responses. The survey will remain open until the end of 2013. As of mid-November 2013 a total of 427 responses to the survey had been received.

The next steps include the compilation and analysis of the data and the identification of potential matches of needs with technology and know-how developed by ITTO projects.

The Secretariat encouraged consumer and producer members to respond to the survey, as well as to donors to provide voluntary contributions so the partially funded activity could be implemented as originally foreseen.

(iii) Items on Policy Work for 2014

The Committee considered and agreed on the following items for policy work in 2014:

- 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]; and
- Study on economics of improving efficiency in forest industries.

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

(A) Projects and Pre-projects under implementation

Committee on Economics, Statistics and Markets

1. PD 449/07 Rev.2 (M) Enhancing Forest Law Enforcement in Papua New Guinea
2. 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)
3. 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)
4. PD 621/11 Rev.3 (M) Traceability of Timber Produced by Forest Concession and Native Communities in Madre de Dios and Ucayali (Peru)
5. PD 678/12 Rev.1 (M) Establishment of a National Forest Statistics Information Management System in Benin

Committee on Forest Industry

1. PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (Global)
2. PD 39/93 Rev.4 (I) Ph II The Development, Application and Evaluation of Biomass Energy through Briquetting, Gasification and Combustion of (Wood and Agricultural) Residues (Cameroon)
3. 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)
4. PD 433/06 Rev.3 (I) Sustainable Model for the Brazilian Wood Flooring Production Chain
5. PD 457/07 Rev.5 (I) Operational Supportive System for Promoting the Further Processing of Timber in Five Countries of the Congo Basin (Gabon)
6. PD 506/08 Rev.1 (I) Reviving Forestry Education in Liberia

7. 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
8. PD 540/09 Rev.2 (I) Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products
9. PD 600/11 Rev.1 (I) Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia

(B) Projects and Pre-projects pending agreement

Committee on Economics, Statistics and Markets

None.

Committee on Forest Industry

None.

(C) Projects and Pre-projects pending financing

Committee on Economics, Statistics and Markets

1. PD 124/01 Rev.3 (M)
Phase III Stages 2 and 3 Promotion of Sustainable Management of African Forests (Africa)
2. PD 686/13 Rev.1 (M) Enhanced Research and Promotion of Non-Traditional Broadleaved Timber Species in Honduras
3. PD 692/13 Rev.1 (M) Implementation and Operationalization of a National Information System for the Sustainable Management of Forest Resources (Côte d'Ivoire)
4. PPD 167/13 Rev.1 (M) Feasibility Study on the Certification of ONAB's National Plantation Estates (Benin)

Committee on Forest Industry

1. 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
2. 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
3. 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
4. PD 655/12 Rev.1 (I) Capacity Building of the Builders' Woodworks Industry in the Philippines
5. 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
6. PD 671/12 Rev.1 (I) Boosting Investments in the Processing and Marketing of Forest Products in Atalaya (Peru)

7. PD 687/13 Rev.1 (I) Strengthening the Performance of the Wood Processing Sector in Guyana, through Building Local Capacity and the Enhancing National Systems that Promote Forest Products Trade and Sustainable Utilization of Forest Resources
8. PD 689/13 Rev.1 (I) Promoting Biological and Non-Biological Agent Prevention and Control Techniques in Mechanical Timber Processing in Peru
9. PD 700/13 Rev.1 (I) Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products – Phase I
10. 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)

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

Committee on Economics, Statistics and Markets

PD 449/07 Rev.2 (M) Enhancing Forest Law Enforcement in Papua New Guinea

The Secretariat reported to the Committee that the implementation of this project suffered substantial delays due to problems related to the replacement of key project staff and consultants since implementation began in August 2010. Subsequently, the implementation of the project was basically back on track and in line with the revised work plan. However, during the process in implementation, this project has also experienced considerable delay due to the change of project personnel and preparation for the completion report, final financial audit and technical reports. The implementing agency has recently submitted the project completion report and the technical reports, but is still working on the final financial audit report. After the final financial audit report is submitted and deemed satisfactory, the project will be declared complete at the next session of the Committee.

Following the report by the Secretariat, the delegation of PNG explained that the delay of the project implementation had been caused by the changes of project personnel and consultants as well as a collaborating partner. Eventually, all outputs and activities had been finished and the implementing agency had submitted the project completion report and the technical reports except the final financial audit report. This report will be provided to ITTO before the next session of the Committee. The delegation of PNG also expressed its appreciation to ITTO Secretariat as well as the Government of Japan, the Government of Australia, the Government of USA and Japan Lumber Importers' Association (JLIA), for funding the project.

Committee on Forest Industry

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

The Secretariat informed the Committee that at the time of preparation of the Committee report on ongoing projects, a request for extension without additional funds was pending to be submitted by the implementing agency for further approval and consideration of ITTO and the Common Fund for Commodities (CFC), the donor of the project. This request had been submitted prior to the session of the Committee and approval for the extension of the project until May 2014 was granted by the CFC.

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

The Secretariat informed the Committee that this project had also been funded by the CFC, which retains the funds to be disbursed for the project. The implementing agency has not been able to engage the necessary personnel in order to commence project activities.

The representative of the implementing agency informed the Committee that a lengthy process has taken place to recruit the necessary personnel, starting from the development of terms of reference

(which was done in coordination with ITTO), the difficulty of finding an appropriate candidate for project coordinator under the allocated budget and the impossibility to modify the budget, which led to an adjustment as the regional coordinator was recruited through an in-kind contribution from the implementing agency with the request to hire an assistant to the project coordinator. This request was approved by ITTO in December 2012. The process to select an assistant to the regional project coordinator took six months as the first selected candidate was no longer available, thus having to repeat the recruitment process once again. The assistant to the regional project coordinator has now been recruited and the process for engaging national consultants has begun. The implementing agency is requesting that the start date of the project be considered December 2013 instead of October 2011.

The Committee recommended that the Secretariat continue liaising with the implementing agency to ensure satisfactory progress in the implementation of the project.

PD 506/08 Rev.1 (I) Reviving Forestry Education in Liberia

The Secretariat informed the Committee of the problems in the implementation of this project. Despite a mission by ITTO to try to resolve the problems with this project and another under the Committee on Reforestation and Forest Management, the implementing agency has not submitted any required reports since August 2012. There have been unjustified expenditures in excess of approved budget lines and two consultants remain unpaid. The Committee recommended that the Secretariat undertake a mission to Liberia to try to resolve the problems with this project and to inform the implementing agency that unless substantive progress in project implementation could be demonstrated to the next session of the Committee, it would recommend to Council that this project be terminated.

The Committee also noted that projects, PD 549/09 Rev.3 (I,F,M), PD 608/11 Rev.1 (I) and PD 612/11 Rev.2 (I) from Part C of the list presented at the start of the report on this agenda item would lose their status as approved projects under the sunset clause if they were not funded at this session.

11. Election of Chairpersons and Vice-Chairpersons for 2014

Following the usual consultations undertaken by the producer and consumer groups, Mr. Osamu Hashiramoto (Japan) was elected Chairperson of the CEM and Dr. Teguh Raharjo (Indonesia) was elected Vice-chair for 2014. Mr. Björn Merrell (Sweden) was elected Chairperson of the CFI and Mr. Miguel R. Mendieta (Honduras) was elected Vice-chair for 2014.

12. Dates and Venues of the Forty-eighth and Forty-ninth Sessions of the Committees

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

The Forty-ninth Session of the Committees would be held in conjunction with the Fifty-first Session of the International Tropical Timber Council.

13. Other Business

No other business was raised under either Committee.

14. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects and pre-projects approved under the time-bound electronic no-objection procedure for the spring and autumn project cycles 2013:

Committee on Economics, Statistics and Markets

PD 686/13 Rev.1 (M)	Enhanced Research and Promotion of Non-Traditional Broadleaved Timber Species in Honduras [US\$408,285]
PD 692/13 Rev.1 (M)	Implementation and Operationalization of a National Information System for the Sustainable Management of Forest Resources (Côte d'Ivoire)[US\$290,541]

- PD 694/13 Rev.2 (M) Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana [US\$567,022]
- PPD 167/13 Rev.1 (M) Feasibility Study on the Certification of ONAB's National Plantation Estates (Benin) [US\$88,794]

Committee on Forest Industry

- PD 660/12 Rev.3 (I) Enhancing Industrial and Community Utilization of Wood Residues through Briquette and Charcoal Production for Environmental and Livelihood Improvement in Ghana [US\$705,107]
- PD 661/12 Rev.2 (I) Towards Sustainable Utilization of Bamboo Resources in Ghana: Development of Glued Bamboo Beams and Boards for Affordable Housing in Ghana through Collaboration with Local Communities in Two Districts [US\$607,264]
- PD 687/13 Rev.1 (I) Strengthening the Performance of the Wood Processing Sector in Guyana, through Building Local Capacity and the Enhancing National Systems that Promote Forest Products Trade and Sustainable Utilization of Forest Resources [US\$250,068]
- PD 689/13 Rev.1 (I) Promoting Biological and Non-Biological Agent Prevention and Control Techniques in Mechanical Timber Processing in Peru [US\$456,696]
- PD 698/13 Rev.2 (I) Facilitating Forest-Industry-Market Integration (Guatemala) [US\$419,440]
- PD 700/13 Rev.1 (I) Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products – Phase I (ITTO) [US\$5,159,245]
- PD 722/13 Rev.1 (I) Capacity Building on Reduced Impact Logging (RIL) in Dry Inland Forest in the Permanent Forest on Peninsular Malaysia [US\$226,041]
- PPD 172/13 Rev.1 (I) Platform for Genetic Improvement of *Tabebuia* Species – Critical Information Development Phase for Implementation in Campeche, Mexico [US\$96,600]
- PPD 173/13 Rev.1 (I) Management of Tropical Forest Species for the Production of Timber for Rural and Tourism Infrastructure Construction in South-east Mexico [US\$54,058]

(ii) The Committees recommended that funding be made immediately available for the following projects and pre-project approved at earlier Sessions:

Committee on Economics, Statistics and Markets

- PD 124/01 Rev.4 (M) Promotion of Sustainable Management of African Forests (Africa)
Phase III Stages 2 & 3 [Phase III Stage 2 - US\$600,000][Phase III Stage 3 – US\$518,144]

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 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 (<i>Caesalpinea spinosa</i>) Production Chain in the Andean Region (Peru and Ecuador) (Peru) [US\$86,076] |
- (iii) The CFI recommended that additional funding be made immediately available for the BWP activity "Strengthen the capacity to promote efficient wood processing technologies in tropical timber producing countries" and that a study on the economics of improving efficiency in forest industries and the impact of this on SFM be undertaken.

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 - 2013 27 November 2013, Libreville, Gabon

Report of the 2013 Annual Market Discussion

The theme of the 2013 Annual Market Discussion held on 27 November 2013 was “Trade Approaches to Meeting Market Demand for Legality”.

This theme was proposed by the Trade Advisory Group (TAG) to provide an opportunity for the sharing of experiences in the development of legality verification, on negotiations for Voluntary Partnership Agreements (VPAs) with the EU, the impact of the EU timber regulation (EUTR) on the structure of the timber sector in importing countries and the impact of the new regulations on tropical timber trade flows.

Illegal logging and the associated trade in illegally sourced wood products undermines environmental, economic and social structures and has heightened concern on over-exploitation and poor forest management. These concerns resulted in policy measures to address trade in illegally sourced wood products such as market-based incentives (certification) to more recent legal regulatory and enforcement measures. However, initiatives such as the EUTR and other related import regulations could have unintended direct and indirect effects that could result in changes in trade flows.

Six speakers addressed the 2013 ITTO Annual Market Discussion: Alhassan Attah, Marketing Consultant, Ghana; Ivan Tomaselli, President, STCP Engenharia de Projetos Ltda, Brazil; Ralph M. Ridder, Director General, Association Technique Internationale des Bois Tropicaux (ATIBT), France; Maudiward, Forestry Attache, Indonesian Embassy, Japan; Boubacar ben Salah, Président, Syndicat des Producteurs Industriels du Bois de Côte d'Ivoire (SPIB), Côte d'Ivoire and Rupert Oliver, Managing Director, Forest Industries Intelligence, Ltd. UK. The Market Discussion was facilitated by Barney Chan, Trade Advisory Group Coordinator.

The Market Discussion presentations are available on the ITTO website and the following report summarizes some of the main issues and the subsequent discussions.

Convergence of domestic policy developments and the VPA - the formula for progress

Indonesia and Ghana have concluded VPAs with the EU and are well on the way to producing FLEGT licensed timber. In two presentations ‘Progressing towards the VPA, Ghana’s experience and lessons learned’ by Mr. Attah and ‘A first for Indonesia, experiences in negotiating a VPA - what the SVLK will deliver for the Indonesian timber sector’ by Mr. Maudiward, the common theme was the synergy between domestic policy developments and the VPA.

The meeting learned from Mr. Attah that in Ghana the VPA is viewed as a tool supportive of the government’s aspiration to “create an environment that promotes sustainable forest management, improves rural livelihoods and equity as well as enabling industrial efficiency in a good governance environment”.

Much the same message was delivered by Mr. Maudiward of Indonesia who emphasised the strong synergy between the VPA and the Indonesian government’s commitment to sustainable development, to tackling climate change and to alleviating poverty while also delivering benefits to industry.

Both speakers reported that involving a wide range of stakeholders in the negotiations, while tough and difficult to manage, delivered benefits to otherwise marginalised groups and has the potential to strengthen forest governance.

The meeting heard from Mr. Salah that the primary, but not exclusive, reason for Côte d'Ivoire opening negotiations for a VPA with the EU was the need to secure the country’s most important export market. However, he noted that the VPA process would help to address the decline in the country’s forest area and to improve governance in the sector.

Mr. Salah explained that some 70 percent of the country’s wood product exports are destined for the EU market. Because of this and to ensure the continued contribution of the timber sector to the economy, to job creation and social stability it is essential to establish the framework for trade in verified legal wood products.

Declining imports of tropical timber by the EU

Ivan Tomaselli, in his presentation on Brazil's timber sector, noted the overall decline in tropical timber exports (including to the EU) and the increase in domestic consumption. The EUTR, in the absence of FLEGT licensed timber, requires EU operators placing timber products on the EU market to exercise "due diligence" in order to minimise the risk of illegal timber entering the supply chain.

While it is too early to assess trade impacts of the EUTR, the managerial and financial burden of meeting the due diligence requirements of the EUTR may, said Mr. Oliver, in his presentation entitled 'The European market for tropical hardwood: how to turn a crisis into an opportunity', be driving many small EU companies away from direct importing and to relying on larger importers to look after the paperwork related to the EUTR. The downside of this consolidation could be first a reduction in competition in the trade and secondly rising prices of tropical timber as importers pass on the extra transaction costs to end-users thus undermining the competitiveness of tropical wood products in the market. However, Mr. Oliver noted that the recent decline was due to a perfect storm of factors include weak economic growth, irregularity of supply, high cost of infrastructure for stocking and distributing timber, shifting of demand from utility timbers to tightly specified engineered products, substitution by temperate hardwoods and other materials, and increasing focus on other markets and processing centres. It was still too early to be able to assess any direct impact of the EUTR on timber trade. However, Mr. Oliver said the FLEGT/VPA could provide a platform to start rebuilding tropical timber's market share in the EU.

Certification and FLEGT compatibility

Mr. Ridder, in his presentation 'Forest sector and the timber trade in ATIBT focus countries', emphasised that responsible forestry enables socio-economic development, good governance, protection of forest ecosystems and biodiversity. He pointed out that there is a powerful story to tell on advances made in the tropical timber sector. Forest governance, sustainable forest management and market development have been boosted by timber certification. However, he reported that ATIBT member countries are finding marketing certified wood becoming increasingly difficult.

Weak demand in the traditional markets where certified wood has a foothold and the shift in emphasis to verification of legality are, in the words of Mr. Ridder, "punishing responsible producers of certified products". Mr. Ridder recognised the role of the EUTR and FLEGT VPAs in addressing illegal logging. However, he noted that while the EUTR text states that 'certification or other third party verified schemes may be used in risk assessment procedures', in the marketplace exporters are finding that certification does not currently automatically guarantee compliance with the EUTR. Major certification schemes have announced that they will take steps to ensure that certification provides the assurance of compliance with the EUTR but much more needs to be done to achieve widespread recognition of certification as FLEGT compatible.

Marketing campaign needed

While there has been a long-term decline in consumption of tropical hardwood in the EU, there are now signs that European economies are stabilising. However, it is unlikely that there will be any significant increase in tropical hardwood consumption in the short to medium term due to the 'perfect storm' of factors identified above. Speakers stressed the compelling need for a coordinated tropical timber marketing campaign to reverse this situation.

Tropical hardwoods have a very powerful positive narrative that needs more effective articulation. Tropical producers need to make a long-term commitment to market development and to adopt professional and clearly focussed and co-ordinated communication in the market. This message was driven home by Dr. Tomaselli when he said; "To ensure that tropical forests are sustainably managed and tropical timber industries continue to contribute to improve the social-economic conditions of tropical countries, a coordinated global effort is required to improve the competitiveness of tropical timber products".

Interventions and Discussion

The delegate from the EU commended speakers for inspiring presentations and stated that VPA partner countries could better tell the FLEGT story than anyone else. He noted the significant achievements of VPA processes and recognized the challenges and solutions highlighted in the presentations. He said that the EU will continue to work with partner countries to achieve more effective private sector engagement. He accepted that the idea for presenting the business case for VPAs and FLEGT introduced in one presentation had merit and that Indonesia would be well placed to do this based on their experiences.

The EU delegate reiterated the EU's commitment to closely monitor trade flows and market impacts of EU policies and regulations when FLEGT-licensed timber becomes available. One initiative to help achieve this will be an Independent Market Monitoring project which the EU has requested ITTO to implement. The purpose of this activity is to explicitly monitor acceptance of FLEGT-licensed timber in the EU market.

This project was designed in response to demand from VPA countries for information on their timber trade and acceptance of their FLEGT-licensed timber in the EU market, as enshrined in all of the VPAs negotiated to date. It will be launched next year in readiness for the first trade in FLEGT-licensed timber.

In responding to this announcement by the EU, a representative of the ITTO Secretariat informed the Committees that ITTO and the EU have been negotiating this initiative since early 2013. He indicated that the project will run for five years and will involve extensive consultation with stakeholders in VPA partner countries and the EU in the inception phase. The first phase of the project will also include the establishment of baseline trade data and development of the system with VPA partner countries. As soon as FLEGT-licensed timber begins to flow the project will be operationalized through a network of correspondents created to support data collection.

The delegate from Malaysia noted that while VPAs and the EUTR provide an important contribution to the elimination of trade in illegal timber, he was concerned that all costs for development and implementation of timber legality assurance systems are borne entirely by tropical timber producer countries. The delegate requested Mr. Oliver to elaborate on measures that need to be taken on the demand side to improve markets for tropical timber. In response Mr. Oliver reiterated that in the marketplace, especially with many end-users and final consumers, there is a deep prejudice against tropical timber and even temperate hardwoods from natural forests. The issues deeply embedded in the minds of specifiers, architects, designers as well as final consumers are deforestation and illegal logging. What is needed said Mr. Oliver, is a pro-active marketing campaign to communicate the positive and tremendous advances made by the private sector to address consumer concerns. This story is yet to be told and ITTO and the private sector need to find ways to tell it.

Mr. Oliver suggested the market could be turned around through an effective generic marketing campaign which he envisaged as a joint initiative involving every tropical producer who should put aside issues of competition and cooperate to achieve a common goal. In this way the tropical timber sector could turn a perceived crisis into an opportunity.

A spokesperson from John Bitar Co. which operates in Ghana and Gabon reconfirmed what several speakers had said in terms of the industry being in trouble. The experience of his company is that costs are rising while export prices have weakened. He further noted that honest and reliable operators such as his company are seriously disadvantaged by illegal logging by small operators. John Bitar Co. has forest-based mills near which unchecked illegal logging often occurs. The operations of John Bitar Co. are FSC certified and he expressed shock at the statement by the speaker from the ATIBT that certified timber is competing with illegal timber in the EU. Under these circumstances companies have little incentive to expand and even if they wanted to it is extremely difficult to secure bank loans as the timber business is now considered a high risk sector. He asked how legal players can survive and how they should meet demand for investments in capacity for high-value products with no source of investment finance.

The delegate from Honduras reported that his country had just opened VPA negotiations with the EU. Although the EU does not represent an important market for tropical wood products from Honduras, the government wishes to utilise the VPA process to strengthen forest governance. The VPA process requires the involvement of civil society and as such will provide the platform for the forest administration and private sector to reach a common understanding with the many civil society groups in the country.

Annual Trade Statement

The 2013 Annual Market Discussion concluded with the delivery of the Trade Statement prepared by the ITTO Trade Advisory Group as contained in Appendix B. The Trade Advisory Group suggested the tentative theme for the 2014 Annual Market Discussion as 'Domestic and Emerging International Markets – A Changing Market Landscape'.

APPENDIX B

STATEMENT OF THE TRADE ADVISORY GROUP (T-A-G)

Barney Chan
27 November 2013

Chairman

Ladies and Gentlemen

Please allow me to deliver a Trade Statement which was prepared by members of the Trade Advisory Group (TAG).

Tropical timber trade is declining on a global scale.

You have heard from the speakers in the Market Discussion and how they complained about the increasing transaction costs. Transaction costs on production and trade are increasing due to new requirements being forced upon the producers for a variety of reasons ranging from proof of legality to adherence to sustainability; from increasing shipping charges to certification expenses. Market prices have not responded positively. Our tropical timber products have become uncompetitive against alternatives and substitutes.

In the midst of this market meltdown, we note to our dismay ITTO has changed its focus. Council has been distracted by issues such as biodiversity, climate change, carbon and more. TAG accepts the fact that these are important issues but not at the expense of neglecting the promotion of sustainable trade which is the core function of ITTO.

The private sector has lost its confidence in the Council and other ITTO Committees. In fact, in the big scheme of global forestry issues, ITTO has been sidelined by many other international organisations. Meetings on climate change, for example, encroach into our territory when they focus a lot of their work on forests.

Recent extreme weather events like the terrible Haiyan Typhoon tragedy in Philippines have galvanised international attention and increased political thoughts on climate change. Does this mean ITTO will be further displaced by more international activities on climate rather than forests?

Intense international activities over the EU FLEGT, United States' Lacey Act, Australia's Illegal Logging Act and other legality issues have become very plentiful and significant in ITTO Member Countries. But we do not see any corresponding responses from Council on this critical legality matter. **Zero!**

ITTO needs to change to be relevant in today's world. Council has no choice but to search for alternatives. ITTO desperately need a more aggressive and innovative management; ITTO desperately need to go back to its core work; ITTO desperately need to be more assertive in view of declining revenue funding; ITTO desperately must identify new and alternative ways of working.

The Private Sector can help and be part of the solution: to design and operationalise a new and more relevant ITTO. But Council has to take up the challenge and show **leadership** and start to move ahead with its core functions.

Whatever this Council decides to do, you must ensure that tropical timber from sustainably managed forests continue to improve the social and economic conditions in tropical countries. You can do this by making sure our tropical timber is competitive in international markets.

ITTO can play a vital role to reduce transaction costs by eliminating market barriers and impediments. ITTO can support projects to develop technologies to create new products or improve performances of current products. ITTO can drive a global campaign to improve the image of tropical timber trade. ITTO can set up a Round Table Discussion with the Private Sector to chart out the Organisation's destiny.

Ladies and Gentlemen, we have **no choice** but to take up this challenge. Or the diminishing relevance will eventually make ITTO a spectator on the international stage, when we all will only sit on the sidelines and watch others play the Game of Tropical Forestry.

Thank you.

TAG Contact: barney.chan@gmail.com

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25-30 November 2013
Libreville, Gabon

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

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Report

Appendix International Forum on Payments for Environmental Services of Tropical Forests

Item 1 - Opening of the Session

The Forty-seventh Session of the Committees was opened on 26 November 2013 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. Rob Busink (Netherlands), Vice-Chairperson of the Council assisted by Dr. Ruth Caroline Hltahat Turia (PNG), Chairperson of the CFI and Ms. Alicia Grimes (United States of America), Chairperson of the CRF. This Joint Session considered Agenda items 3, 4, 5 and 8a of CRF as contained in document CRF(XLVII)/1 Rev.1. The Joint Committee also considered the presentation on the technical guidance for the quantification of carbon benefits in ITTO projects under Agenda item 4 as contained in document ITTC-JC(XLVII)/1. The Joint Session of the Technical Committees was also convened under the chairmanship of Mr. Rob Busink (The Netherlands), Vice-Chairperson of the Council, to consider Agenda item 6 of CRF. The subsequent meetings of the CRF were chaired by Ms. Alicia Grimes (United States of America), assisted by Mr. Jorge Malleux (Peru), Vice-Chairperson of the CRF. The list of participants is presented in document ITTC(XLIX)/Info.2.

Item 2 - Adoption of Agenda and Organization of Work

The Agenda for the Committee as contained in document CRF(XLVIII)/1 Rev.1 was duly adopted. To ensure important policy items were covered, the Chairperson of the Committee proposed to begin the Session with the agenda item 9.

Item 3 - Admission of Observers

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

Item 4 - Report of the Expert Panel for Technical Appraisal of Project Proposals

The Committees noted the presentation made by Mr. Mario Rafael Rodriguez Palma (Guatemala), Chairperson of the Expert Panel for Technical Appraisal of Project Proposals at its Forty-fifth and Forty-sixth meetings held on 4-8 February 2013 and on 29 July - 2 August 2013 in Yokohama, Japan, as contained in documents ITTC/EP-45 and ITTC/EP-46, respectively.

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-fifth and Forty-sixth Meetings as follows:

For Forty-fifth Expert Panel		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 645/12 Rev.3 (F)	Promoting Sustainable Forest Management of Rinjani Barat Forest Management Unit (Indonesia)	Indonesia
PD 646/12 Rev.3 (F)	Initiating the Conservation of Cempaka Tree Species (<i>Elmerrillia spp</i>) Through Plantation Development with Local Community Participation in North Sulawesi, Indonesia	Indonesia
PD 665/12 Rev.2 (F)	Implementation of a Fire Prevention and Control Plan in the Central Amazon Region of Peru	Peru
PD 682/13 Rev.1 (F)	Development of Quality-of-Governance Standards for Reducing Emissions from Deforestation and Forest Degradation (REDD) in Papua New Guinea	PNG
PPD 162/12 Rev.2 (F)	Developing Model of Self-sufficient and Sustainable FMU (Indonesia)	Indonesia
PPD 163/12 Rev.2 (F)	Assessing Growth and Yield Rates of Major Commercial Species for the Adjustment of Forest Management Programs in the Yucatan Peninsula, Mexico	Mexico

For Forty-sixth Expert Panel		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 631/12 Rev.2 (F)	Reforestation of Coastal Wetlands in Southern Ghana Using Indigenous Tree and Bamboo Species	Ghana
PD 695/13 Rev.2 (F)	Rehabilitation of Degraded Gazetted Forests in the Mount Korhogo, Foubou and Badenou in Northern Côte d'Ivoire with the Involvement of Local Communities	Côte d'Ivoire
PD 696/13 Rev.2 (F)	Community Based Restoration and Sustainable Management of Vulnerable Forest of the Rewa Delta, Viti Levu, Fiji	Fiji
PD 710/13 Rev.1 (F)	Promoting Conservation of Selected High-Value Indigenous Species of Sumatra	Indonesia
PD 715/13 Rev.1 (F)	Improving the Production, Conservation and Management of Forest Seeds in Benin	Benin
PD 723/13 Rev.1 (F)	Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar	Myanmar
PD 724/13 Rev.1 (F)	Guidelines for the Management of Tara (<i>Caesalpinia spinosa</i>) Plantations with a View to the Rehabilitation of Waste Lands in the Sub-Humid Tropics of the Coastal Region of Peru	Peru
PPD 166/13 Rev.2 (F)	Improving the Fuel Wood Supply through the Provision of Support to the Development of Forest Plantations in the Mokolo, Maroua and Kaelé Municipalities in the Sahelian Part of Cameroon	Cameroon
PPD 176/13 Rev.1 (F)	Identification and Planning of Measures for the Sustainable Management of the Forest Estate Owned by Individuals in Togo	Togo

Item 6 – ITTO Annual Market Discussion -2013

The Committees noted the summary of the ITTO Annual Market Discussion – 2013, held in the Joint Session of All Committees on 27 November 2013, as contained in Appendix A of document CEM-CFI(XLVII)/6. The theme of the Market Discussion was “Trade Approaches to Meeting Market Demand for Legality”. Mr. Rob Busink, Vice-Chairperson of the Council, chaired the meeting and Mr. Barney Chan (TAG Coordinator) served as the moderator of the Market Discussion.

The following feature presentations were made during the Market Discussion:

Mr. Alhassan Attah Marketing Consultant Ghana	“Progressing Towards the Export of VPA/FLEGT License Timber: Ghana’s Experience and Lessons Learned”
Dr. Ivan Tomaselli President, STCP Engenharia de Projetos Ltda. (Brazil)	“Trends in Brazil’s Production and International Trade”
Mr. Ralph M. Ridder, Director General Association Technique Internationale des Bois Tropicaux (ATIBT) (France)	“Forest Sector and Timber Trade in ATIBT Focus Countries”
Mr. Maidiward Forestry Attache Embassy of Indonesia in Japan	“Indonesia’s Readiness to Supply World Market with Legal Timber from Sustainable Managed Forests: Updating SVLK/VPA Implementation”

Mr. Boubacar Ben Salah, President Syndicat des Producteurs Industriels du Bois de Côte d'Ivoire (SPIB)(Côte d'Ivoire) "FLEGT Processes in Côte d'Ivoire"

Mr. Rupert Oliver, Managing Director Forest Industries Intelligence, Ltd. (UK) "The European Market for Tropical Timber: Turning a Crisis into an Opportunity?"

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 2014. He informed the Committees that the tentative theme for the discussion would be "Domestic and Emerging International Markets – A Changing Market Landscape".

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(XLVII)/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(XLVII)/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 28/00 Rev.2 (F) Integrated Management of Community Forests in the Valley of Mefou and Afamba (Central Province of Cameroon) (Cameroon)

The Committee took note that the implementation of this project has been an opportunity to put into practice the national guidelines for the establishment of community forests in Cameroon, and its lessons and results contributed to improve the national manual of procedures for the establishment of community forests in Cameroon. The Executing Agency has submitted the project completion report and several technical documents, as well as the final financial audit report. The Committee therefore decided to consider the project as completed.

2) PD 54/00 Rev.4 (F) Genetic Resistance of Iroko to *Phytolya lata* – Phase II (Côte d'Ivoire)

The Committee took note that this project has contributed to broadening the genetic base of the available vegetal materials through the collection of new provenances and their use in the establishment of experimental plantations of Iroko which led to the selection of genetic resistance clones of Iroko to the attacks of *Phytolya lata*. The Executing Agency has submitted the project completion report and the final financial audit report. The project coordinator, Mr. Kouablan ADOU, gave a presentation to the Committee on the project's main achievements, outcomes and lessons learnt. Then, Benin, Cameroon, Congo-Brazzaville and Gabon expressed their interest in cooperating with the Executing Agency, SODEFOR, in order to share the results and lessons on genetic resistance of Iroko to the attacks of *Phytolya lata*. The Committee therefore decided to consider the project as completed.

3) PD 66/01 Rev.1 (F) Establishment of the Mengamé-Minkébé Transboundary Gorilla Sanctuary (MMGS) at the Cameroon-Gabon Border (Cameroon)

The Committee took note that the implementation of this project has led to the formalization of the establishment of the Complex of Mengine Gorilla Sanctuary and Kom National Park which had been subject to a participatory process for the demarcation of boundaries and mapping with the involvement of local communities living in 34 surrounding villages. The formalization of the establishment of this complex of two protected areas is in its final stage with the draft decrees prepared and submitted to the Prime Minister of Cameroon, within the first objective of the project. However, the Committee also noted that the second objective of the project was not achieved as the trans-boundary activities were not implemented. The Executing Agency has submitted the project completion report, several technical documents and the final financial audit report. The delegates of Switzerland and USA expressed their concerns about the non-implementation of trans-boundary activities under the second objective of the project. Therefore, the Committee decided to consider the project as completed. This project has been

selected for ex-post evaluation to be carried out by an independent consultant, with special terms of reference in correlation with the remarks made by the delegates of Switzerland and USA.

4) PD 142/02 Rev.2 (F) Sustainable Production of National Forests under the “Regime of Forest Concessions” (Brazil)

The delegate of Brazil gave a presentation to the Committee on the project's main achievements, outcomes and lessons learnt. The Committee further noted that this project has contributed tremendously towards the development of public policy instruments for the sustainable forest management of Brazil's National Forests. The Executing Agency has submitted the completion report, several technical reports, an article for the TFU and the 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 project's documented products and outputs will also be posted on the ITTO website for widespread dissemination, and can be further downloaded from there. In this light, the Committee decided to declare the project as completed.

5) PD 248/03 Rev.4 (F) Antimary Forest Management Regional Training Centre (Brazil)

The Committee took note that this project has contributed to the improvement of the sustainable forest policy of Acre and further enabled the development of a model of forest management that can be implemented in the production forests of Acre State. The Executing Agency FUNTAC has submitted the project completion report and several technical documents. 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 project's documented products and outputs will also be posted on the ITTO website for widespread dissemination, and can be further downloaded from there. The final financial audit report has also been received and reviewed, and while observations have been made to it, these are expected to be resolved in the short term. The Committee therefore decided to consider the project as completed.

6) 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 noted that this project has contributed significantly towards the promotion and implementation of sustainable management practices of natural and planted bamboo forests, and in the efficient processing of bamboo in Ceja de Selva (moist hill forests) and Selva Alta (moist mountain forests) in the northern region of Peru. The Executing Agency has submitted the completion report, several technical documents and other products, in accordance with the project agreement. 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 final financial audit report has also been received and approved. The Committee therefore decided to consider the project as completed.

7) PD 459/07 Rev.1 (F) Improving the Enabling Conditions for Sustainable Management of Sandalwood Forest Resources in East Nusa Tenggara Province, Indonesia (Indonesia)

The Committee noted that this project has contributed to strengthening the policy, economic incentives and local institutional frameworks for sustainable management of sandalwood resources in East Nusa Tenggara Province by addressing the problem of declining sandalwood resources which are an important timber species due to its specific characteristics such as handicrafts, woodcarvings, joss sticks, and oil for the perfume and cosmetics industries. The Committee further noted that a Master Plan for Sandalwood Development in East Nusa Tenggara Province, which was made with the support of the ITTO project team, has been used as guidance for coordinated actions in order to return East Nusa Tenggara as a sandalwood province by 2030. The Executing Agency has submitted the project completion report, several technical reports and the final financial audit report in accordance with the project agreement. The Committee therefore decided to consider this project as completed.

- 8) **PD 460/07 Rev.2 (F) Achieving Sustainable Management of Mangrove Forests in China through Local Capacity Building and Community Development – Phase I (China)**

The Committee noted that the project has focused on the sustainable management of Fujian Zhangjiangkou Mangrove Natural Reserve, South China and contributed to the preparation of a new management plan of mangrove forests, establishment of a stakeholders consultation forum and assessment of potential demand for eco-tourism in the Fujian Zhangjiangkou Mangrove Nature Reserve. The Executing Agency has submitted the project completion report, several technical reports and the final financial audit report in accordance with the project agreement. The Committee therefore decided to consider this project as fully completed.

- 9) **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 this project has significantly contributed towards the sustainable management and conservation of the Chepigana Forest Reserve, its buffer zones and the Bagre Biological Corridor, while simultaneously improving the livelihoods of local communities in the Darien Region of Panama. 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 will be 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.

- 10) **PD 492/07 Rev.3 (F) Participatory Rehabilitation and Management Project for Mangroves and Watersheds in the Coastal Area of the Douala/Edéa Wildlife Reserve – “Douala-Edéa Mangrove Project” (Cameroon)**

The Committee took note that this project has contributed towards the promotion and implementation of sustainable management practices of mangroves and associated watersheds in the coastal area of the Douala/Edéa Wildlife Reserve, with the involvement of key stakeholders including local communities living in the project target area. The Executing Agency has submitted the project completion report, final technical report and final financial audit report. The project coordinator, Mrs. Cecile Ndjebet, gave a presentation to the Committee on the project's main achievements, outcomes and lessons learnt. Then, the delegations of Cameroon and Gabon made comments on the need to increase the financial support to member countries in order to mitigate the pressure on mangrove ecosystems. The delegation of Switzerland, supported by Gabon, suggested updating the ITTO Mangrove Work Plan 2002-2006 with accumulated project achievements, results and lessons. The Committee therefore decided to consider the project as completed. The Committee recommended for consideration of, as suggested by the delegation of Switzerland, the updating of the ITTO Mangrove Work Plan 2002-2006 as an item of the policy work to be discussed in the next Committee session.

- 11) **PD 564/09 Rev.1 (F) Production of an Educational Book Series on Mangroves for Sustainable Management and Utilization of Mangrove Ecosystems (Japan)**

The Committee noted that this project has contributed to the publication of three mangrove educational books, namely (i) Introduction to Mangrove Ecosystems, (ii) Structure and Function of Mangrove Forests and (iii) Useful Products from Mangrove Plants. The Committee was also informed that PDF copies of the three e-books have been uploaded onto the ISME [<http://www.mangrove.or.jp/isme/>] and GLOMIS websites, and interested readers including those from developing countries are able to download the books free of charge. The Executing Agency has submitted the project completion report, three educational books and final financial audit report. The Committee therefore decided to consider the project as completed.

12) PD 583/10 Rev.1 (F) Restoring Sub-Humid Ecosystems in Southern Peru through Reforestation with *Caesalpine spinosa*

The Peruvian delegate gave a presentation to the Committee on the project's main achievements, outcomes and lessons learnt. The Committee noted that this project has significantly contributed towards the rehabilitation of arid and degraded lands on the coastal area of Camana, Peru, by generating new reforestation opportunities that have improved the environment and the living conditions of the local rural population. It also represented a true economic, ecological and social revolution that broke the paradigm that reforestation could only take place in the humid areas of the Peruvian Rainforest (Selva) and Highlands (Sierra) Regions. The Executing Agency has submitted the completion report, several technical documents and other products in accordance with the project agreement. The project's documented products and outputs are to be 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 final financial audit report has also been received and approved. The Committee therefore decided to consider the project as completed.

7.2 Completed Pre-projects

None.

Item 8 - Ex-post Evaluation

(A) Ex-post Evaluation Reports

The Committee recalled 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)

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)

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)

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)

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 Committee further noted that the results of the ex-post evaluation of the projects under the combined Thematic Group of Biodiversity Conservation / Conservation Areas and Thematic Group of Improvement and Conservation of Genetic Resources, combined Thematic Group of Community Participation in SFM and Thematic Group of Forest Rehabilitation / Landscape Restoration / Secondary Forest Management, and Thematic Group of Criteria and Indicators for SFM were already reported to the 46th CRF through documents CRF(XLVI)/4, CRF(XLVI)/5 and CRF(XLVI)/6 respectively. In addition, the Executive Summary of the ex-post evaluation of the project PD 359/05 Rev.1 (F) under the Thematic Group of Environmental Services was reported to the 46th CRF through CRF(XLVI)/7.

At the 47th CRF Session, the results of ex-post evaluation of PD 156/02 Rev.3 (F) and PD 349/05 Rev.2 (F) under the Thematic Group of Mangroves; and PD 54/99 Rev.2 (F) and PD 240/03 Rev.1 (F) under the Thematic Group of Environmental Services are reported through Documents CRF(XLVII)/3 and CRF(XLVII)/4.

During the Joint Session of the Committees, the Committees further took note of both the presentation of the synthesis of the ex-post evaluation for PD 54/99 Rev.2 (F) and PD 240/03 Rev.1 (F) under the Thematic Group of Environmental Services by the consultant Mr. Jorge Malleux, and the presentation of the synthesis of the ex-post evaluation for PD 156/02 Rev.3 (F) and PD 349/05 Rev.2 (F) under the Thematic Group of Mangroves; by the consultant Mr. Antonio Villa-Lopera.

Moreover, the Committees commended the consultants for their report and presentation. In addition, the delegations of Cameroon, Gabon, Guatemala, Mexico and Panama highlighted the critical importance of the highly vulnerable mangrove forests in their countries and urged the Council to urgently consider advancing a decision to revamp ITTO's old Mangrove Work Plan 2002 – 2006 and make it current.

B) Selection of Projects for Ex-post Evaluation

According to Decision 3(XXVIII), "Ex-post Evaluation of Projects", the Committees are requested to consider as candidates for ex-post evaluation all individual projects or group of projects completed in 2012 or thereafter. The Committee considered the list prepared by the Secretariat as indicated in document CRF(XLVII)/5 in application to its decision and select projects or groups of projects for ex-post evaluation for the period 2014/2015.

The Committee established a working group consisting of delegates representing Brazil, Finland (for the EU) and Malaysia, and the Secretariat to consider the selection of projects for ex-post evaluation. The working group chaired by Ms. Valeria Rigueira (Brazil) noted the selection criteria in connection with Decision 3(XXVIII). In reviewing the thirty-six projects listed in the list under eighteen themes, the attention of the working group was given to the following:

- Selection of thematic groups which have been less conducted for ex-post evaluation in recent years.
- Balance of regional coverage for selected projects for ex-post evaluation.
- The potential for wider application of lessons learned.
- Cost-effectiveness of conducting the ex-post evaluation by aggregating projects under the same thematic group or the same region.

The working group's report was considered by the Committee, which approved the following projects for ex-post evaluation by thematic group as follows:

1) Thematic Group Evaluation: Biodiversity Conservation / Conservation Areas

PD 66/01 Rev.1 (F) Establishment of the Mengine-Minkebe Transboundary Gorilla Sanctuary (MMGS) at the Cameroon-Gabon Border (Cameroon)

2) Thematic Group Evaluation: Community Participation in SFM

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

PD 405/06 Rev.3 (F) Extending the Area under Sustainable Forest Management in the Forest Lands of the Embera-Wounaan Comarca, Darien, Panama

PD 482/07 Rev.2 (F) Sustainable Forest Production and Conservation with Community Participation in the Chepigana Forest Reserve of Darien, Panama

3) Thematic Group Evaluation: Plantation Establishment

PD 396/06 Rev.2 (F) Strategy for Developing Plantation Forest: A Conflict Resolution Approach in Indonesia

4) Thematic Group Evaluation: Forest Fire

PD 284/04 Rev.2 (F) Fire-Management and Post-Fire Restoration with Local Community Collaboration in Ghana

5) Thematic Group Evaluation: Forest Governance

PD 493/07 Rev.1(F) Strengthening Capacity of Forest Law Enforcement and Governance in Cambodia

Item 9 - Policy Work

- (i) **Promote the understanding of the contribution of environmental services to the sustainable management of tropical forests [Activity 12, ITTO Biennial Work Programme 2013-2014 / Decision 2(XLVII)] [PP-A/48-275]**

The Committee was informed by the Secretariat as regards the organization of the International Forum on the Payment for Environmental Services, which will be held in San Jose, Costa Rica on 7-10 April 2014 under the Activity 12 of the Biannual Work Programme 2013-2014, "Promote understanding of the contribution of environmental services to the sustainable management of tropical forests". The Secretariat's report included: background, general and specific objectives; expected number and type of participants, co-organizers, partners and speakers, thematic areas, languages and dissemination, as contained in the concept note of the International Forum, as attached to this report.

The Committee was also informed that the International Forum is to be co-organized by ITTO, the Food and Agriculture Organization of the United Nations (FAO) and the Government of Costa Rica. The Secretariat expressed its warm appreciation to the co-organizers for their contribution and also to Switzerland and the USA for their generous financial support to ITTO for this Activity. The Committee was further informed that the co-organizers were still short of funds, and the Secretariat called for further support.

Mr. Hector Julio Arce Benavides, Director of Forest Programme of the National Forest Financing Fund (FONAFIFO) on behalf of the delegation of Costa Rica took the floor and expressed his country's satisfaction in joining ITTO and gratitude for being able to host the International Forum. He briefly informed on the organization of the International Forum and invited the members of the Committee to participate in the Forum.

(ii) 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 [Activity 14 (a), ITTO Biennial Work Programme 2013-2014 / Decision 2(XLVII)] [PP-A/48-276]

The Secretariat reported on the progress made in the implementation of this Activity, and the Committee took note that:

- i) As only two third's of the planned budget has been secured for the implementation of this Activity, the Secretariat is implementing it in two steps as follows:
 - First step – preparation of national reports from one producing country selected in each of the three tropical timber producing regions (Ghana in Africa, Indonesia in Asia Pacific and Mexico in Latin America) regarding the establishment of learning sites for forest landscape restoration in correlation with the implementation of the principles and recommended actions of the *ITTO guidelines for the restoration, management and rehabilitation of degraded and secondary tropical forests*; and
 - Second step – compilation of the findings, results and lessons documented in the abovementioned national reports by an international consultant to be selected by IUCN, which is the leading institution of the Global Partnership on Forest Landscape Restoration (GPFLR), as ITTO contribution to the establishment of a network of learning sites for forest landscape restoration.
- ii) For the implementation of the first step of this Activity, national consultants have been selected and are now operational in all three tropical timber producing regions to finalize national reports by April 2013 for:
 - Ghana (Africa): Multidisciplinary Team (Dr. Dominic BLAY as Team Leader, Dr. Beatrice OBIRI and Dr. Mark APPIAH as members) which was already involved in the implementation of a previous ITTO FLR-related Activity in Ghana;
 - Indonesia (Asia-Pacific): Dr. Hiras SIDABUTAR; and
 - Mexico (Latin America): Dr. David DOUTERLUNGNE (within the framework of cooperation between BirdLife International and ITTO).

(iii) ITTO contribution to United Nations International Strategy for Disaster Reduction (UNISDR) and support to regional fire networks [Activity 15, ITTO Biennial Work Programme 2013-2014 / Decision 2(XLVII)] [PP-A/48-277]

The Secretariat reported on the implementation of this activity, in particular on the outcomes of the South Korea Conference Organizing Committee (SKCOC) and the International Liaison Committee (ILC) meeting for the organization of the 6th International Wildland Fire Conference, which was recently held in Seoul in October 2013.

It highlighted that two years before the 6th International Wildland Fire Conference, members of South Korea Conference Organizing Committee (SKCOC) and the International Liaison Committee (ILC) met at the facilities of the Korea Forest Research Institute in Seoul, to discuss the roadmap 2013-2015. On the first day, members of the SKCOC reported on the status of the organizational and technical preparation of the conference, the conference website and the conference's draft promotional leaflet. It further presented conference's finances, co-sponsorship actions, registration procedures and fees, call for papers, and finally announced the selection of the conference site, this being the Alpensia Resort, in Pyeongchang-gun County, Gangwon-do Province, Republic of Korea. This was followed by a discussion at which the members of the ILC commended the SKCOC in its achievements to date and each further contributed with their views and approaches in the preparation of the 6th International Wildland Fire Conference. As a result of the deliberations, it was agreed that the major topics for the draft agenda of the conference would be as follows: Wildland fires and climate change; wildland fires and communities; transboundary wildland fires; new technologies for wildland fire management; international cooperation in wildland fire policies; and country experiences and case studies. The conference's draft promotional brochure was also reviewed in depth and enriched, and it was further

noted that ITTO's logo was prominently displayed in the brochure as a partner organization of the conference. The SKCOC and ILC further reiterated their wish that ITTO continues to provide support and further collaborates both technically and financially in the successful organization of this conference and other forest fire-related events. In this light, ITTO declared that it has taken a more proactive role in the international forest fire scenario and that it continued to seek potential partnerships to develop a tropical forest fire prevention and management programme with a view towards, among others, updating its forest fire guidelines with the aim of incorporating elements related to REDD+, climate change mitigation and poverty alleviation, and further continue implementing these in the field, to the benefit of its producer member countries.

The Secretariat further informed the Committee that in the past, 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 5th International Wildland Fire Conference in South Africa held in 2011. Moreover, at this last conference, all ITTO sponsored participants provided presentations on the achievements in forest fire management and prevention through ITTO projects in their respective countries, being it in plenary sessions or at a Side-Event organized by ITTO specifically to disseminate the achievements of ITTO projects related to fire management and prevention, and that it expected to repeat this feat at the upcoming 6th International Wildland Fire Conference to be held in Seoul in 2015. It further stressed that, as the funds under the Council Decision have been depleted, any new fire-related activities such as the participation of producer member-countries and ITTO projects in this conference and others would have to be sourced from ITTO's BWP 2013-2014 Activity 15, PP-A/48-277, which currently requires substantially more pledging of funds.

Last but not least, the Chairperson urged ITTO member countries to continue their support for this very important activity and further provide the needed additional funding.

(iv) ITTO collaboration with the International Partnership for the Satoyama Initiative (IPSI)

The Secretariat reported and the Committee took note regarding ITTO's collaboration with IPSI, as follows:

- In the year 2010, the United Nations University Institute of Advanced Studies (UNU-IAS) and the Ministry of the Environment of Japan jointly initiated the Satoyama Initiative, with the support from both the Convention on Biological Diversity (CBD) and the Global Environment Facilities (GEF). This international effort promotes activities consistent with existing fundamental principles of sustainable development, including SFM. Its core vision is to realize societies in harmony with nature, that is, built on positive human-nature relationships. The International Partnership for the Satoyama Initiative was officially launched at the 10th Meeting of the Conference of the Parties to the Convention on Biological Diversity (CBD COP10) in October 2010. ITTO participated at that launch and further gave a presentation in support of the Satoyama Initiative and ITTO's potential areas of collaboration with it, particularly as a specialized agency on tropical forests. ITTO became a partner of IPSI immediately after.
- In March 2011, ITTO attended the First Global Conference on the International Partnership for the Satoyama Initiative (IPSI) – "Working together for societies in harmony with nature: The first Steps" in Aichi, Japan, and gave a presentation on ITTO's role in capacity building related to tropical forest management.
- In March 2012, ITTO participated at the Second Global Conference on the International Partnership for the Satoyama Initiative (IPSI) – "Strategy for Realising Societies in Harmony with Nature", held in Nairobi, Kenya. The IPSI Assembly, held in conjunction with the conference, approved 3 IPSI Collaborative Activities between Benin and ITTO. ITTO also prepared a strong case for its involvement at CBD COP11 and IPSI 3 in Hyderabad, India, based on the successful start-up of Joint ITTO/CBD Collaborative Initiative for Tropical Forest Biodiversity and strong relationship with IPSI.
- In October 2012, ITTO attended the Third Global Conference on the International Partnership for the Satoyama Initiative (IPSI) – "Contribution to Achieving Aichi Biodiversity Targets" and other IPSI-related Events during the CBD COP11 held in Hyderabad, India. The 3rd IPSI Assembly held

in conjunction with Conference further elected ITTO as a new member of the IPSI Steering Committee.

- In November 2012, an IPSI Collaborative Activity between Benin and ITTO was fully funded at the XLVIII ITTC as PPD 165/12 Rev.1 (F) "Study for the Rehabilitation and Sustainable Management of Sacred Forests on RAMSAR Sites 1017 and 1018 in Benin". This pre-project also became part of the Joint ITTO/CBD Collaborative Initiative for Tropical Forest Biodiversity. Moreover, this is one of the very first IPSI Collaborative Activities that have become operational in the field.
- ITTO further participated at the 5th Meeting of the IPSI Steering Committee held in Nepal in May 2013 and the 4th IPSI Global Conference held in Fukui, Japan in September 2013 and continues to actively strengthen its synergies with IPSI.

The representative of Benin praised ITTO's active participation in IPSI and further stated that the IPSI Collaborative Activity between Benin and ITTO was greatly assisting small rural communities in maintaining their socio-ecological production landscapes and further conserving their sacred forests located on RAMSAR sites.

The representative of USA requested clarification on the financing mechanisms within IPSI. In this regard, the Secretariat highlighted that IPSI partnership seeks to foster synergies between organisations in implementing their activities as well as others planned under the Initiative.

(v) 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 [Activity 47, ITTO Biennial Work Programme 2008-2009 / Decision 2(XLIII)] [PP-A/34-131B]

The Secretariat informed and the Committee took note on the developments to date as regards the harmonization of the Criteria and Indicators for Sustainable Tropical Natural Forests (ITTO C&I) and the Tarapoto Process, as follows:

- Under Activity PPA-34-131B, support has been provided to Amazon Cooperation Treaty Organization (ACTO) to elaborate a Harmonized ITTO-ACTO C&I for SFM. In this light, Government Representatives from Brazil, Colombia, Ecuador, Guyana, and Peru, among others, are participating in the Harmonization of Criteria and Indicators of Tarapoto and ITTO.
- 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 have to date participated at a workshop to review a proposal for the Harmonization of ACTO/ITTO C&I submitted by the consultant and further sent their comments to the Permanent Secretariat of ACTO. 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 in June 2012 to the National Delegates that participated in this workshop for final adjustments.
- The final comments of the national delegates were received by ACTO by 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.
- Virtual planning meetings to consolidate the first draft report of the implementation of ACTO/ITTO harmonized C&I was initiated in September 2012. The initial harmonization proposal was widely discussed via these virtual meetings with all ACTO member countries and took into account the different political-environmental views, thus reaching an agreement as regards each of the criteria and indicators that were proposed to be harmonized. The objective of this procedure was to facilitate the implementation of the harmonized C&I at both the conceptual and practical levels.

- Overall, the process is currently in its final stages, pending only the approval the final set of harmonized C&I by ACTO Member Countries in accordance with the procedures of ACTO's Permanent Secretariat.
- Last but not least, ACTO is already designing a strategy for the implementation process of the Harmonized C&I as a follow-up phase.

The Secretariat further informed that greater details on the current implementation of this activity are contained in a document entitled OTCA: "Proceso de Aproximacion de los C&I Armonizados por los Paises Miembros", which is available from the Secretariat upon request.

(vi) Promote the publication, dissemination and application of the revised *ITTO Guidelines for the Sustainable Management of Natural Tropical Forests* [Activity 35, ITTO Biennial Work Programme 2013-2014 / Decision 2(XLVII)] [PP-A/48-284] [Document CRF(XLVII)/6]

The Secretariat informed the Committee that the process to revise the ITTO Guidelines for the Sustainable Management of Tropical Natural Forests (1990) began in 2010. The report included: (i) initial work embarked in 2010 under the Biannual Work Programme 2010-2011; (ii) revisions of the draft Principles and Guidelines for the Sustainable Management of Tropical Natural Forests based on the inputs received through the two expert meetings held in 2010 and 2011 and subsequently through the three regional validation workshops held in 2012; and (iii) further revisions based on the comments received at the 46th Session of CRF and during the period set out by the CRF.

The consultant, Dr. Jürgen Blaser presented the latest version of the draft revised ITTO Principles and Guidelines, which has been prepared by taking into account the comments provided by the members from 1 December 2012 to 30 June 2013. He elaborated the major changes made on the draft, including: (i) further clarification of the voluntary nature of the Principles and Guidelines in the text; (ii) considerable reduction in the number of principles, guidelines and recommended actions; and (iii) incorporation of the climate change related principles and guidelines into other relevant principles and guidelines. He also indicated in his presentation that the Committee might wish to discuss the way forward for the adoption of the Principles and Guidelines.

In the discussion, a delegate of Indonesia informed the Committee, on behalf of the producer caucus, that a number of producer members still have difficulties in adopting the Principles and Guidelines. He clarified, on the other hand, that Indonesia is ready for adoption under certain conditions, such as the confirmation of its voluntary nature and the flexibility in its application. The delegation of Brazil, as one of the new member countries, stressed the need of examining social and climate change related components.

The delegations of a number of consumer members expressed their support to the draft Principles and Guidelines and urged the Committee to adopt it as it stands acknowledging its conciseness and user friendliness, as well as its well-balanced composition. The delegations of the USA and EU drew the attention of the Committee to the investment having been made in the development of the draft Principles and Guidelines. EU further highlighted that current draft is the result of a multi-year process initiated unanimously by the Council in 2008 and has been subject to several revisions by ITTO Members. In this connection, the Chairperson later informed the Committee that a total of USD 419,700 has been spent on this policy work.

The delegation of Malaysia highlighted a number of challenges the implementation of sustainable forest management is facing for its limited institutions, enforcement and resources. In conclusion, the delegation stated that Malaysia was not ready to adopt the draft Principles and Guidelines emphasizing the need of further effort to implement the existing guidelines.

The delegations of some producer members informed the Committee of their difficulties with specific principles. Some producer members also proposed the revision of the title of the draft Principles and Guidelines with the aim of clarifying its voluntary nature and the inclusion of financial provisions as a part of the enabling environment for sustainable forest management.

Based on the comments received from the delegations, a draft decision was formulated by the Secretariat for the consideration by the members. The title of the revised Principles and Guidelines was changed to the "ITTO Voluntary Guidelines for the Sustainable Management of Tropical Natural Forests". The draft decision contained, among others: (i) a process to revise the draft Voluntary Guidelines, taking into account additional comments received from members before the finalization and adoption; (ii) actions to promote the adopted Voluntary Guidelines, including: its dissemination and the organization of regional training workshops; and (iii) a call for additional funds to promote and apply the

Voluntary Guidelines. The financial implications and the terms of reference for the regional training workshops were attached.

vii) Quantifying Carbon Benefits of ITTO Projects [RED-PA 069/11 Rev.1 (F)]

The study leader, Dr. Carmenza Robledo, presented the results of the project during a session of the Joint Committees, as contained in document JC(XLVII)/3. The outcomes of the activity included: (i) a fast track estimation tool (sScreen) developed for estimating the contribution of forestry activities to climate change mitigation, including carbon sequestration, carbon enhancement, greenhouse gas emissions reduction from deforestation and forest degradation and quantification of timber and wood products; (ii) results of quantifying carbon benefits generated from three ITTO projects (Colombia: Alternative financing model for sustainable forest management in San Nicolas, Ghana: Women and Tropical Forestry Development Program (Phase1), and Malaysia: Development of Lanjak Entimau Wildlife Sanctuary as a totally protected area); and (iii) a technical guidance for the quantification of carbon benefits in the design and implementation of ITTO projects.

She recommended in her presentation that the sScreen should be made available to forest managers and decision makers and “Technical Guidance for the Quantification of Carbon Benefits in the Design and Implementation of ITTO Projects” should be published and uploaded on the ITTO website for wider dissemination. Formulation and organization of a capacity building programme for the sScreen and the technical guidance was also recommended to ensure effective forest carbon measurement and monitoring of ITTO projects.

The presentation was received with strong interest by delegates. The delegations of Malaysia, Switzerland, Brazil, the EU, Congo and Indonesia, expressed their appreciation for her work acknowledging the value and usefulness of the sScreen and the technical guidance. An active interaction took place between the presenter and delegates on the report and the related issues, including the comparative advantage of ITTO in relation to climate change mitigation and the linkage of the sScreen and the technical guidance with the on-going negotiations on REDD+ under the United Nations Framework on Climate Change (UNFCCC). With regard to the recommendation on wider application of the sScreen and the technical guidance to ITTO projects, some delegations indicated the need of further assessment on the applicability of these tools to their respective national circumstances. Responding to the questions and comments from the delegations, Dr. Robledo stressed that the technical guidance is a living document which needs constant revision for improvement.

Item 10 - Review of Implementation of Approved Projects and Pre-projects

10.1 Projects

The Committee took note of a status report [document CRF(XLVII)/7] prepared by the Secretariat on 68 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 (40), B) awaiting the signing of an Agreement (3), C) projects awaiting financing (23), or D) falling under the sunset provision since the last Session (2).

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 audit reports 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

1) PD 21/98 Rev.2 (F) Forest Management, Community Involvement and Sustainable Use of Si-Kop Forest Area (Coastal Province, Cameroon) (Phase II) (Cameroon)

The Committee took note that the Decree No. 2013/7570/PM of 12 August 2013, formalizing the establishment of the Si-Kop Gazetted Forest for the benefit of the Communes of Ngambe, Ndom and Nyanon, was signed by the Prime Minister of Cameroon. Therefore, subsequent to the signing of the abovementioned decree, the Committee asked the Executing Agency to take the necessary arrangements for the completion of all planned project activities, in particular those activities which were pending due to the delay in signing the decree for the formalization of the establishment of Si-Kop Gazetted Forest.

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 implementation of this project has been progressing at a slow pace. In addition, the Executing Agency CODECHOCO continued to be haphazard in submitting its progress reports and other documents in paper format. It further observed that the last ITTO 6-monthly disbursement was made in June 2009 and another three disbursements for a total of US\$ 240,000 are still pending to date, and that these are required to fully achieve the project's objectives and report the project as satisfactorily. Moreover, a satisfactory annual financial audit report for year 2010 is still pending, and no further disbursements have been made based on the lack of submission of this audited report. The project was slated to have been completed in December 2010.

The Committee also took note that the Executing Agency recently submitted, however very late, a progress report, a YPO to December 2013 and a request for an extension in time until December 2013 in order to satisfactorily complete the project. However, these documents were incomplete, lacked proper justification for the extension in time and did not include the 2010 financial audited report.

In this light, the Committee urges the Executing Agency to immediately submit a satisfactory financial audit report for 2010, apply for a reasonable extension in time, without additional funds, for an approximate period of 18 months (as three 6-monthly ITTO disbursements totaling US\$ 240,000 are still pending), and further submit to the Secretariat a formal request with a justification 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 latest progress report received for this project only covers the implementation of its activities until March 2013. It further states that all activities but one have been completed, but the description of these are lacking, and so are the technical reports, workshop aide memoirs and other means of verification, such as manuals, publications, maps, pamphlets, videos, etc. Moreover, the project was slated to have been completed in March 2012 but continued intermittently until March 2013, when it came to a halt, with no further progress reports or a request for an extension in time having been submitted to the Secretariat since then.

The Committee further observed that the 2010-2011 audited report was the latest one to have been submitted to the Secretariat, and that this report stated that the expenditures were only executed up to December 31, 2010, not having incurred in any expenses during the year 2011. Also, the unspent amount of ITTO funds with the EA as at 31 December 2011 was reported as approximately US\$55,000. In addition, ITTO is also still withholding the originally programmed 8th disbursement for an additional US\$ 50,000.

The Committee also noted that the Executing Agency, The State Forest Institute of Minas Gerais (IEF/MG), recently requested the Secretariat to consider this project as completed, but to date no proper completion report, technical report and other means of verification been submitted..

Additionally, it also noted that the final financial audit report was also still pending, and taking into

account the financial audit report for 2010-2011, there are still approximately US\$ 55,000 unaccounted for that must be reimbursed to ITTO if the project is deemed as completed. The Executing Agency should also further provide an official notification relinquishing the project's last disbursement from ITTO in the amount of US\$ 50,000, in order for the Secretariat to be able to reimburse all these remaining funds to the original donors, as per ITTO procedures.

Based on the aforementioned facts, the Committee recommended an independent mid-term evaluation be carried out to assess what has been achieved, and further provide unanimous recommendations on the actions needed in order to either continue or close the project, in accordance with ITTO's rules of procedure.

4) 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 noted that the Executing Agency submitted an acceptable final financial audit report of this project, which was reported as completed, but pending the final financial audit, at a previous CRF session and documented as such in the CRF(XLIII)/2 document. Therefore, the Committee decided to consider the project as completed and be subject to the closure procedures after implementing the recommendations of the ITTO Division of Operations in relation to the review of the final financial audit report.

5) PD 63/01 Rev.2 (F) Assessment and Management of Mangrove Forests in Egypt for Sustainable Utilization and Development (Egypt)

The Committee noted that the Executing Agency has not submitted the final financial audit report of this project, which was reported as completed, but pending the final financial audit, at a previous CRF session and documented as such in the CRF(XLIII)/2 document. Therefore, the Committee decided to urge the Executing Agency to submit the final financial audit at its earliest convenience, not later than end of March 2014.

6) 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 noted that the Executing Agency has already submitted the completion report, and it should be documented and reported as completed at the next Committee session, if the final financial audit report is submitted in due time. Therefore, the Committee decided to urge the Executing Agency to submit the final financial audit at its earliest convenience, not later than end of March 2014.

7) 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 EMBRAPA continued to be late in submitting its progress reports and other documentation, and when submitted these were incomplete and did not follow ITTO formats, and that is also was hiring project staff without requesting no-objections from the Secretariat as per ITTO's rules of procedure. It also observed that the currently submitted audited report for 2012 did not follow the ITTO guidelines, and therefore could not be approved by the Secretariat.

In this light, the Committee urges the Executing Agency to strictly abide to ITTO's procedures and scheduling, and periodically submit all pending documents following ITTO's guidelines and formats and within the established deadlines, such as the project progress reports, technical documents, and other documented means of verification, and the yearly audited reports, and further regularize all project staff positions financed with ITTO funds via no-objection requests.

8) 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. As such, the Executing Agency applied for an additional extension in time until April 2014 without additional funds, and 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 April 2014, without additional funds, as per the written request and justification submitted by the Executing Agency.

9) 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 while most of the project's activities have been progressing satisfactorily, some have suffered delays, due mainly to the participatory process required by the project to develop localized C&I. As such, the Executing Agency applied for an additional extension in time until March 2014 without additional funds, and 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 March 2014, without additional funds, as per the written request and justification submitted by the Executing Agency.

10) 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 noted that the Executing Agency has already submitted the completion report, and it should be documented and reported as completed at the next Committee session, if the final financial audit report is submitted in due time. Therefore, the Committee decided to urge the Executing Agency to submit the final financial audit at its earliest convenience, not later than end of March 2014.

11) PD 383/05 Rev.2 (F) Community Forest Development in Gabon (Gabon)

The Committee noted that no action was taken by the Executing Agency for a new extension of the project implementation, as the previous one was granted until March 2013. The delegate of Gabon briefly explained that the necessary arrangements have been taken to comply with ITTO rules and procedures. In this light, the Committee urged the Executing Agency for appropriate actions in order to get the project implementation extended by the ITTO Secretariat.

12) 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. As such, the Committee urges the Executing Agency to strictly abide to ITTO's procedures and scheduling, and submit all the pending documents in time, such as the project completion report, technical documents, and other documented means of verification, and the final financial audited report, so as to report this project as completed at its next session.

13) PD 441/07 Rev.2 (F) Institutional Strengthening of ANAM for Integrated Fire Management in the Forests of Panama (Panama)

The Committee took note that while most of the project's activities are slowly but surely coming back on track, some have suffered delays, particularly due to the period of political uncertainty that ANAM went through during 2010 and 2011. As such, the Executing Agency applied for an additional extension in time until December 2014 without additional funds, 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 December 2014, without additional funds, as per the written request and justification submitted by the Executing Agency.

14) **PD 454/07 Rev.3 (F) Community Forest Management: A Sustainable Alternative for the Maues State Forest, Amazonas State (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, and that it also was hiring project staff without requesting no-objections from the Secretariat as per ITTO's rules of procedure. It also observed that the currently submitted financial audited report for 2012 did not follow the ITTO guidelines, and therefore could not be approved by the Secretariat. In this light, the Committee urges the Executing Agency to strictly abide to ITTO's procedures and scheduling, and periodically submit all pending documents following ITTO's guidelines and formats and within the established deadlines, such as the project progress reports, technical documents, and other documented means of verification, and the yearly audited reports, and further regularize all project staff positions financed with ITTO funds via no-objection requests.

15) **PD 456/07 Rev.4 (F) Building the Capacities of Forestry Training Institutions Members of the Network of Central African Forestry and Environmental Training Institutions (RIFFEAC) for Providing SFM Training for Forest Concessions**
“Capacity Building for Sustainable Management of Tropical Rainforests and Biodiversity Conservation in the ITTO Congo Basin Countries” (Regional)

The Committee noted the remark made by the delegate of Switzerland on the importance to include the decisions and recommendations of the most recent project steering committee (PSC) meeting in the committee report dealing with ongoing projects. For this Committee session, the Secretariat explained that it was not possible, as the PSC meeting was held during the last week of October 2013, after the finalization that committee document. The Committee took note of the relevant remark of the delegate of Switzerland and asked the Secretariat to take it into account while preparing the Committee document.

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

The Committee noted that no project's progress report has been submitted by the Executing Agency since the 46th Session of CRF held in November 2012. It was also noted that the implementation of some project activities had been delayed because of the internal turnover of key personnel, involved in the project implementation in the Executing Agency, the Forestry Development Authority (FDA). The Committee further noted that, subsequent to the situation above, the capacity of the Executing Agency became questionable for a smooth completion of all project activities. In addition, it was noted that the Delegation from Liberia was not present at the Committee to explain the current situation of the project implementation and make suggestions on ways and means to improve it for a smooth completion all project activities. In this light, the Committee decided that a special monitoring mission should be carried out by the Secretariat for an in-depth technical and financial assessment of the project implementation.

(B) Projects awaiting implementation agreement

1) **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)**

The Committee noted that the review of the draft project agreement has been delayed, and therefore encouraged the Ministry of Forestry of Indonesia to speed up the finalization of administrative arrangements such as the signing of the project agreement, submission of an inception report and Yearly Plan of Operation for the first year so that the project can start its activities from early 2014. The Committee was informed by the delegation of Indonesia that the administrative arrangements are to be finalized shortly.

2) **PD 635/12 Rev.2 (F) Buffer Zone Management for Pulong Tau National Park with Involvement of Local Communities in Sarawak, Malaysia**

The Committee noted that the review of the draft project agreement has been delayed and therefore encouraged the Ministry of the Primary Industry and Commodities of Malaysia to speed up the finalization of administrative arrangements such as the review of the draft project agreement,

submission of an inception report and yearly plan of operation for the first year so that the project can start its activities from early 2014. In response, the delegation of Malaysia informed the Committee that the administrative arrangements will be finalized shortly.

3) 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

The Committee took note that the agreement for the implementation of this project is to be finalized shortly and that the project itself can be expected to start early next year.

(C) Projects awaiting financing

The Committee noted that twenty-three (23) projects approved at earlier and current Sessions are still awaiting funding, out of which six (6) will be sunset if funding is not secured before the next Session.

- 1) PD 452/07 Rev.5 (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 554/09 Rev.3 (F) Pilot Sustainable Management Systems for Secondary Forests in the Collective Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia
- 4) PD 563/09 Rev.3 (F) Community Based Forest Management of Sungai Medihit Watershed (Malaysia)
- 5) *PD 601/11 Rev.3 (F) Strengthening Mangrove Ecosystem Conservation in the Biosphere Reserve of Northwestern Peru
- 6) *PD 602/11 Rev.3 (F) Tropical Forest Governance in the Region of Darien, Panama
- 7) *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
- 8) PD 609/11 Rev.3 (F) Enhancement of the Participatory Bushfire Prevention and Management System in Togo
- 9) *PD 618/11 Rev.3 (F) Establishment of Spatial Forest Resources Information System (SPA-FRIS) in West Papua Province (Indonesia)
- 10) PD 623/11 Rev.3 (F) Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo
- 11) *PD 628/11 Rev.3 (F) Strengthening of Forest Management Practices of Local Communities and Indigenous Peoples in Guatemala
- 12) *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)
- 13) PD 631/12 Rev.2 (F) Reforestation of Coastal Wetlands in Southern Ghana Using Indigenous Tree and Bamboo Species
- 14) PD 645/12 Rev.3 (F) Promoting Sustainable Forest Management of Rinjani Barat Forest Management Unit (Indonesia)
- 15) PD 646/12 Rev.3 (F) Initiating the Conservation of Cempaka Tree Species (*Elmerrillia spp*) Through Plantation Development with Local Community Participation in North Sulawesi, Indonesia

- 16) PD 665/12 Rev.2 (F) Implementation of a Fire Prevention and Control Plan in the Central Amazon Region of Peru
- 17) PD 682/13 Rev.1 (F) Development of Quality-of-Governance Standards for Reducing Emissions from Deforestation and Forest Degradation (REDD) in Papua New Guinea
- 18) PD 695/13 Rev.2 (F) Rehabilitation of Degraded Gazetted Forests in the Mount Korhogo, Foubou and Badenou in Northern Côte d'Ivoire with the Involvement of Local Communities
- 19) PD 696/13 Rev.2 (F) Community Based Restoration and Sustainable Management of Vulnerable Forest of the Rewa Delta, Viti Levu, Fiji
- 20) PD 710/13 Rev.1 (F) Promoting Conservation of Selected High-Value Indigenous Species of Sumatra (Indonesia)
- 21) PD 715/13 Rev.1 (F) Improving the Production, Conservation and Management of Forest Seeds in Benin
- 22) PD 723/13 Rev.1 (F) Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar
- 23) PD 724/13 Rev.1 (F) Guidelines for the Management of Tara (Caesalpinea Spinosa) Plantations with a View to the Rehabilitation of Waste Lands in the Sub-Humid Tropics of the Coastal Region of Peru

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

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

The Committee noted that two (2) projects have become sunset since its last Session.

- 1) PD 541/09 Rev.2 (F) Forest Promotion and Development by Native Communities in Peru
- 2) PD 544/09 Rev.2 (F) Increased Economic Returns from Forest Management in Permanent Production Forests of Peru

10.2 Pre-project Work in Progress

The Committee took note of a status report of approved pre-projects in document CRF(XLVIII)/7. 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 took note that the Executing Agency has not submitted the completion report and the final financial audit report. Therefore, the Committee urged the Executing Agency to take the necessary arrangements for the submission of these reports at its earliest convenience, not later than March 2014.

- 2) **PPD 108/04 Rev.1 (F) Sustainable Community Management, Utilization and Conservation of Mangrove Ecosystems in Ghana (Ghana)**

The Committee noted that the Executing Agency has not submitted the final financial audit report of this pre-project, which was reported as completed, but pending the final financial audit, at a previous CRF session. Therefore, the Committee decided to urge the Executing Agency to submit the final financial audit at its earliest convenience, not later than end of March 2014.

3) **PPD 123/06 Rev.1 (F) Controlling the Dieback and Decay Phenomenon in Plantation Species (Côte d'Ivoire)

The Committee noted that the Executing Agency has not submitted the final financial audit report of this pre-project, which was reported as completed, but pending the final financial audit, at a previous CRF session. Therefore, the Committee decided to urge the Executing Agency to submit the final financial audit at its earliest convenience, not later than end of March 2014.

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 Committee noted that pre-project completion is to be expected shortly with a submission to ITTO of a project proposal in time for its appraisal by the Expert Panel in February 2014, and the respective completion report and final audit. The pre-project will be declared as completed at the next Session of the Committee.

(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 162/12 Rev.2 (F) Developing Model of Self-sufficient and Sustainable FMU (Indonesia)
- 4) PPD 163/12 Rev.2 (F) Assessing Growth and Yield Rates of Major Commercial Species for the Adjustment of Forest Management Programs in the Yucatan Peninsula, Mexico
- 5) PPD 166/13 Rev.2 (F) Improving the Fuel Wood Supply through the Provision of Support to the Development of Forest Plantations in the Mokolo, Maroua and Kaelé Municipalities in the Sahelian Part of Cameroon
- 6) PPD 176/13 Rev.1 (F) Identification and Planning of Measures for the Sustainable Management of the Forest Estate Owned by Individuals in Togo

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

(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.

Item 11 - Election of Chairperson and Vice-Chairperson for 2014

Mr. Jorge Malleux (Peru) was elected as Chairperson for 2014. Dr. James Gasana (Switzerland) was elected as Vice-Chairperson for 2014.

Item 12 - Dates and Venues of the Forty-eighth and Forty-ninth Sessions of the Committee

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

The Forty-ninth Session of the Committee would be held in conjunction with the Fifty-first Session of the International Tropical Timber Council.

Item 13 - Other Business

None

Item 14 - Recommendations to the International Tropical Timber Council

- (A) The Committee recommended that funding be made immediately available for the following projects and pre-project approved under the Project Cycle Spring 2013 and Project Cycle Autumn 2013:

Projects

- PD 631/12 Rev.2 (F) Reforestation of Coastal Wetlands in Southern Ghana Using Indigenous Tree and Bamboo Species [US\$511,661.00]
- PD 645/12 Rev.3 (F) Promoting Sustainable Forest Management of Rinjani Barat Forest Management Unit (Indonesia) [US\$505,781.00]
- PD 646/12 Rev.3 (F) Initiating the Conservation of Cempaka Tree Species (*Elmerrillia* spp) Through Plantation Development with Local Community Participation in North Sulawesi, Indonesia [US\$435,187.20]
- PD 665/12 Rev.2 (F) Implementation of a Fire Prevention and Control Plan in the Central Amazon Region of Peru [US\$759,121.00]
- PD 682/13 Rev.1 (F) Development of Quality-of-Governance Standards for Reducing Emissions from Deforestation and Forest Degradation (REDD) in Papua New Guinea [US\$149,744.00]
- PD 695/13 Rev.2 (F) Rehabilitation of Degraded Gazetted Forests in the Mount Korhogo, Foubou and Badenou in Northern Côte d'Ivoire with the Involvement of Local Communities [US\$1,304,942.00]
- PD 696/13 Rev.2 (F) Community Based Restoration and Sustainable Management of Vulnerable Forest of the Rewa Delta, Viti Levu, Fiji [US\$310,576.00]
- PD 710/13 Rev.1 (F) Promoting Conservation of Selected High-Value Indigenous Species of Sumatra [US\$479,976.00]
- PD 715/13 Rev.1 (F) Improving the Production, Conservation and Management of Forest Seeds in Benin [US\$609,168.00]
- PD 723/13 Rev.1 (F) Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar [US\$3,093,976.00]
- PD 724/13 Rev.1 (F) Guidelines for the Management of Tara (*Caesalpinea Spinosa*) Plantations with a View to the Rehabilitation of Waste Lands in the Sub-Humid Tropics of the Coastal Region of Peru [US\$149,632.00]

Pre-projects

- PPD 162/12 Rev.2 (F) Developing Model of Self-sufficient and Sustainable FMU (Indonesia) [US\$70,291.00]
- PPD 163/12 Rev.2 (F) Assessing Growth and Yield Rates of Major Commercial Species for the Adjustment of Forest Management Programs in the Yucatan Peninsula, Mexico [US\$89,474.22]
- PPD 166/13 Rev.2 (F) Improving the Fuel Wood Supply through the Provision of Support to the Development of Forest Plantations in the Mokolo, Maroua and Kaelé Municipalities in the Sahelian Part of Cameroon [US\$70,056.00]
- PPD 176/13 Rev.1 (F) Identification and Planning of Measures for the Sustainable Management of the Forest Estate Owned by Individuals in Togo [US\$53,368.00]

- (B) The Committee recommended a sub-item be included under the item of Policy Work making reference to the formulation of a Council Decision in order to revamp the old ITTO Mangrove Work Plan 2002-2006 via participatory workshops .

Item 15 - Report of the Session

The Committee accepted this Report for submission to the Council. Members of the Committee expressed their appreciation for the able manner in which the Chairperson handled the conduct of the meetings of the Committees with assistance of the Vice-Chairperson and the Secretariat.

Appendix

International Forum on Payments for Environmental Services of Tropical Forests 7-10 April 2014 San José, Costa Rica

Concept Note

BACKGROUND

Ensuring sustainable supply of goods and services from forests to enhance their vital contributions to socio-economic development lies at the core of Sustainable Forest Management (SFM). Yet, SFM in the tropics is often less profitable than other land-uses because many of the goods and services forests produce lack formal markets. Hence achieving SFM requires the provision of appropriate economic incentives and instruments. In this regard, it is important to promote investment in and payment for all the goods and services provided by tropical forests while capitalizing on all their economic values. Payments for forest environmental (or ecosystem) services such as biodiversity, tourism and recreation, water conservation, soil protection and climate change mitigation, known in general as PES, is one such innovative means of financing SFM.

PES have been around for some time now and they have been touted as major means to addressing the challenge of financing SFM and tropical forest conservation, with the potential for rendering significant positive social and economic outcomes. They aim to address market failure by providing incentives to land users to make it more desirable for them to sustainably manage forests than to degrade or deplete them. However, currently, many PES mechanisms are small and scattered. Many of them are also unsustainable without regular and strong external support.

In the tropics, PES have been developed and/or under implementation with the involvement of a number of local communities under various initiatives. For instance, Costa Rica has implemented PES programme since 1996 through its National Forest Law by recognizing four categories of forest environmental services. These include: mitigation of greenhouse gas emissions; hydrological services (drinking water, irrigation and energy production); biodiversity conservation; and providing scenic beauty. ITTO's Thematic Programme on Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES) promotes the capacity of ITTO developing member countries and their stakeholders to maintain and enhance environmental services of tropical forests in order to contribute to the social and economic sustainability and well-being of forest-dependent communities through PES. Similarly, FAO has been championing the significance of PES in promoting SFM and has been striving to enhance the capacities of member countries to develop and implement effective and viable PES mechanisms.

The International Forum on Payments for Environmental Services of Tropical Forests aims to highlight the importance of developing and implementing PES mechanisms in tropical countries and to share best practices and lessons learned from the many activities and projects that have been undertaken in recent years to scale up global efforts to promote PES. The International Forum is expected to recommend actions at local, national and international levels for the development and effective implementation of PES mechanisms in support of SFM in the tropics. It will bring together policymakers, researchers and academicians, practitioners, civil society, the private sector, and regional and international organizations engaged in the development, implementation and support of PES mechanisms.

OBJECTIVES

The main objective of the International Forum is to discuss the conditions under which the sustainability of current PES mechanisms can be improved and the challenges to their scaling-up and mainstreaming can be effectively addressed. The focus of the Forum's deliberations will be on institutional innovation and maximizing efficiency and effectiveness in implementation with the goal of bridging the gap between science, policy and practice of PES.

To this end, the Forum specifically intends to:

- a) explore experiences, opportunities and challenges on how PES can help reduce poverty and support SFM with a particular attention to payments for the following environmental services:
 - i. Existing and emerging carbon markets for A/R CDM and REDD+
 - ii. Biodiversity conservation and sustainable use
 - iii. Watershed management
 - iv. Community based ecotourism/landscape management
- b) report on the potential and challenges of remuneration systems for PES;
- c) identify the policy, legal, socio-economic and environmental factors, including gender, tenure and traditional knowledge, that are critical 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) promote and facilitate cooperation among partners including South-South partnerships and among bilateral and multilateral PES initiatives.

PARTICIPANTS

It is expected that up to 200 participants will take part in the Forum including a range of stakeholders from policymakers to practitioners in the field of forestry with particular interest in payments for environmental services provided by tropical forests. Invitations will be sent to relevant representatives of the co-organizers' governing bodies. Relevant officials from universities, research institutions, government agencies and non-governmental organizations will also be invited, including those with experiences on PES from outside the forest sector. A dedicated website for the International Forum will provide information to prospective participants and to facilitate registration in the Forum.

CO-ORGANIZERS, PARTNERS, AND SPEAKERS

The International Forum will be jointly organized by ITTO, FAO and National Forest Financing Fund – FONAFIFO of Costa Rica and will be hosted by the Ministry of Environment of Costa Rica. Other interested international, regional and national organizations, as well as donor governments, will be invited to participate as co-sponsors or partners.

5-6 keynote speakers and around 30 panelists and resource persons will be identified by the co-organizers and invited to participate in the Forum. In addition, participants will be invited to prepare posters and a poster session will be organized during the conference.

THEMATIC AREAS

The Forum will be structured around four main thematic areas. Each theme will commence with a keynote presentation introducing the issue followed by a series of panel presentations that will provide case studies of particular aspects including from different countries and on different PES schemes related to, *inter alia*, existing and emerging carbon markets for A/R CDM and REDD+; biodiversity conservation and sustainable use; watershed management; and community based ecotourism/landscape management. The short presentations by the panelists will be analytic rather than descriptive, focusing on issues and challenges and lessons learned. The presentations will be followed by facilitated discussions to encourage inputs by all participants.

The four thematic areas are:

Theme 1: PES for sustainable forest management

Payments for environmental services of tropical forests should contribute to sustainable social and economic development, while protecting forest resources. This theme will discuss options that promote sustainable utilization of tropical forests and recognize positive externalities of forests, including landscape approaches to PES that take into account other productive land uses in forested landscapes and their relationship with forests.

Theme 2: Developing innovative financing mechanisms

PES require innovative financing mechanisms. Under this theme different mechanisms, and the challenges and opportunities they present will be discussed including: public schemes such as eco-taxes, ear-marked budgets, local bodies; public-private partnerships; private schemes including CSR, carbon neutrality, green economy principles; tax-sharing and international sources/mechanisms and instruments such as REDD+ and GEF.

Theme 3: Ensuring benefits for local communities

In view of the increasing proportion of forests managed by local communities, PES schemes should be designed in ways that ensure communities can benefit from them. Discussions under this theme will revolve around property rights and access (including that of carbon); defining beneficiaries, developing effective and innovative benefit sharing and distribution models and ensuring effective participation of communities, farmers and other local stakeholders. Experiences with community based, decentralized, pro-poor management approaches will be presented.

Theme 4: Establishing robust governance and institutional arrangements

The development of PES schemes needs to go hand in hand with strengthening institutional capacities, developing appropriate policy/legal frameworks and increasing synergies with policies and programmes of other sectors to enhance the competitiveness of tropical forests with other land uses. This theme will discuss different approaches, lessons learned and challenges encountered.

Based on the outcomes of the discussions under the four themes and a field visit, recommendations will be proposed on how to increase the effectiveness of current PES schemes for tropical forests and how to engage more countries in developing such schemes.

LANGUAGES

The working languages of the Forum will be English, French and Spanish, with simultaneous interpretation available in all sessions.

DISSEMINATION

Key messages relating to enhancement of PES schemes will be formulated during the Forum and will be agreed by participants in the form of a conference statement. The messages will be presented at relevant international events in 2014, including CBD COP 12, UNFCCC COP 20, FAO's Committee on Forestry (COFO) and the 50th Session of the ITTO Council.

Presentation materials and papers from the Forum will be posted on the co-organizers' websites. A summary of the outcomes of the Forum will be published. Conference outcomes and selected contributions will also be featured in special issue of ITTO's *Tropical Forest Update* for wider dissemination.

SPONSORSHIP

Limited funding will be available for speakers and participants from developing countries. Further information can be obtained by contacting FAO or ITTO.

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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

TWENTY-EIGHTH SESSION OF THE COMMITTEE ON FINANCE AND ADMINISTRATION

Item 1: Opening of the Session

1. The Chairperson of the Committee on Finance and Administration (CFA), Mr. Mario Rafael Rodríguez Palma of Guatemala, welcomed all delegates to the Twenty-eighth Session of the Committee.

Item 2: Adoption of Agenda and Organization of Work

2. The Chairperson suggested that the Committee takes up discussions agenda item by item in the order listed in document CFA(XXVIII)/1 Rev.1. He requested the Vice-Chairperson of the Committee, Ms. Ellen Shaw of the U.S.A. to lead the discussion of the Committee on a number of the agenda items.

3. The Chairperson drew the attention of the Committee to the work of the Panel on Sub-Account B of the Bali Partnership Fund (BPF) for the allocation of funds under Sub-Account B of the BPF, created under Council Decision 4(XXX). This Panel was chaired by the Chairperson of the Committee and will report directly to the Council. It convened its first meeting on Thursday, 28 November 2013.

Item 3: Admission of Observers

4. The Chairperson advised the Committee that the Council had admitted all applicants as shown on document ITTC(XLIX)/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: Reports of the Expert Panel for Technical Appraisal of Project Proposals

5. The Chairperson advised the Committee that the Report of the Forty-fifth and Forty-sixth Meetings of the Expert Panel for Technical Appraisal of Project Proposals (Documents ITTC/EP-45 and ITTC/EP-46) were deliberated and concluded in the Joint Session of the Committees on 26 November 2013. The joint session had not requested the CFA for any follow-up.

Item 5: Draft Biennial Administrative Budget for the Years 2014 and 2015

6. The Secretariat informed the Committee that the draft administrative budget for the financial years 2014-2015 was prepared taking account the provisions in paragraph 2 of article 19 of the ITTA, 2006.

7. The Secretariat further informed the Committee that Document CFA(XXVIII)/2, had been distributed to Members on 21 August 2013 in accordance with Rule 3 of the ITTO's Financial Rules and Rules Relating to Projects which was adopted by the Council at its Session in November 2012 [Decision 6(XLVIII)], for the preparation of the draft administrative budget for a biennial period, instead of an annual period, applying the exchange rate of the month when the budget was prepared. The Secretariat further informed the Committee that at the Twenty-second Session of the Committee in November 2008, and as approved by the Council at its Forty-third Session, it was decided that the proposed budget will not be revised for any further subsequent change in the exchange rate. The draft Biennial Administrative Budget for the Years 2014 and 2015 was, however, amended by the Secretariat to take into consideration the assessed contribution of new members, Brazil and Costa Rica. The Secretariat consequently introduced document CFA(XXVIII)/2 Rev.1, dated 25 November 2013.

8. The Secretariat informed the Committee that the proposed Biennial Administrative Budget for 2014 and 2015 had been prepared using the exchange rate in July 2013 of JPY.98.23 to USD.1. The Secretariat further informed the Committee that the proposed budget for 2014 had been estimated at US\$7,392,762 representing a decrease of US\$296,743 (3.86%) compared to the approved budget for 2013 and the budget for 2015 estimated at US\$7,867,530. The decrease in the 2014 budget was attributed to the following reasons:

- a. Fluctuation in exchange rate variation of Yen and the US Dollars. In preparing the 2013 budget the prevailing exchange rate was 1US\$=JPY 79.31. For the 2014 budget the exchange rate is 1US\$=JPY 98.23; and
- b. The Post adjustment multiplier is currently at 104.9 percentage points as compared to 150 percentage points last year.

9. The Secretariat explained that most of the expenditures for 2014 had been kept at the same level as those for 2013 and the new elements introduced into the Basic Administrative Costs component of the Budget for 2014 were as follows:

- A provision of \$18,000 for the maintenance cost of the Enterprise Resource Planning (F2.Network,Hardware and Supplies)
- A provision of US\$20,000 for replacement of unserviceable and unsafe furniture (more than 20 years old) in a phased manner (G5.Supplies).
- Provision of \$80,000 per year for a period of three years to cover costs of staff training and migrating the current accounting system to International Public Sector Accounting Standards (IPSAS) to enhance the quality and transparency of the Organization's financial reporting by providing better information for public sector financial management and decision making (G8 Audit).
- Provision for one new post of General Service category (GS-6 level) in the amount of US\$145,000 to take care of the newly enhanced IT infrastructure (A. Salaries and Benefits).

10. The Secretariat further explained that the "Core Operational Costs" for 2014 showed an increase of US\$247,275 (36.02%) compared to the budget of 2013 and that the increase had been attributed to the following:

- In 2014 and 2015 provision had been made for Expert Meetings/workshops (\$140,000 per year) in the Core Operational Costs (P1).
- A provision of \$45,000 to redesign the ITTO website leveraging the current tools available to share knowledge and to disseminate information to users in all the official languages of ITTO (O3.website).
- As Biennial Review of the International Timber Situation (Article 28 of the ITTA, 2006) becomes due in 2014, \$40,000/- had been set aside for its production (S2.Biennial Review).
- Provision of US\$25,000 had been made for more events under Outreach (O2)

11. Following a clarification sought by the delegate of Japan, the Committee discussed the issue of Biennial Administrative budget and whether the budget should be approved for Years 2014 and 2015. The Committee noted the provisions of the ITTA, 2006 and decided that the budget should be approved for the Biennial Years 2014 and 2015, including the assessed contributions of member countries for both 2014 and 2015.

12. The Committee discussed extensively the provision of one new post in the General Service category to take care of the Organization's IT infrastructure and requested the Secretariat to provide the job description for this position. The Secretariat complied with the request. Many delegations noted the importance of this position, particularly in contributing to the IT component of the Knowledge Management strategy and the overall benefit that it will bring to the Organization. It was also noted that the recruitment should not be seen as a new cycle of expansion in the Secretariat. The Committee indicated that with the creation of this new position, the Secretariat will need to reduce the cost of IT Services sub-contracted to persons outside the Organization. The Committee consequently decided to recommend to the Council the creation of this new position in the Secretariat in the General Service category (GS-6).

13. The Committee discussed the provision of US\$80,000 per year for a period of three years to cover costs of staff training and migrating the current accounting system to International Public Sector Accounting Standards (IPSAS). The Secretariat explained the need and informed that globally there was a migration to the (IPSAS) which are used by the public sector entities around the world and based on International Financial Reporting Standards (IFRS) to enhance the quality and transparency of the Organization's financial reporting by providing better information for public sector financial management and decision making. The Secretariat further informed that the system is currently widely used by national and regional governments and intergovernmental organizations and becoming increasingly important for proving an organization's accountability and transparency for attracting funds. The Secretariat was also exploring the option of segregating the training costs by conducting in-house training. However, the Secretariat lacked competencies related to IT software and technical issues for which costs would have to be incurred. The Committee requested the Secretariat to revise down the cost of the implementation of the IPSAS (budget line G8). The Secretariat complied with the request and the cost was reduced from US\$80,000 to US\$65,000. .

14. The Committee noted the increase in the Administrative Budget for 2015 compared to that of 2014 and requested an explanation for this increase. The Secretariat explained that the increase was mainly due to annual salary increases and the provision for the separation costs of three professional staff in 2015 and the installation cost of three new staff in the same year. The Committee decided to absorb this increase in the 2015 Administrative budget. The Committee noted with delight the healthy balance in the Working Capital Account (WCA) and commended the Secretariat for its efforts in securing payment of arrearages to previous years' budget. The Committee subsequently, requested the Secretariat to allocate an amount of US\$121,025 from the Working Capital Account to the 2015 Administrative Budget in order to bring the 2015 budget to the same level as the 2013 budget (US\$7,689,505). As an exceptional measure the Committee decided to use funds from the WCA.

15. The delegate of the European Union proposed that the position of Project Manager in the Programme Support should be moved to the regular Administrative budget with the objective to finalize the restructuring of the Secretariat and to provide stable and predictable funding to the core staff of the Organization. There was, however, no consensus on this proposal.

16. The Committee discussed the Secretariat's proposal to move the cost of the Expert Panel for Project appraisal from the Programme Support Fund to the Core Operational Cost as stipulated in Article 19 paragraph 2(b) and decided to approve the proposal.

17. The delegate of Japan requested the Secretariat for explanation on the restructuring of the Secretariat and indicated that the Secretariat did not follow the Council Decision. He indicated that from information gathered an additional Assistant Director was in place for more than 10 months although the Council had approved only three Assistant Director positions. He also sought clarification as to why the vacant position of the Assistant Director was not advertised and the recruitment was not conducted on a competitive basis. The Secretariat explained that throughout the year 2013 there had never been a period with four (4) Assistant Directors in place. The Secretariat further explained that under Article 14 paragraph 4 of the ITTA, 2006, the Executive Director is mandated to appoint staff in accordance with regulations to be established by the Council. The Secretariat indicated that there was no Council decision requesting the Executive Director to place an advertisement on the website.

18. The Secretariat informed that the ED had been authorized by Council to use \$300,000 from the WCA to account for any shortfall in revenues. To the suggestion of increasing the limit of the ED's authorization to utilize the WCA, the Committee felt that there was no need to do it at this Council Session.

19. The Committee recommended that the Council approve the Administrative Budget for the Financial Year 2014 as presented in document CFA(XXVIII)/2 Rev.3 in the amount of US\$7,335,762 and an amount of US\$7,689,505 for 2015.

Item 6: Review of Contributions to the Administrative Budget

20. The Secretariat introduced document CFA (XXVIII)/3 dated 25 November 2013. This document detailed the status of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2013, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed the Committee that, as shown in the document, in 2013, \$2,075,185.17 had been received from Producing Members out of the total net assessment of \$3,699,700.00; and \$3,947,233.00 had been received from Consuming Members out of the net assessed amount of \$3,989,061.00. The Secretariat informed the Committee that out of the three late joining members viz., Colombia, Brazil and Costa Rica, payment of \$114,644.80 was received from Colombia. Brazil, India and Gabon have indicated their intention to pay their dues shortly.

21. As shown in the document, arrearages in contributions to previous years' budgets from producing members' amount to \$2,682,276.13; and arrearages from a consuming member amount to \$43,476.00. Furthermore, the outstanding payment of interest charges levied on late contributions under the ITTA, 1983, amount to \$79,042.77. The document also includes information on the status of arrearages in contribution of the Democratic Republic of Congo which affects their eligibility to submit project proposals; as well as the arrearage of 10 former members totaling \$2,348,664.28 that includes the interest charge of \$31,043.56. As at 25 November 2013 the total outstanding contributions from Producer Members was \$4,385,833.73 and from Consumer Members was \$85,304.00.

22. Contributions received in advance from two members in the total amount of \$132,194.00 were also recorded in the document.
23. The Committee took note of the report.

Item 7: Current Status of the Administrative Account

24. The Secretariat introduced document CFA (XXVIII)/4, dated 25 November 2013, together with the estimated expenditures for the current year. The Secretariat informed the Committee that the estimated expenditures for the financial year 2013 would amount to \$6,562,595.00 (i.e. \$1,085,023.00 less than the total amount approved in the budget for 2013 of \$7,689,505). This had been achieved through stricter control of expenditures and other prudent financial management measures instituted by the Executive Director, as well as the weaker strength of the Japanese Yen. Also more aggressive measures were adopted by the Secretariat towards payment of assessed contributions as well as arrearages in contributions to the previous years' budget.

25. The Secretariat further informed the Committee that the total contributions received to-date from both Producer and Consumer members amount to \$6,022,795.78, and together with contributions expected to be paid by members before the end of 2013 (of \$1,058,091.00), it is anticipated that an estimated surplus in the amount of \$521,886.48 would accrue in 2013.

26. The Secretariat further informed the Committee that the resources of the Working Capital Account (WCA) are estimated to increase from the balance of \$3,198,075 at the beginning of 2013 to \$4,066,726.57 by the end of the year 2013.

27. The delegate of Japan sought clarification on the WCA and wanted to know if the increase in WCA could be compared to another international Organization. The Secretariat clarified that the WCA was established by the ITTC and could be utilized in the event of any arrearages received from Member States goes into the WCA. To a further query from the delegate of Japan if there was a need to fund the deficit from the WCA from January to March, the Secretariat clarified that the WCA acts as a buffer throughout the year.

28. The delegate of Japan commented that the level of the WCA was quite high. The Chairperson commented that a healthy organization should have reserves to function during difficult times. The delegate of USA commented that the increase in the amount of WCA was a healthy development and that the WCA should not be used to cover routine cash flow shortfalls. He added that the amount of arrears was constituted a significant proportion of the annual budget of ITTO and called for a strategy to incentivize payment of arrears. The Secretariat stated that there are clear guidelines for the operation of the WCA. The delegate from Switzerland remarked that the Secretariat should conduct a stress test under a worst case scenario to determine the optimal amount to hold in the WCA and inform the results at the next Session.

29. The delegate of EU appreciated the efforts of the Secretariat to recover the arrears and invited the Secretariat to find ways to structure the payment in order to encourage further reimbursement of arrears. The delegate of USA expressed dismay at the continuing high level of arrears and urged the Council and the Secretariat to adopt a more aggressive strategy to recover the arrears. Many of the delegates supported the views expressed by the delegate of USA.

30. The Committee took note of the report.

Item 8: Resources of the Special Account and the Bali Partnership Fund

31. The Chairperson introduced the document CFA(XXVIII)/5, stating that it contained historical financing information on projects, pre-projects and activities of the Organization, and requested the Secretariat to explain further.

32. The Secretariat informed the Committee that the document shows a comprehensive summary of expenditures on, and contributions to, the Special Account and the Bali Partnership Fund (BPF). A summary of completed Pre-Projects, Activities and Projects is also included in the document and 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\$3.0 million 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\$835,041.34.

33. The Secretariat informed the Committee that Statement on the Thematic Programme Sub-Account has been included in this document on pages 9 to 13, and that 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\$21.33m or 36.78%. The Secretariat also highlighted the schedule on the “summary of resources available in the Special Account” on page 15 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.

34. With regard to the resources of the Bali Partnership Fund, the Secretariat informed the Committee that as of the end of the last session, forty-five Activities (including Activities for biennial work programmes), five Pre-Projects and five Projects with a total amount of US\$19.41m had been funded from the resources of Sub-Account B of the Bali Partnership Fund. The available funds in the Sub-Account B of the Bali Partnership Fund as of 31 December 2013, is estimated at \$175,793.57.

35. The delegate of the U.S.A. recalled that the funds available in the Sub-Account B of the Bali Partnership Fund were negligible at the end of year 2012, and requested the Secretariat to confirm whether the increase of \$175,793.57 during 2013 could be expected as a regular income in the forthcoming years, or this was rather a one-time occurrence. The Secretariat explained that the increase for the current year was mainly due to interest income and some residue from completed projects, and that it would be premature to affirm that this income would be a constant source for the following years.

36. 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.

37. The Committee took note of the document.

Item 9: Auditor’s Report for the Financial Year 2012

38. The Secretariat introduced document CFA(XXVIII)/6 which was the report of the recently appointed auditor, Ernst & Young Shin Nihon LLC, Tokyo for the calendar year 2012, 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.

39. Members’ attention was drawn to pages 7 and 8 of this document, which provided consolidated financial information on all of the four Accounts of the Organization, showing a comprehensive picture of the overall financial status of the Organization. Of the total revenues of \$18.7 million for 2012 (total revenues for 2011 \$26.85m), \$11.11 million was voluntary contributions that were considerably lower than the amount of \$19.92 million received in 2011. The total expenditures were \$21.76 million (2011: \$20.02m), and it included an amount of \$14.32 million (2011: \$12.9m) which was for the ongoing project work of the Organization. Since inception, the fund allocations for project works amount to around \$400 million financing nearly 1,000 activities, projects, pre-projects and the ITTO thematic programmes.

40. The audit works were carried out earlier this year during the months of March to May. The Auditor had confirmed their satisfactory opinion on the financial statements. The Secretariat further confirmed that Ernst & Young Shin Nihon LLC conducted the audit in a satisfactory manner, within the given timeframe and fees quoted.

41. The Committee took note of the Auditor’s reports and decided to recommend their approval to the Council.

Item 10: Appointment of Auditor

42. The Secretariat introduced document CFA(XXVIII)/7 which stated that in accordance with Council Decisions 10(XXXI) and 2(XXXIV), the audit firm Ernst & Young Shinnihon LLC, Tokyo, had completed the audit of the Organization for the term of three consecutive years (2010-2012). Accordingly, the Council would

need to appoint a new Auditor to audit the Accounts of the Organization for the following term of three consecutive years (2013-2015). With a view to facilitate the decision by the Council at this Session, the Secretariat had contacted ten medium to large size audit firms of recognized standing and invited them to submit estimates of fees for the three consecutive years.

43. Among the six positive responses received by the Secretariat, estimates of fees submitted by the six firms with approximate equivalents in United States dollars were shown in the document for ease of comparison, using the U.N. official exchange rate for the month of October 2013 of US\$1.00 = Yen 98.25: The current audit costs charged by the audit firm Ernst & Young Shinnihon LLC, Tokyo, in total amount to around Yen 9,800,000/US\$10,000 per year.

44. The delegate of the European Union requested the Secretariat to give details on what the criteria was for shortlisting the 10 audit firms which were contacted, apart from the audit firm's size. The Secretariat responded that they looked into the audit firm's experience in auditing companies and organizations of international standing, whose budgets are around US\$10 million, so that they will have the capability of auditing ITTO's financial accounts. The strength of international connections of the audit firms was also considered, should the audit of ITTO Projects on site be required.

45. The delegate of the EU further inquired whether the Secretariat had any comments or reservations on BDO Toyo & Co. / BDO Sanyu & Co., which was the lowest-bidding audit firm. Furthermore, the delegate of Côte d'Ivoire asked the Secretariat whether they had any preference or recommendation for a particular audit firm among the 6 firms shortlisted. The Secretariat stated that all of the audit firms listed in the document should be capable of meeting the audit requirements for ITTO, and that, while it has no special observations towards BDO Toyo & Co. / BDO Sanyu & Co., its appointment would contribute to cost savings.

46. The delegate of Cameroon, followed by Guyana, welcomed the work of the Secretariat and supported the appointment of BDO Toyo & Co. / BDO Sanyu & Co.

47. The Committee took note of this document and recommended to Council at this Session for the appointment of BDO Toyo & Co. / BDO Sanyu & Co., Tokyo, as independent Auditor to audit the Organization's Administrative Account, the Special Account, the Bali Partnership Fund Account and the Executing Agencies Accounts, for the three consecutive years beginning with the Accounts for the financial year 2013. The re-engagement of the same Auditor for auditing the Accounts for the following years, of 2014 and 2015, is subject to an annual review of its performance.

Item 11: Progress report on the Implementation of the Biennial Work Programme of the Committee for the Years 2013 – 2014

48. The Chairperson referred to Activity 54 of the Biennial Work Programme "Mobilizing New Funding for ITTO and its Objectives" as contained in Document CFA(XXVIII)/8.

49. The Chairperson requested the Vice-Chairperson to present the Report of the Working Group as contained in Document CFA(XXVIII)/8. The Vice-Chairperson commended the Working Group for its recommendations and summarized the issues as (a) Strategic- Resources required and outreach activities with a strong message; (b) Implementation –Find practical ways of implementation; and (c) Finance- How do we find resources and move forward.

50. The Working Group held its meeting in Yokohama from 2 to 4 September 2013 and elected Mr. Mario Rodrigues (Guatemala) and Ms. Ellen Shaw (the United States of America) as the co-chairpersons. The Working Group was composed of:

Producers:

Mr. Maidiward (Indonesia)
Mr. Mario Rafael Rodriguez (Guatemala)
Mr. Tabi Agyarko (Ghana)

Consumers:

Ms. Ellen Shaw (USA)
Dr. Jung-Hwan Park (Republic of Korea)
Dr. Atsushi Suginaka (Japan)
Mr. Kazuhiro Takahashi (Japan)
Mr. Shingi Koto (Japan)

Mr. Akira Yamada (Japan)

51. The Working Group was assisted in its work by the background paper prepared by the consultant in close cooperation with the Secretariat and circulated in advance to members. The report included draft elements for the strategy and action plan and the following annexes:

- Comments on the background document received from the European Union and Cote d'Ivoire
- Statement by Malaysia on "Mobilizing New Funding and Partnerships for ITTO and its Objectives"
- Report of the Meeting on Mobilizing New Funding and Partnerships for ITTO and its Objectives held in the Margins of the Tenth Session of the United Nations Forum on Forests (UNFF 10) on Thursday, 11 April 2013 in Stockholm Room, Midtown Hotel, Istanbul, Turkey

52. The Working Group recognized that the timing of the launching of the fundraising strategy and action plan was challenging as in many member countries, governments had to make significant budget cuts in all areas of their operations. In addition to raising funds from new sources, the maintenance of the funding flows from traditional donors also needed to be addressed.

53. The Working Group noted that one of the constraints for ITTO's funding was in many cases that there had not been direct interface with bilateral aid agencies which need to be addressed in future fundraising.

54. Multilateral and regional financing institutions were identified by the Working Group as an important potential source of funding and welcomed the Secretariat's recent efforts in approaching AfDB and ADB which should be followed up and expanded to cover other multilateral and regional financing institutions. The Group also recognized the potential importance to ITTO of becoming an accredited GEF Project Agency and the support of member countries would be important to this end. Such support would be important with regard to other multilateral and regional financing institutions as well.

55. The Working Group also recognized that most of the foundations with potential interest in ITTO are located in the United States and Europe but only a small number of them have strong direct linkages in their priorities and activities with those of the Organization. In volume terms, the funding potential of this group of sources might not be significant but strategically it could result in innovations which could be mainstreamed through ITTO.

56. The Committee took note of the recommendations of the Working Group and decided to adopt the Terms of Reference of the Fundraising Professional and explore the best option to hire her/him on a temporary basis.

57. The Vice-Chairperson posed two items to the members to explore further: Would it be appropriate for the Consultant to take the lead role or should it be the role of the ED? Similarly, should the Chairperson and Vice-chairperson assist in fundraising?

58. The Vice-chairperson mentioned the generous contribution by Japan of \$100,000 and recalled that 3 rounds of discussions were held this year, the latest in early September 2013. She indicated that with new opportunities and new competition a winning strategy must be developed in order for ITTO to become attractive to donors. Other sources of funding are available and ITTO has to develop a message to the world highlighting the value it is going to add. She indicated that there are potential opportunities to tap from non-members, the international financial institutions and private sector companies and there is a need to reach a broader audience.

59. The delegate of USA called for a different approach to be taken by ITTO instead of relying on traditional sources of funding. There is a need to tap the resources of GEF and act as an implementing agency, mobilize SFM elements in the private sector and market a persuasive and well-articulated message. He said that ITTO is quite competitive compared to other international organizations, private sector/ UN in terms of managing its overhead costs. He proposed that members of the ITTC, the Chair and Vice-chair should also have a role in the fund raising activities.

60. The delegate of USA referred to the recommendations of the Working Group contained at the bottom of Page 5 of the document and stated that the Terms of Reference (TOR) of the Fund Raising Professional (Annex) contained the professional responsibilities but made no mention of the professional requirements such as experience, background etc. He stated that the Secretariat should advise on the professional requirements for the consultant. In his view, the ED should take the lead role with the Chair of the ITTC and Secretariat assisting him.

61. The delegate of Cameroon noted that mobilization of resources was discussed at the Forty-eighth Session held in Yokohama in November 2012 and the mandate to prepare the groundwork had been done. Considering that the new ED will be recruited by 2015, he was of the view that it may not be necessary to recruit a professional staff. Instead, a consultant with the required profile for a limited period of one year could be considered for recruitment in 2015. The delegate of USA agreed with the views expressed by the delegate of Cameroon and stated that the term of the consultant should be for one year with an option to extend it for another year in view of the new ED taking over in 2015, and subject to availability of funds.

62. The Swiss delegate supported Cameroon's suggestion to hire the consultant to help the new ED and wanted to know if there was any urgency in recruiting the consultant, considering that the new ED would have to rely on the inputs provided by the consultant. The delegate of EU stated that the role of the Fundraising consultant should be to provide technical assistance to strengthen the capacity of the Secretariat staff. Such a move would help in the long-term to mobilize funding for the Organization in communication and outreach activities, preparing messages, preparing list of contacts and approaching donors. The representative of Brazil agreed with the views of EU. He stated that there was the need to hire the Fund raising consultant now and not wait for two years and that the Executive Director should be the face of the Organization in fund raising efforts.

63. The EU delegate stated that fund raising was an essential activity for ITTO and as such the Organization needs to concentrate on its core mandate instead of thinly spreading resources. He added that the consultant should not be the face of the organization but take on the role of assisting the organization and wanted the TOR for the Fund raising consultant amended to reflect this role. The delegate of Cameroon supported the recommendations of the working group. The delegate of Peru supported the views of EU to finance core issues for the organization. The delegate of Brazil commented that ITTO had an advantage and called for efforts by the Secretariat and Members to enlist major consumers such as Saudi Arabia, Qatar, UAE, and South Africa to join ITTO.

64. The Swiss delegate supported the views of USA and stated the need to expand the donor base for ITTO. The delegate of Guyana called for an action plan and proposed that ITTO Secretariat could take on consultancy activities and charge fees and also act as the project manager for large projects. The delegate of Cote d'Ivoire called for a universal tax on imports to be levied on imports of timber that could be shared between the Exporting Countries and ITTO. The delegate of Japan wanted to know the tentative time schedule of the Fundraising activity and the funds required for this year. They were in favour of utilizing the WCA for partially funding the Fundraising activity and were not in favour of voluntary contributions.

65. The EU delegate wanted to know the fees to be paid to the Consultant and the time span of engaging the Consultant with the possibility of continuing the appointment for the next year. In their view, they foresaw the services of the consultant being hired on an intermittent basis rather than on full-time basis. The comments of the Members were considered in the arriving of the Terms of Reference for hiring the consultant (see Annex). The EU was in favour of sourcing the balance amount from voluntary contributions. The US delegate estimated the requirement of funds at \$100,000 and to work within this limit. He suggested that the WCA /voluntary contributions could be used as a source to fund the balance amount. The delegate of Japan supported drawing down \$13,800 from the WCA to fund the balance amount and was supported by USA. It was noted by the Committee that \$20,000 was being funded out of the BPF-B account leaving a balance of \$13,800 to be funded from other sources. The EU delegate reiterated that the WCA should not be used and offered to explore with the Secretariat the possibility to fund the balance amount of \$13,800 out of the Euros 4 million already pledged by them to ITTO for the Market Monitoring Mechanism project.

66. The Committee took note of the Report of the Working Group.

Item 12: Draft ITTO Whistleblower Policy

67. The Secretariat introduced document CFA(XXVIII)/9 which seeks to bring changes to the ITTO Staff Regulations and Rules with the objective of enhancing protection for individuals who report misconduct or cooperate with duly authorized investigations.

68. The Secretariat informed the delegates that the draft whistleblower policy was considered as a result of the recommendations made by the European Commission auditors in their process of assessing the Joint management capabilities of ITTO in October 2010. The EC subsequently submitted their report to ITTO for its consideration in January 2013. The Executive Director of ITTO agreed with the EC's recommendation as the whistleblower policy would enhance transparency and accountability for the Organization. The Secretariat

further informed that in drafting the whistleblower policy models from the World Bank, United Nations and Tata Consultancy Services (a private organization) were consulted. As ITTO followed the UN rules it was felt that the Policy followed by the UN could be adapted to suit ITTO's requirements. Elements for the draft whistleblower policy such as scope, reporting misconduct, reporting and protection victims of retaliation were incorporated. Since it involved changes to the ITTO staff regulations and rules the Secretariat submitted the draft whistleblower policy document for the consideration by the CFA.

69. The delegate of EU provided the background to the EC's recommendation and supported the introduction of the whistleblower policy as it would be in line with the international best practices. The delegate of Cote d'Ivoire wanted to know if adopting the policy would imply that EU would provide funds to ITTO. The delegate of EU responded that providing funds to ITTO should not be linked to the adoption of the policy and that the EC auditors' recommendations aimed at improving the general functioning of the Secretariat and to bring it to international standards.

70. The delegate of Germany wanted to know if the draft policy should be considered by the Council. It was clarified that it involved changes to the ITTO staff regulations and rules and therefore, it was within the purview of the CFA. In support for introducing the policy she added that she would be happy to share the OECD report on the Working Group on Bribery in International Business Transactions. To the query from the delegate of Japan, the Secretariat clarified that there would be no cost implication by adopting the whistleblower policy as it was a routine matter of administration.

71. The delegate of USA supported the introduction of the whistleblower policy and suggested that in future a background paper should be prepared for members to understand the context of the draft document proposed to be submitted.

72. The Chairperson asked the Secretariat to prepare the background note and submit it to the CFA at its session on the 27 Nov 2013. As instructed the background paper to the draft whistleblower policy was submitted to the CFA. The delegate of USA stated that the background paper provided the required information and reiterated their support. The delegate of Guyana supported the introduction of the whistleblower policy.

Item 13: Election of Chairperson and Vice-Chairperson for 2014

73. The Vice-Chairperson of the Committee for 2013, Ms. Ellen Shaw of the United States of America, was elected Chairperson of the Committee for 2014. Mr. Gilbert Kaya of Republic of Congo was elected Vice-Chairperson of the Committee for 2014.

Item 14: Dates and Venue of the Twenty-ninth and Thirtieth Sessions

74. The Committee agreed that the Twenty-ninth and Thirtieth Sessions would be held on the same dates and at the same venues as the Fiftieth and Fifty-first Sessions of the Council.

Item 15: Other Business

75. The delegate of Japan, supported by EU, Indonesia and USA, proposed that the revision of the ITTO Staff Rules and Regulations should be put on the Agenda of the Committee at its next Session to contend with matters such as selection of personnel on competitive basis and official travel etc. Brazil intervened and informed that the selection of personnel is within the mandate of the ED as stipulated in the ITTA, 2006, and that any changes to the ED's authority may involve changes to the ITTA. The delegate of the EU stated that the Staff Rules will clarify the process of the selection of personnel; however, it shall not take away or limit the authority of the ED given by the ITTA. The Committee agreed to include in the agenda for the next Session the revision of the ITTO Staff Rules and Regulations and requested the Secretariat to provide the up-to-date information on the UN Staff Regulations and Rules to member countries.

76. The Committee indicated that the appointment of new staff members, in the event of any vacancies in the Secretariat in 2015, should be based on the revised Staff Rules and Regulations and should be left to the incoming Executive Director who would assume duty in 2015.

77. Referring to the payment of staff assessment for 2013, the delegate of Japan commented that they were asked to pay more than what was stated in the budget, due to a miscalculation on the part of the Secretariat and reiterated that this should not happen again.

78. The delegate of Brazil pointed out that classifying CFA documents as "Restricted" causes impediments and suggested that such practices be revised. The delegate of Gabon also commented that the final documents received by them were in English language and they were entitled to the French version under the 3 official languages of ITTO. The EU delegate supported Brazil in not restricting the CFA document and they wanted documents to be provided at least two weeks in advance. The Secretariat clarified that budget document had to be classified as "Restricted" following an earlier decision of the Committee and had to be circulated 90 days in advance of the Session. CFA documents 3 and 4 were presented at the last hour in order to take into consideration contributions received till the last minute. The Secretariat also referred to Decision 7(XXXIII) on "Measures to reduce cost and improve the efficiency and effectiveness of the Organization" and stated that as part of the cost saving measures the Council decided that certain documents should not be translated.

79. Members of the Committee expressed appreciation to the Chair and Vice-chair of the Committee for their effective leadership of the Committee during the Session.

Item 16: Recommendations to the International Tropical Timber Council

The Committee decided to make the following recommendations to the Council:

- (1) The Committee recommended that the Council approve the Biennial Administrative Budget for the Financial Years 2014-2015 as presented in document CFA(XXVIII)/2 Rev.3 in the amount of US\$7,335,762 and US\$7,689,505 respectively;
- (2) To adopt the Report of the Independent Public Auditors on the Accounts of the Organization for the Financial Year 2012 as contained in document CFA(XXVIII)/6;
- (3) To approve the appointment of BDO Toyo & Co. / BDO Sanyu & Co., Tokyo, to audit the Accounts of the Organization for the financial year 2013 and beyond, subject to satisfactory performance;
- (4) To approve the terms of reference for the recruitment of a temporary fundraising consultant to assist the Executive Director in mobilizing new funding and partnerships for ITTO and its Objectives, as contained in the Annex to this Report;
- (5) To approve the ITTO Whistleblower Policy;
- (6) To identify and take actions to secure the needed resources to achieve the objectives of the Organization; and
- (7) To authorize the Executive Director to utilize an amount of US\$121,025 from the Working Capital Account to defray part of the costs in 2015 with a view to maintain the total budget for 2015 at the same level of that of 2013.

Item 17: Report of the Session

80. The Committee adopted this report as amended.

ANNEX

Terms of Reference for Fundraising Professional Consultant

DUTIES AND RESPONSIBILITIES

Job Title: Temporary Fundraising Professional Consultant

Responsible to: Executive Director

Job Summary: The Temporary fundraising Professional, under the general direction of the Executive Director, will assist the Executive Director in planning and especially implementing the fundraising for the Organization. All resources mobilized will support ITTO's Strategic Action Plan 2013-2018, focusing on achieving the goals and objectives of ITTO and its members.

Detailed Job Description:

Broadly, the responsibilities will include:

- (i) Based on ITTO's comparative advantages and results from field projects, develop and disseminate fact-based key messages directed at groups of potential sources of funding, including pamphlets on specific interests of different donors and on that basis prepare visiting kit, including presentations and videos on ITTO;
- (ii) Identify and highlight for the Executive Director and Secretariat additional funding opportunities, including additional funding mechanisms that donors make available, such as calls for proposals relevant to ITTO's work, and South-South cooperation as well;
- (iii) Assist the Executive Director to improve ITTO's visibility in donor platforms on forests and related issues;
- (iv) Raise awareness of all member countries of ITTO to support the fundraising strategy;
- (v) Organize in-house staff training and assistance on fundraising and communication of the Organization's key messages;
- (vi) Conduct consultative meetings and help to prepare the Executive Director to meet with existing resource partners in capitals and headquarters, potential resource partners (governments, international financing institutions, foundations, private sector and others) to promote ITTO Programmes as programmatic financing windows for addressing resource partners' priorities;
- (vii) Develop a data base on potential financial sources for continuous monitoring and identification of new opportunities;
- (viii) Other duties assigned by the Executive Director.

Duration: One year, extendable by Council.

Available funding: US\$66,200 from Japan, provided under BWP Item #54 for 2013 and 2014 activities; \$20,000 from the Bali Partnership Fund. The EC will explore with the secretariat the possibility of providing the remaining \$13,800 from its allocation to the independent market monitoring project.

Compensation and Travel: US\$ 80,000 (approximately \$500/day for 160 days of work) and US\$ 20,000 for travel expenses (for year one phase in 2014), to be provided by voluntary contributions, including funding from the Bali Partnership Fund.

Council will decide whether and how to provide funding in 2015, after the Secretariat provides a presentation of the first phase to inform the Council.

Location: Consultancy will require some travel to Yokohama, Japan, but not relocation.

Recruitment Strategy: The Fundraising Professional shall be recruited through advertisement in the ITTO Tropical Forest Update, in the ITTO website, and through national governments and partners.

Skills Required:

- 10-15 years of professional experience in progressively responsible positions.
- Demonstrable successes developing and executing communications and outreach campaigns.
- Partnerships building and fundraising experience: demonstrated experience in creating strategic partnerships and networks, and promoting initiatives with partner organizations
- Proven track record in mobilization of additional financial resources.
- Experience engaging with senior management from government, foundations, private sector, international organizations and multilateral financial institutions.

* * *

ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT:ITTC(XLIX)/2

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24 November 2013

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FORTY-NINTH SESSION
25-30 November 2013
Libreville, Gabon

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

**24 November 2013
Libreville, Gabon**

**Twenty-Seventh Meeting of the Informal Advisory Group (IAG)
Libreville, Gabon, 24 November 2013**

Report of the Chairperson

Introduction

1. The Twenty-seventh Meeting of the IAG was convened on Sunday, 24 November 2013 at the Héliconia Suites Hotel at 10:00 a.m., chaired by Mr. José Trinidad Suazo Bulnes (Honduras), Chairperson of the Council. The meeting was attended by Mr. Rob Busink (Netherlands), Vice-chairperson of the Council, Dr. Ruth Caroline Hitahat Turia (Papua New Guinea), Chairperson of the Committee on Forest Industry (CFI), Mr. Björn Merrell (Sweden), Vice-chairperson of the Committee on Forest Industry (CFI), Ms. Ellen Shaw (U.S.A.), Consumer Spokesperson, Mr. Kazuhiko Takahashi (Japan), Representative of the Host Government of the Headquarters, Mr. Akira Yamada (Japan), and Mr. Emmanuel Ze Meka, the Executive Director, together with other senior members of the Secretariat.
2. The IAG considered and adopted the following agenda for discussion:
 - i. Brief background of the IAG:
 - Decision 5(XXVI);
 - Report of the IAG at its Twenty-sixth Meeting, 4 November 2012;
 - General observation by IAG Members;
 - ii. Election of the Producers' Spokesperson and Vice-Chairperson of the Committee on Economics, Statistics and Markets.
 - iii. Final status of the parties to the International Tropical Timber Agreement, 2006.
 - iv. Functions of the Informal Advisory Group.
 - v. Consideration of draft decisions/elements of decisions, if any, submitted pursuant to ITTC Decision 7(XXXIII)
 - Projects, Pre-Projects and Activities [Decision 1(XLIX)];
 - Reassessment of the functions of the Informal Advisory Group -- submitted by the Secretariat;
 - Matters related to Article 14 of the ITTA, 2006 -- submitted by the Secretariat and supported by Switzerland (version also submitted by Japan);
 - ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests -- submitted by the Secretariat;
 - Procedures to Respond to Additional Funding Opportunities -- submitted by the Secretariat;
 - Creation of the Regional ITTO Office for Africa as part of the Restructuring of ITTO Secretariat to increase the Efficiency of the Organization -- submitted by the Government of Gabon;
 - Organization of a Regional Forum on Forest Education and Research in commemoration of the 50th anniversary of forestry faculties in Latin America -- submitted by the Government of Peru.
 - vi. List of possible decisions for the Forty-ninth Session of the ITTC and report to the Council; and
 - vii. Other matters.
3. In its deliberations, the IAG noted and made reference to Decision 5(XXVI) and the Report of the Informal Advisory Group (IAG) at its Twenty-sixth Meeting held on 4 November 2012 in Yokohama, Japan as contained in document ITTC(XLVIII)/2 dated 5 November 2012. The IAG also recalled the consensus regarding the extension of its mandate and the continuation of its existence and role reached by the Council at its Thirtieth Session.

Election of the Producers' Spokesperson and Vice-Chairperson of the Committee on Economics, Statistics and Markets

4. The IAG duly noted that the position of the Producer Spokesperson has become vacant following the resignation of Mr. Agus Sarsito (Indonesia). The IAG also noted that neither the Chairperson (Mr. Harrison S. Karnwea, Sr. - Liberia) nor the Vice-Chairperson (Mr. Osamu Hashiramoto - Japan) of CEM would attend the Forty-ninth ITTC. The IAG recommended that the Producer Caucus should at

the earliest opportunity select a new Producer Spokesperson and that the Consumer Caucus should nominate a new candidate to be elected by the Council as the new Vice-Chairperson of CEM for 2013 (and who would act as Chairperson of the Committee at the current session). Ms. Shaw also noted that she would vacate her position as consumer spokesperson following this IAG meeting since she would commence duties at this session as vice-chairperson of the Committee on Finance and Administration. She urged dialogue between the caucuses on filling these important positions and suggested more informal dialogue between the caucuses to ensure there was an equitable sharing of responsibilities in serving as officers of Council. The IAG urged the consumer caucus to nominate a new consumer spokesperson.

The IAG further discussed the logistics of convening the caucuses without spokespersons. The IAG recommended that the two caucuses meet separately at the first scheduled meeting on Monday, 25 November 2013 in order to discuss these issues, including the possibility of meeting jointly subsequently.

Final Status of the Parties to the International Tropical Timber Agreement, 2006

5. The IAG noted that following the definitive entry into force of ITTA, 2006 on 7 December 2011, a total of sixty-seven (67) countries including the European Union (EU) have become parties to the Agreement, comprising thirty-seven (37) consumer member countries including the EU and thirty (30) producer member countries.
6. The Executive Director reported that Brazil, Colombia and Costa Rica had become members of ITTO since the Forty-eighth ITTC and had been assessed for contributions to the 2013 administrative budget on a pro rata basis as per the ITTA, 2006. The issues of membership and assessed contributions to the administrative budget would be further discussed in the Committee on Finance and Administration (CFA).

Functions of the Informal Advisory Group

7. The IAG noted that its role and continuation were to be discussed as per Decision 5(XXI). The Secretariat pointed out that the current terms of reference for the IAG refer to the ITTA 1994 and there may be a need to update these terms of reference, including the possibility for input to the process of drafting agendas for sessions of Council. The role of the IAG is to guide the work of the Council in regard to its decisions and prioritization of work under the ITTA, including relevant action plans. The IAG recommended that Council approve continuation of the IAG as proposed in draft decision (ii) below.

Consideration of draft decisions/elements of decisions, if any, submitted pursuant to ITTC Decision 7(XXXIII)

8. The IAG considered the draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII) as follows:
 - i. Projects, Pre-projects and Activities [Decision 1(XLIX)];
 - ii. Reassessment of the functions of the Informal Advisory Group -- *submitted by the Secretariat*;
 - iii. Matters related to Article 14 of the ITTA, 2006 -- *submitted by the Secretariat and supported by Switzerland*;
 - iv. Matters related to Article 14 of the ITTA, 2006 -- *(submitted by Japan)*;
 - v. ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests -- *submitted by the Secretariat*;
 - vi. Procedures to respond to additional funding opportunities -- *submitted by the Secretariat*;
 - vii. Creation of the regional ITTO Office for Africa as part of the restructuring of ITTO Secretariat to increase the efficiency of the Organization -- *submitted by the Government of Gabon*;
 - viii. Organization of a Regional Forum on Forest Education and Research in commemoration of the 50th anniversary of forestry faculties in Latin America -- *submitted by the Government of Peru*.
9. The IAG noted that draft decision (ii) has been submitted by the Secretariat in order to review and continue the mandate of the IAG from 2014.
10. The IAG noted that draft decision (iii) has been submitted by the Secretariat as an effort to ensure a timely succession to the current Executive Director, whose term expires on 7 November 2015. Draft decision (iv) has been submitted by the government of Japan with the same goal but with more

details on qualifications and open to a wider field of candidates (no nationality restrictions). Japan explained that its decision was aimed at ensuring the next Executive Director should have fund-raising experience regardless of which country they come from. Experience should be from a wide range of relevant fields including but not limited to ITTO's direct work areas. The IAG recommended that the consumer caucus undertake consultations with a goal to arriving at a single decision that could be considered by the Chairman's drafting group.

11. The IAG noted that draft decision (v) has been submitted by the Secretariat to allow for publication, dissemination and to promote adoption of the draft ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests, to be considered by the CRF during this session. The required funding would be from voluntary contributions.
12. The IAG noted that draft decision (vi) has been submitted by the Secretariat to allow for more flexible approaches to fund-raising, including for projects/activities prior to approval by Council.
13. The IAG was informed by the Executive Director that draft decision (vii) was submitted by Gabon 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, as required under the rules for submitting draft decisions. 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 (particularly financial aspects) prior to any further consideration of this draft decision. The IAG also recommended that Council consider the need for and desirability of any regional offices.
14. The IAG noted that draft decision (viii) has been submitted by Peru without consultation with the Secretariat. The required funding would be from voluntary contributions.
15. The IAG noted that the deadline for receiving draft decisions for the consideration of the Council is at 22:00 hours on Wednesday, 27 November 2013.

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

16. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Forty-ninth Session as follows:
 - i. Projects, Pre-projects and Activities [Decision 1(XLIX)];
 - ii. Reassessment of the functions of the Informal Advisory Group;
 - iii. Matters related to Article 14 of the ITTA, 2006;
 - iv. ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests;
 - v. Procedures to Respond to Additional Funding Opportunities;
 - vi. Organization of a Regional Forum on Forest Education and Research in commemoration of the 50th anniversary of forestry faculties in Latin America.

These draft decisions are included in Annex A to this report. The draft decision on Creation of the Regional ITTO Office for Africa as part of the Restructuring of ITTO Secretariat to increase the Efficiency of the Organization is included in Annex B since further consideration of this decision depends on further input from the government of Gabon.

Other Matters

17. The IAG took note of the proposal from the governments of Republic of Congo and Gabon for support for the Pan-African Forest Certification process (Annex C). It noted that there was no indication of the level or nature of support requested. The Secretariat clarified that there may be links between the PAFC initiative and work underway on criteria and indicators, including under ITTO project PD 124/01 Rev. 4 (M).

The IAG also took note of the request from the government of Bolivia for debt relief from and/or a new repayment plan for its arrears in its assessed contributions from 1986-2011 which total over US\$1.1 million as of November 2013 (Annex D). It also took note of the response of the Secretariat to Bolivia's request indicating that the only existing avenue for relief from their obligations would be contingent on Bolivia acceding to the ITTA, 2006. It noted that no response from Bolivia had yet been

received. The IAG recommended that the Secretariat contact the government of Bolivia to request it to propose a repayment plan and to urge it to complete its accession to the ITTA, 2006 so that its request for debt relief could be considered. The IAG agreed to revisit this matter when/if a response from Bolivia is received and/or when Bolivia completes its accession to the ITTA, 2006. The IAG noted that several other countries were in the same situation as Bolivia (former members with arrears) and recommended that the CFA discuss whether the proposal suggested for Bolivia might also be applied to other countries.

Adjournment

18. The Twenty-seventh meeting of the IAG was adjourned at 12:40 p.m. with a vote of thanks to the Chairperson of the meeting.

ANNEX A
Draft Decisions



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
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30 November 2013

Original: ENGLISH

FORTY-NINTH SESSION
25-30 November 2013
Libreville, Gabon

DRAFT
DECISION ----(XLIX)

INFORMAL ADVISORY GROUP (IAG)

The International Tropical Timber Council,

Recalling Decision 3(XXII) which established the Informal Advisory Group (IAG) and called for a reassessment of its role and continued existence at the Twenty-sixth Session of the Council;

Recognising the supreme role of the Council to provide effective leadership within the ITTO and to make decisions which direct the work of the Organization;

Welcoming the contribution which the IAG has made in providing advice to Council;

Noting the continuing need for Council to proactively identify and discuss relevant policy issues;

Decides to:

1. Renew the mandate of the IAG up to the xxxxxx Session of the Council and reassess its role and continued existence at that Session;
3. Continue to apply the Terms of Reference of Decision 3(XXII) as attached to this decision.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

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ITTC(XLIX)/---
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FORTY-NINTH SESSION
25-30 November 2013
Libreville, Gabon

DRAFT BY ITTO **DECISION ----(XLIX)**

MATTERS RELATED TO ARTICLE 14 OF THE ITTA, 2006

The International Tropical Timber Council,

Recalling Article 14 of the ITTA, 2006;

Further recalling Decisions 3(XXV) Annex and 4(XXIV) on "Selection procedures for an Executive Director"; including the transitional rules in Annex 2 of Decision 4(XXIV);

Also recalling Decisions 5(XLII) and 2(XLVI) which appointed and renewed the mandate of the current Executive Director with effect from 6 November 2011 to 5 November 2015;

Noting that the position of Executive Director of ITTO will become vacant on 6 November 2015;

Decides to:

1. Request the Executive Director to take action to advertise the position, using the text in the Annex to this Decision, in the ITTO Tropical Forest Update, in the ITTO website, in "The Economist", in "Le Monde" and in "El País" (Madrid), and through national governments. The advertisement shall be placed by 17 January 2014;
2. Establish a Panel composed of four producer members, plus the caucus spokesperson, and four consumer members, plus the caucus spokesperson, to examine the applications and agree on an indicative short list of no more than six names, with at least half of these to be from producer Members, and each candidate must be endorsed by his/her government. Each Member is entitled to endorse only one candidate. The Panel shall meet and finalize its work before 29 August 2014 and shall circulate its report to Members by 5 September 2014. The Panel will elect co-chairs from the producer and consumer Panel Members;
3. Urge Members to inform their candidates to submit their applications by 31 July 2014 by 17:00 hours (Japan time), taking into account that each Member is entitled to endorse only one candidate;
4. Instruct the Panel to consider only applications accompanied by endorsement from the government of the ITTO Member country of which the applicant is a national;
5. Request the producer and consumer caucuses to discuss the indicative short list of candidates prepared by the Panel and to present their conclusions to the Council at its Fiftieth Session;
6. Select the Executive Director at its Fiftieth Session, if not by consensus, by special vote;
7. Authorize the Executive Director to transfer an amount not exceeding US\$ 100,000.00 from the Working Capital Account to the Administrative Account to meet the costs of advertising the position of Executive Director and the work of the Panel.

ANNEX FOR DECISION --- (XLIX)

VACANCY FOR THE POSITION OF THE EXECUTIVE DIRECTOR OF ITTO

The International Tropical Timber Organization (ITTO), a commodity organization headquartered in Yokohama, Japan is in the process of appointing a new Executive Director. The ITTO mission is to facilitate 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.

The Executive Director is the chief administrative officer of the International Tropical Timber Organization and is responsible to the International Tropical Timber Council for the administration and operation of the International Tropical Timber Agreement, 2006, in accordance with decisions of the Council.

Candidates with the following qualifications may apply:

a. Professional experience

- (i) Managerial experience - a proven track record in managing programs, staff and finances preferably in matters relevant to the work of the ITTO*;
- (ii) International experience - previous governmental work and experience in dealing with international organizations.

b. Background

Advanced degree, preferably in matters relevant to the work of the ITTO.

c. Language

Proven ability in both oral and written communication in one or preferably more of the working languages (English, French and Spanish) of the ITTO.

d. Nationality

Candidates should be nationals of ITTO Member countries and should be endorsed by their respective governments. Only one candidate per country can be endorsed.

**/ Bearing in mind the mission of the Organization, the ability to seek additional financial resources is an advantage, although it is not a pre-requisite for qualification of candidates.*

Salary and Emoluments

Salary is equivalent to that of an Assistant Secretary General (ASG) in the scale of the United Nations, including benefits such as removal expenses, home leave travel every 24 months, children's education grant, rental subsidies, etc.

Any national of an ITTO Member country (see list) may apply. Interested persons must submit their applications for ITTO consideration accompanied by a letter of formal endorsement from the Government of their respective countries. A list of ITTO contact points in member countries can be obtained upon request from the ITTO Secretariat at:

International Tropical Timber Organization (ITTO) International Organizations Center, 5th Floor Pacifico-Yokohama, 1-1-1, Minato-Mirai Nishi-ku, Yokohama, Japan 220-0012

Tel: (+81-45) 223-1110; Fax: (+81-45) 223-1111; E-mail: itto@itto.int

Applicants should seek Government endorsement by 16 July 2014. Government endorsed applications should be received at ITTO headquarters by 31 July 2014.



INTERNATIONAL TROPICAL TIMBER COUNCIL

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DRAFT BY JAPAN **DECISION ----(XLIX)**

MATTERS RELATED TO ARTICLE 14 OF THE ITTA, 2006

The International Tropical Timber Council,

Recalling Article 14 of the ITTA, 2006;

Noting that the position of Executive Director of ITTO will become vacant on 6 November 2015;

Decides to:

1. Request the Executive Director to take action to advertise the position, using the text in the Annex to this Decision, in the ITTO Tropical Forest Update, in the ITTO website, and through notification to national governments and international organizations including the United Nations. The advertisement shall be placed by 30 December 2013;
2. Establish a panel, with proper gender balance, composed of two co-chairs (chair and vice-chair of Committee on Finance and Administration(CFA)), three producer members including the caucus spokesperson, and three consumer members including the caucus spokesperson, to examine the applications and agree on an indicative short list of no more than six names. The panel shall meet and finalize its work before 30 June 2014 and shall circulate its report to members by 7 July 2014.
3. Instruct the Executive Director to inform candidates to submit their applications by 30 April 2014 by 17:00 hours (Japan time);
4. Request the CFA to discuss the indicative short list of candidates prepared by the panel and to present their conclusions to the Council at its Fiftieth Session;
5. Select the Executive Director, if possible at its Fiftieth Session, if not by consensus, by special vote;
6. Authorize the Executive Director to transfer an amount not exceeding US\$ 70,000.00 from the Working Capital Account to the Administrative Account to meet the costs of advertising the position of Executive Director and the work of the Panel in the most efficient and cost-effective manner.

ANNEX FOR DECISION --- (XLIX)

VACANCY FOR THE POSITION OF THE EXECUTIVE DIRECTOR OF ITTO

The International Tropical Timber Organization (ITTO), a commodity organization headquartered in Yokohama, Japan is in the process of appointing a new Executive Director. The ITTO mission is 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.

The Executive Director is the chief administrative officer of the International Tropical Timber Organization and is responsible to the International Tropical Timber Council for the administration and operation of the International Tropical Timber Agreement, 2006, in accordance with decisions of the Council.

Candidates with the following qualifications may apply:

1. Competencies

- (i) **Professionalism:** Demonstrates professional competence and mastery of subject matter, is conscientious and efficient in meeting commitments, observing deadlines and achieving results.
- (ii) **Accountability:** Operates in compliance with organizational rules and regulations, delivers outputs within prescribed time, cost and quality standards.
- (iii) **Communication:** Listens to others, correctly interprets messages from others and responds appropriately. Demonstrates openness in sharing information and keeping people informed.
- (iv) **Networking:** Able to create and maintain a network of external contacts and a coalition with other relevant organizations, in a manner that enables the ITTO to play a leadership role internationally on matters relevant to its mandate.
- (v) **Leadership:** Is experienced and proactive in developing goals and strategies to accomplish the organization's objectives.
- (vi) **Drives for change and improvement:** does not accept the status quo. Empowers others to translate vision into results.
- (vii) **Managing performance:** Delegates the appropriate responsibility, accountability and decision-making authority. Makes sure that roles, responsibilities and reporting lines are clear to each staff member. Monitors progress against milestones and deadlines.
- (viii) **Integrity and Tolerance:** Has a proven track record of promoting a climate of tolerance and diversity in the workplace, ensuring respect for all people regardless of gender, race, nationality, religious affiliation, sexual orientation, disabilities or other differences. Ensures a climate of ethical conduct in all business matters adhering to the values and standards of the organization.

2. Professional experience

- (i) **Managerial experience** - a proven track record in managing programs, staff and finances, preferably in matters relevant to forestry, trade, environment or other equivalent field;
- (ii) **International experience** - previous public or private sector work and experience in dealing with international organizations; and
- (iii) **Fundraising experience** - the ability to seek additional financial resources.

3. Education

Master's or preferably Ph.D degree in environment, economics, business administration, finance, or any other relevant field.

4. Language

Fluency in oral and written English is required.

5. Nationality

Open to nationals of any country (whether or not an ITTO member country).

6. Salary and Emoluments

Salary is equivalent to that of an Assistant Secretary General (ASG) in the scale of the United Nations, including benefits such as removal expenses, home leave travel every 24 months, children's education grant, rental subsidies, etc.

*Salary and emoluments are subject to the decision of the Council and could be adjusted on the basis of the financial situation of the organization.

Applications

Applications should be received at ITTO headquarters by 30 April 2014. Applications may be submitted electronically or by mail or fax and should be sent to:

International Tropical Timber Organization
International Organizations Center, 5th Floor
Pacifico-Yokohama, 1-1-1, Minato-Mirai
Nishi-ku, Yokohama, Japan 220-0012
Tel: (81-45) 223-1110
Fax: (81-45) 223-1111
E-mail: itto@itto.or.jp

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DRAFT DECISION ---(XLIX)

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, the 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 as well as ITTO Biennial Work Programme for the Years 2013-2014 urges 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;

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 as well as the report of the draft 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];

Welcoming the report of the final draft ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests [Document CRF(XLVII)/6];

Also welcoming the additional comments on the report of the draft revised ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests made during the Forty-seventh Session of the Committee on Reforestation and Forest Management and the Forty-ninth 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(XLVII)/6;
2. Request the Executive Director to prepare and publish the ITTO Principles and Guidelines for the Sustainable Management of Natural Tropical Forests, and 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. Publish an information brochure summarizing the Principles and Guidelines (“Guidelines at a Glance”) in the three official languages of ITTO to be widely distributed;
 - b. 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
 - c. Encourage Member Countries to apply the Principles and Guidelines and to submit project proposals to ITTO where appropriate;
4. Commend the Principles and 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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DRAFT **DECISION --(XLIX)**

PROCEDURES TO RESPOND TO ADDITIONAL FUNDING OPPORTUNITIES

The International Tropical Timber Council,

Noting that the possible sources of financing for the Special Account and the Bali Partnership Fund may include contributions and resources from other private and public sources in accordance with Articles 20(2) and 21(2), respectively, of the International Tropical Timber Agreement, 2006:

Further Noting the adoption of the ITTO Strategic Action Plan 2013 – 2018 and the ITTO fund mobilization and partnership strategy and Action Plan adopted at the Forty-ninth Session of the ITTC;

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

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

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

Decides to authorize the Executive Director to:

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

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DRAFT DECISION ---(XLIX)

ORGANIZATION OF A REGIONAL WORKSHOP ON SFM AND FOREST EDUCATION IN LATIN AMERICA

The International Tropical Timber Council,

Noting the major achievements and contributions made by various forest education and research institutions to global sustainable forest management, which significantly contributes to the consolidation of ITTO's Objective 2000;

Noting further that during the current five-year period, most Latin American universities in ITTO member countries will celebrate 50 years of service to the forest development of their countries and region;

Considering the outstanding involvement of universities in the tropical region of Latin America, for example, in developing guidelines for forest management, conservation of forest ecosystems, biodiversity research, community forest management, CITES, FLEG, forest industries, and timber technology;

Recalling that one of the two overall objectives of the ITTA 2006 is to promote sustainable management of tropical timber producing forests, and that this can only be achieved with the involvement of high-level institutions and professionals;

Recalling further the ITTO Action Plan 2013-2018 whose priorities include to build and develop human resource capacity to implement SFM, and that in this framework, ITTO is essentially an organization that generates and distributes expertise and assistance to its members in order to develop the capacity needed to deal with the complex problems affecting forests;

Recognizing the importance of supporting initiatives to strengthen forest education institutions in Latin America through the organization of regional events that promote SFM, in collaboration with the efforts made by the United Nations Food and Agriculture Organization - FAO;

Welcoming the draft decision submitted by the Peruvian delegation with the support of other delegations at the XLIX ITTC Session and FAO, to organize a regional workshop on the current status and outlook of forest education in Latin America over the next few decades, which will study the contribution made by forest education to SFM, to be held in Lima, Peru, in June 2014 at the Faculty of Forestry, National Agrarian University of La Molina;

Decides:

1. To support the initiative to organize the above event and to make a contribution by allocating a budget of up to US\$ 75,000.00 to this end, including:
 - i. 2 consultant months to prepare documents, program and agenda for the meeting,

- ii. funding of 25 participants from Latin America and the Caribbean

2. To request the Executive Director to promote this initiative and to manage the financial contribution of ITTO member countries;
3. To invite ITTO members and relevant organizations to support this activity within the framework of the Action Plan 2013-1018.

ANNEX

TENTATIVE PROGRAM

Day 1	
8:30 - 9:00	Registration
9:00 - 9:30	Opening
	Chancellor of UNALM – Welcoming address
	Minister of Agriculture and Irrigation - Statement on the significance of the event
	Dean of the Faculty of Forestry - Official Opening
Keynote Speeches	
9:30 - 10:30	Status of forest education in Latin America and the Caribbean (FAO)
10:30 - 11:00	Coffee Break
11:00 - 12:00	A study of forest training in Latin America (paper published by the University of Concepción) - Latin American Forest Education Network (RELAFOR)
12:00 - 13:00	Forest education for sustainable forest management (ITTO)
13:00 - 14:30	Lunch Break
14:30 - 15:30	Forest research outlook in academia (IUFRO)
15:30 - 16:30	Forest knowledge strengthening plan - Advisory Panel on Forest Knowledge, FAO
16:00 - 17:30	Profile of future foresters - FCF-UNALM
Day 2	
Country presentations (introduction to panel topics)	
08:30 - 09:00	Supply and demand of forest professionals in Peru
09:00 - 09:30	Emerging fields for forest professional action in Brazil
09:00 - 10:00	Developing forest professional profiles in Chile
10:00 - 10:30	Coffee Break
i. 10:30 - 11:00	Emerging fields for forest professional action in Colombia
11:00 - 11:30	Post-graduate specialized forest education in Honduras
11:30 - 12:00	Strengthening strategies in forest science schools in Mexico
12:00 - 12:30	Challenges facing the forest professional and the Millennium Development Goals, Argentina
12:30- 14:30	Lunch Break
Expert panels	
14:30 - 15:30	Panel 1: The future of foresters in the region - Academic outlook (job supply)
	Peru - Dean of the Faculty of Forestry - UNALM
	Brazil - Dean of the Faculty of Forestry - UFPR
	Mexico - Dean of the Faculty of Forestry – UANL
	Debate
15:30 - 16:30	Panel 2: The future of foresters in the Region - Outlook of job demand
	Government sector - Minister of Agriculture and Livestock of Peru
	Private sector - Brazilian Association of Cellulose and Paper (BRACELPA)
	Non-Government sector - WWF Peru
	Debate
16:30 - 17:30	Panel 3: Basic profile of regional foresters
	Development of public policy
	Forest management and forest industry
	Community and rural forest development
	Debate
17:30 -18:00	Coffee Break
18:30 - 19:00	Panel 4: Emerging fields for forest professional action
	Forests and climate change
	Forests, food security and livelihood resilience
	Forests and energy (biofuels)
	Debate

Day 3	
9:00 - 10:30	Panel 5: Post-graduate specialized forest education Priority forest topics for master's and PhD degrees Regionally relevant university forest research lines Necessary specializations for university forest teachers Debate
10:30 -11:00	Coffee Break
11:00 - 12:00	Panel 6: Academic strengthening and cooperation strategies for forestry faculties Cooperation agreements for joint forest research. Mutual recognition and equivalence for forest student exchange Forestry teacher exchange and agreements for post-doctoral training Debate
12:00-13:00	Organization of working groups
13:00 - 14:30	Lunch Break
14:30 - 18:30	Group 1: Professional forester profile and the new global challenges Group 2: Major professional action fields in the region. Group 3: Strengthening strategies for forest education in the region and draft action plan (intended outcomes, activities, indicators and goals).
Day 4	Working group reports and final plenary
08:30 — 11:00	Presentation of working group outcomes in plenary
11:00 - 13:00	Final plenary and closing session

ANNEX B

**Proposal from the Governments of Gabon on
Creation of the Regional ITTO Office for Africa as part of the
Restructuring of ITTO Secretariat to Increase the Efficiency of the Organization**



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DRAFT **DECISION ---(XLIX)**

CREATION OF THE REGIONAL ITTO OFFICE FOR AFRICA AS PART OF THE RESTRUCTURING OF ITTO SECRETARIAT 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 recommendations of the Committee on Finance and Administration and the subsequent approval by the Council on the appointment of Regional Officers for Africa and Latin America [Document CFA(X)/8 Rev.2] of November 2001;

Further recalling the report of the consultant, Mr. Kyran Thelen, on the performance of the ITTO Regional Officer System and the findings and recommendations contained therein discussed during the Thirty-eighth Session of ITTC held in Brazzaville, the Congo Republic;

Acknowledging the services provided to Members by the Secretariat through the ITTO Regional Officer for Africa, under the management of the Executive Director, in relation to the project cycle, thematic programmes and the general representation of the Organization;

Reaffirming the need to continue enhancing the efficiency and productivity of the Organization as a whole, and the need to reduce overhead costs as far as possible;

Decides to:

1. Establish a Regional ITTO Office for Africa in accordance with paragraph 5, article 3 of the ITTA, 2006;
2. Approve the agreement to create and establish the Regional ITTO Office in Africa;
3. Authorize the Executive Director to sign the agreement with the Gabonese authorities;
4. Authorize the Executive Director to undertake the negotiations of arrangements required to make the ITTO Regional Office for Africa operational with the Gabonese government.

ANNEX

HEADQUARTERS AGREEMENT

BETWEEN

THE GOVERNMENT OF THE GABONESE REPUBLIC

AND

THE INTERNATIONAL TROPICAL TIMBER ORGANIZATION
(ITTO)

PREAMBLE

The Government of the Gabonese Republic on the one hand ; and

The International Tropical Timber Organization (O.I.B.T), on the other hand ;

Committed as they are to set forth the terms and conditions regulating the establishment of the Headquarters of ITTO Regional Office for Africa in the Gabonese Republic, have agreed upon the following:

ARTICLE 1

Definitions

Section 1

For the purpose of this Agreement, the following terms following terms and expressions shall have the meanings given below

- (a) “Government” means the Government of the Gabonese Republic;
- (b) “ITTO” means the International Tropical Timber Organization;
- (c) “Headquarters” means the premises occupied by the ITTO Regional Office for Africa, as defined under this Agreement;
- (d) “Regional Representative” means the Regional ITTO representative and, in his/her absence, the Deputy-Regional Representative or any other official appointed by him/her to act in his/her behalf;
- (e) “Competent Gabonese authorities” means the national authorities, or any other authorities under the Gabonese Republic which are competent in the context in accordance with the laws and practices in force in the Gabonese Republic;
- (f) “Laws” means the pieces of legislation themselves as well as any regulations or orders issued by the Government or competent authorities;
- (g) “Member” means a member country of the ITTO;
- (h) “Members’ representatives” means all representatives of member countries;
- (i) “Meeting convened by ITTO” means the meetings of the International Tropical Timber Council, any international conferences or meetings convened by ITTO or by any committee or body associated with or subsidiary to the ITTO;
- (j) “ITTO Archives” means the document and correspondence files, manuscripts, photographs, films and audio recording which are the properties of ITTO or in the possession of ITTO whether in electronic format or otherwise;
- (k) “ITTO official” means any member of ITTO Personnel appointed by the Regional Representative or on his/her behalf, regardless of his/her rank or category but not including any worker or labourer hired locally;

- (l) “Assets” means all properties, including funds, incomes and any other capital assets owned by the ITTO, held in its possession or placed under its administration as part of the accomplishment of its missions.

ARTICLE II

Legal Entity Status and Freedom of Assembly

Section 2

The Government recognize the Legal Entity Status of ITTO and its capacity to:

- (a) enter into agreements;
- (b) purchase and assign movable and immovable properties;
- (c) take part in legal actions and court proceedings.

Section 3

The Government recognizes the right of ITTO to convene meetings at its Headquarters or, with the approval of the competent Gabonese authorities, at any point of the territory of the Gabonese Republic. For meetings convened by the ITTO, the Government takes any measures required to ensure that the freedom of discussion and decision remains full and unimpeded, *in compliance with the laws and regulations in force in the Gabonese Republic*.

ARTICLE III

Inviolability of Headquarters

Section 4

4.1 The Government recognizes the inviolability of Headquarters, which is placed under the control and authority of the ITTO in accordance with the provisions of this Agreement.

4.2 No Government official or employee, whether from the Administration of the Judiciary, the Defense Department or Security forces and no other person exercising any official duty on the territory of the Gabonese Republic shall enter the premises of Headquarters to perform any official duty except with the consent of and in accordance with conditions approved by the Regional Representative.

4.3 Subject to the provisions of article IX of this Agreement, the ITTO shall prevent its premises from being used as a refuge by persons who are avoiding arrest or the proper administration of justice under any law of the Gabonese Republic, or by persons who likewise seek to avoid extradition to another country or who seek to flee from the enforcement of a court decision or legal proceedings.

ARTICLE IV

Protection of Headquarters Premises

Section 5

5.1 The competent authorities shall take all effective and adequate measures to ensure the security of Headquarters and to ensure that the tranquility of the Headquarters is not disturbed by the intrusion of persons or groups from outside the premises of the Headquarters without due authorization or by causing disturbances in Headquarters immediate vicinity

5.2 If so requested by the Regional Representative, the competent authorities shall provide adequate police force necessary for the preservation of law and order on premises of the Headquarters or in the immediate vicinity thereof, and for the removal therefrom of any persons in breach of the laws of the Gabonese Republic.

ARTICLE V

Public Utilities

Section 6

The competent Gabonese authorities shall make use of their respective powers to secure, upon the request of the Regional Representative, adequate access to the public utilities required for Headquarters to operate; and these utilities and services shall be provided on the basis of terms and conditions that are no less favourable than those applied to any other intergovernmental organization having its office or headquarters in Gabon. In case of any interruption or threatened interruption of any such utility, the competent Gabonese authorities shall regard the needs of ITTO as equal in importance to those of the essential Government bodies and they shall take steps accordingly to ensure that the activities of ITTO are not prejudiced.

ARTICLE VI

Communication

Section 7

The Court shall enjoy for the purposes of its official communications and correspondence treatment not less favourable than that accorded by the Government to any intergovernmental organization or any other Government, including diplomatic mission in the matter of priorities and rates applicable to mail, cablegrams, telegrams, telephotos, telephone communication and others, as well as press communiqués for information addressed to the press and radio networks.

Section 8

8.1 No censorship shall be applied to the official communications or correspondence from the ITTO nor to any correspondence or other forms of communication addressed the ITTO or to any of its officials. This immunity is extended without limitations to electronic mails, cablegrams, telegrams, telephotos, telephone communications, publications, photographs, films, videograms and audio recording.

8.2 The ITTO may use codes or cipher for its official communications and correspondence. It shall have the right to dispatch and receive correspondence and other materials or communications by courier or in sealed bags, which shall enjoy the same privileges, immunities and facilities as diplomatic couriers and bags.

8.3 No provision of this section shall be interpreted in any way as forbidding any steps appropriate to ensure the security policies in force in the Gabonese Republic.

ARTICLE VII

Assets owned by ITTO and Taxation Policy

Section 9

The ITTO, its properties and assets remain inviolable at all times and wherever they are.

Section 10

The archives of the ITTO and all documents therein may not be searched, seized, confiscated or expropriated and they shall not be the subject of any administrative, judicial or legislative executive order of constraint.

Section 11

ITTO and its assets, incomes and properties are exempted from:

- (a) any income tax, any value-added tax, any duty, excise, toll and any levies. It is however understood that ITTO shall not claim exemption from taxes that only constitute the fair payment of a public utility ;
- (b) any customs duties and import or export prohibitions and restrictions for objects and goods imported or exported by the ITTO for its own official use. It is understood however that any items imported duty free shall not be sold on the territory of the Gabonese Republic, except in accordance with conditions agreed upon by the ITTO and the competent Gabonese authorities ;
- (c) any customs duties and import or export prohibitions and restrictions on publications, photographs, films and other videograms and audio recording.

Section 12

The Government grants quotas on hydrocarbons such as fuel oils and motor fuels and lubricants for official ITTO vehicles, under similar conditions and at the similar rates as those accorded to permanent accredited diplomatic missions in Gabon.

ARTICLE VIII

Financial facilities

Section 13

14.1 *Notwithstanding any such measures as may be taken relating to financial control, regulation or moratoria, the ITTO may:*

- (a) hold funds, gold or currencies of any kind and hold bank accounts in any currency;
- (b) transfer its funds, gold and currencies from one country to another and to and/or from the territory of the Gabonese Republic and move funds within this territory and change any currency held by it in any other currency, in conformity *with the laws and regulations in force* in the Gabonese Republic.

14.2 In exercising the rights granted to it under this Section, the ITTO shall give due consideration to any suggestions as may be put forward to it by the Government in so far as ITTO deems it can follow such suggestions without prejudicing its own interests.

ARTICLE IX

Transit and permit of stay

Section 14

15.1 The competent Gabonese authorities shall take all measures required to facilitate the entry and stay in, as well as departure from Gabon for individuals included in the groups listed below, regardless of their nationality, who shall perform duties with ITTO, and the Gabonese authorities shall not constrain or impede their transit to or from the Headquarters and they will grant all required protection to these individuals:

- (a) ITTO officers and their families;
- (b) Headquarters officers and their families ;
- (c) Any persons other than ITTO officers who perform missions for the ITTO
- (d) Any guests who shall visit the Headquarters for official activities.

15.2 The Regional Representative shall provide the Government, within a reasonable period of notice, the identity particulars of the persons referred to in this Section.

15.3 Any visas as may be required for the persons referred to in this section shall be issued free of charge and as promptly as possible.

15.4 The activities undertaken by these persons in their official capacity, as provided for in paragraph 18.1 of this Section, shall in no case constitute a motive for impeding their entry into, or compelling their exit from the territory of the Gabonese Republic.

15.5 No person referred to in paragraph 18.1 of this section may be forced to leave the territory of the Gabonese Republic unless he/she has exceeded his/her right of stay through engaging in activities not related to his/her official duties and subject to the following conditions:

- (a) No action shall be taken under the Law to force any one of these persons to leave the Gabonese Republic without the prior agreement of the Ministry of Foreign Affairs of the Gabonese Republic;
- (b) If the person is a Member's Representative, this agreement may only be issued after due consultations with the competent authorities of the Member concerned ;
- (c) If the person belong to any other group referred to in paragraph 18.1 of this Section, this agreement can only be issued after due consultation with the Executive Director of ITTO;
- (d) One representative of the Member concerned, or the Executive Director, as appropriate, has the right to be heard on behalf of the person against whom such proceedings have been instigated ;
- (e) The persons who enjoy diplomatic privileges and immunities shall not be required to leave the territory of the Gabonese Republic otherwise than in pursuance of the usual procedure applicable to diplomatic envoys accredited with the Gabonese Republic;

15.6 The provisions contained in this Section do not dispense from producing upon request reasonable evidences to establish that the persons who claim any rights recognized under this section indeed fall under the respective categories listed in paragraph 18.1. And these provisions do not provide a waiver of the reasonable enforcement of relevant quarantine and public health regulations.

ARTICLE X

ITTO Officials, Experts of the ITTO Mission and Official Guests of the Headquarters

Section 15

ITTO Officials within the territory of and towards the Gabonese Republic shall enjoy privileges, immunities and facilities recognized to diplomatic agents, including the following:

- (a) immunity from personal arrest or detention;
- (b) exemption from inspection of their personal and official baggage;
- (c) immunity from legal process of every kind in respect of words spoken or written and all acts performed by them in the performance of their functions under the present Agreement;
- (d) exemption from taxation on salaries, emoluments and allowances paid to them by the ITTO;
- (e) exemption for ITTO Officials who are not Gabonese nationals of all forms of direct taxation on incomes from external sources;

- (f) exemption for themselves, their spouses and children of any restrictive measures in terms of immigration and any alien resident registration procedures;
- (g) freedom, for Officials who are not Gabonese nationals to hold, within the territory of the Gabonese Republic and in any other places, foreign assets and other movable or immovable properties and, while in the service of the ITTO or when their period of service is completed, to transfer or to move out of the territory of the Gabonese Republic the funds they hold in any currencies, without restriction or limitation, notwithstanding the fact that they may be required, as appropriate, to provide the origin of such funds. In particular, they are entitled to move out of the territory of the Gabonese Republic the same amount of funds they had introduced through authorized means and in the same currencies;
- (h) together with members of their family forming part of their household, the same repatriation facilities in time of international crisis as are accorded to diplomatic agents;
- (i) the right to import free of duties and taxes, their furniture and effects within the six-month period after first taking up their post on the territory of the Gabonese Republic or, for Officials who have not yet completed their probation period, within the six months following the confirmation of their employ with ITTO. The rule applicable to the import, transfer and replacement of automotive vehicles is the same as the one in force for Resident members, of comparable rank, of diplomatic missions accredited to Gabon.
- (j) *A social security cover for ITTO officials who are not Gabonese or who are not permanent residents in Gabon and who will be placed under the same social security scheme as that applicable to similar personnel based at the central ITTO Headquarters in Yokohama, Japan*
- (k) *A social security cover for other members of the personnel who are Gabonese or foreign nationals who are permanent residents in Gabon, provided by the ITTO in pursuance of the Gabonese policy covering these matters and in terms no less favourable than those applicable to similar personnel working in any other intergovernmental organization having its headquarters in Gabon*

Section 16

The names of ITTO officials shall be notified to the Ministry of Foreign Affairs and so shall be, as appropriate, any changes in personnel. Whenever possible, the staff arrival and final departure shall be notified in advance

Section 17

18.1 The Government shall accord diplomatic privileges and immunities to the Regional Representative and high-ranking officials of the headquarters appointed by the Regional Representative. The latter and his/her deputy, acting on his behalf during his/her absence, shall enjoy the status of a head of diplomatic mission.

18.2 For this purpose, the Regional Representative and high-ranking officials of the Headquarters are considered by the Ministry of Foreign Affairs, after consultation with the Regional Representative, as diplomatic corps members and they enjoy all exemptions usually granted to diplomatic staff by the Gabonese Republic under similar conditions.

18.3 In pursuance of relevant diplomatic usages, ITTO officials shall be issued a special identity card certifying their quality of ITTO officials and they shall enjoy all privileges and immunities specified in this Agreement.

Section 18

The persons who are not ITTO officials, who are part of the ITTO mission or who are invited by ITTO to visit the Headquarters for official reasons enjoy the privileges and immunities provided for under Section 20 of this Agreement.

Section 19

20.1 The privileges and immunities pursuant to the provisions of this article shall be granted in the interest of the ITTO and not for the personal benefit of the individuals concerned. The Regional Representative shall lift the immunities enjoyed by an official whenever in his/her opinion, such immunities prevent the due process of the law and/or whenever they may be lifted without harming the interests of the ITTO. *Such rescinding of immunity shall always be formally declared.*

20.2 The ITTO and its officials shall at all times collaborate and cooperate fully with competent Gabonese authorities to facilitate the enforcement of the laws, to secure the observance of police regulations and to prevent the occurrence of any abuse in connection with the privileges, immunities and facilities accorded under this Agreement.

ARTICLE XI

General provisions

Section 20

21.1 The Regional representative shall take all measures required to prevent any abuse of privileges and immunities accorded and for this purpose he/she shall apply to ITTO official and the persons who perform missions and duties for the ITTO, rules and regulations which he/she deems necessary and appropriate.

21.2 If the Government deems a privilege or immunity granted in pursuance of the provisions of this Agreement has been abused, consultations shall take place, on request of the ITTO Regional Representative for Africa and the competent Gabonese authorities so as to assess whether the alleged abused was factual.

ARTICLE XII

Final provisions and settlement of disputes

Section 21

The Government and the ITTO may enter into any additional agreements as the need thereof may arise under the execution of this Agreement.

Section 22

23.1 This Agreement is to be interpreted in the light of its essential object which is to enable the **Regional Office** to accomplish its duties and to fully and efficiently carry out its mission.

23.2 Any dispute arising out of the interpretation or application of this Agreement or additional arrangements or agreements and/or any issue in connection with the Headquarters or the relations between the ITTO and the Government shall be dealt with through diplomatic negotiation.

ARTICLE XIII

Entry into force, implementation and termination of the Agreement

Section 23

24.1 This Agreement shall enter into force upon completion of all internal procedures required for this purpose from each contracting party.

24.2 This agreement shall be amended, as appropriate, by mutual consent after due consultation between the ITTO and the Government, by request from either party.

24.3 The ITTO shall be entitled to display its flag, emblem and markings at the Headquarters premises and to post them during official events organized by the ITTO.

IN WITNESS WHEREOF, the Government and the ITTO have signed this Agreement in two **original** copies in French language.

Signed in Libreville on

For the Government of
The Gabonese Republic

For the International Tropical
Timber Organization

Emmanuel ISSOZE NGONDET
Ministry of Foreign Affairs,
International Cooperation
And Francophonie, in charge of
Nepad and the Regional Integration

Emmanuel ZE MEKA
Executive Director of ITTO

* * *

ANNEX C

Proposal from the Governments of Congo and Gabon for Support for the Pan-African Forest Certification Process

MINISTRY OF FOREST ECONOMY
AND SUSTAINABLE DEVELOPMENT

THE CONGO REPUBLIC

Brazzaville, 4th September 2013

Dear Mr. Executive Director,

I have the pleasure to convey in attachment the fact sheet on the resumption of the Pan-African Forest Certification Process (PAFC).

In accordance with the road map designed to resume the process, which was agreed at the meeting held in Paris on 9th August 2013, this fact sheet should be submitted to the International Tropical Timber Council to be held between 25th and 30th November 2013 in Libreville, Gabon, as request for your institution support.

Please be assured of my distinguished consideration.

[signed : Minister Henri Djombo]

Fact Sheet on the resumption of the Panafrican Forest Certification process

This fact sheet is submitted for review to the International Tropical Timber Council (ITTC) to be held in Libreville, Gabon in November 2013.

It is submitted by the Republic of Congo and Gabon, two member countries of the African Timber Organization (ATO), to inform the ITTC and to seek its approval and support from the International Tropical Timber Organization (ITTO) to ATO and its member countries; its main purpose is to update ATO/ITTO's PCIs for the sustainable management of African natural forests and the development of national certification systems.

After the United Nations Conference on Environment and Development (UNCED), held in June 1992 in Rio de Janeiro in Brazil, many initiatives have been taken by Governments, international organizations and NGOs. In response to calls for a boycott of the tropical timber trade, there was a development of standards involving principles, criteria and indicators (PCIs) to enable the uniform appraisal of forest management practices. Such was the case of PCIs for the sustainable management of tropical forests, developed by ITTO. Similarly, forest certification programmes have been implemented.

Since 1994, ITTO has developed a comparative analysis of certification schemes, while contributing to the development of relevant countries' capacities.

The 19th African Ministerial Conference held in October 2000 in Brazzaville agreed on the principle to establish an African certification scheme -- the Pan African Forest Certification (PAFC).

With support from the International Centre for Forestry Research (CIFOR), ATO developed the principles, criteria and indicators for the sustainable management of natural forests, with funding from the European Union.

In 2001, ATO's PCIs were harmonized with those of ITTO, through funding received from this organization, giving rise to the ATO-ITTO's PCIs – the generic standard for the sustainable management of Africa's natural forests. The 20th Ministerial Conference of the ATO, which took place in October 2002 in Kinshasa, Democratic Republic of the Congo, approved ATO's PCIs.

A feasibility study on the Pan-African Certification process was conducted by consulting firm Indufor, with the support of the French Ministry of Foreign Affairs. This study was discussed at a workshop held on 5 and 6 December 2002 in Libreville. The workshop reaffirmed the need to set up a pan-African certification scheme, in order to promote sustainable forest management and to respond to market requirements. Developing a regional framework for certification in the first place and then supporting relevant national projects was the option selected. In this context, PAFC is to define the regulations applicable to the development of national certification projects and to grant its approval to them. However, the accreditation of each national scheme is to be granted by independent international organizations.

In addition, a regional workshop on progressive approaches to African certification was held from 24 to 25 March 2003 in Libreville, with the support of ITTO. The approach aimed at establishing a reference standard to be achieved within a given time frame and to assess the progress achieved by the producer.

During the workshop, ITTO Assistant Director for Forest Industries introduced a project proposal prepared by the Organization, amounting to U.S. \$ 634,683, which aimed at building the institutional capacity of ATO and its member countries for the application of PCIs and relevant audit missions. Sixty (60) persons were scheduled to be trained by country and sector.

After training, ITTO supported the establishment of the "National Working Groups", the structures responsible for adapting ATO-ITTO's PCIs to specific country conditions. Thus, PCIs were developed both at national and Forest Management Unit levels (FMUs).

Gabon has set up a national certification scheme -- PAFC-Gabon --, in the form of an association responsible for the development and upholding of the certification scheme standards. This scheme has been endorsed by PEFC. Cameroon is in the process of finalizing the development of PCIs in the context of the establishment of a national certification scheme. Congo has completed the development of its certification standards using PCIs of sustainable natural forest management both at the national and UFA levels. As part of the implementation of a national certification scheme in the Congo Republic, a consultation meeting was held on 9 June 2013 in Geneva, between the Ministry of Forest Economy and Sustainable Development and the Pan-European Forest Certification (PEFC) programme. A roadmap was adopted.

In recent years, ATO has been in hibernation. The Ministerial Conference of the Central African Forest Commission (COMIFAC), based on the findings of an institutional review conducted under the auspices of the Economic Community of Central African States (ECCAS), has mandated Gabon – the country hosting the headquarters of the ATO --, to prepare an ordinary session of this institution.

A consultation on the resumption of the PAFC establishment process was held on August 9, 2013 in Paris under the chairmanship of Henri DJOMBO, Minister of Forest Economy and Sustainable Development of the Republic of Congo. The consultation meeting was attended by ITTO, the International Technical Tropical Timber Association (ATIBT), ECCAS, COMIFAC and PEFC. The meeting agreed upon the principle that the ATO, who supported the implementation of the PAFC project should continue to perform this task, subject to restructuring.

Another recommendation is to update ATO-ITTO's PCIs, which are the standard for PAFC. Since ATO-ITTO's PCIs were adopted, novel forest-related issues have emerged, including (i) the "Forest Law Enforcement, Governance and Trade" process (FLEGT) which many African countries, particularly those Congo Basin countries have joined in signing Voluntary Partnership Agreements (VPAs), (ii) the process of Reducing Emissions from Deforestation and Forest Degradation, including the sustainable management of forests and enhancement of Carbon stocks (REDD +); the Agreement on access to genetic resources and sharing of benefits arising from their use.

An agreement in principle has been given by the Executive Director of ITTO for the implementation of this recommendation.

Similarly, ITTO could provide support to African countries in collaboration with other cooperation mechanisms undertaken by African-timber consumer countries, to enable them to develop or complete their own national certification scheme.

Done in Brazzaville, 31 August 2013

ANNEX D

Request from the Government of Bolivia



Plurinational State of Bolivia
Ministry of Foreign Affairs
Embassy of Bolivia
Japan

N° EBJA - 125/13

ITTO <small>mail/fax/e-mail/by hand</small>			
Date: 9 Sep 2013			
File: Letter - Emb. Bolivia			
Executive Director	Info.	Action	Per/date
Management Services		✓	
EIMI			
Forest Management			
Forest Industry			
Communications Unit			

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NOTE VERBAL

The Embassy of the Plurinational State of Bolivia presents its compliments to the International Tropical Timber Organization (ITTO), and has the honor to inform that this Diplomatic Mission received again an official request from the Bolivian government to achieve a debt relief in the delayed contributions or to negotiate a new payment plan of these contributions to the annual administrative budget with the ITTO, that can be fulfilled from 2014.

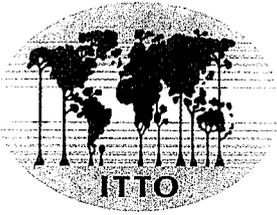
This official request is consequence of the note Ref. No L.13-158 that ITTO sent to this Mission on June 20th 2013, that has been sent together with a copy of the note Ref. L.12-040 dated May 01st 2012, to the Ministry of Foreign Affairs in Bolivia.

The Embassy of the Plurinational State of Bolivia avails itself of this opportunity to renew to the ITTO the assurances of its highest consideration.

Tokyo, September 6th 2013



To
INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)



INTERNATIONAL TROPICAL TIMBER ORGANIZATION

1 November 2013
Ref. L.13-102

Your Excellency,

I am pleased to acknowledge with appreciation receipt of the Note Verbal No. EBJA-125/13 of 6 September 2013 from the Embassy of the Plurinational State of Bolivia.

In response to the official request by the Government of Bolivia for debt relief from obligations/negotiate a new payment plan in respect of its unpaid contributions to the Administrative Budgets of International Tropical Timber Organization (ITTO), I wish to draw your kind attention to Article 30 of the International Tropical Timber Agreement (ITTA) 2006 which states that:

“ 1. Where it is necessary on account of exceptional circumstances or emergency or force majeure not expressly provided for in this Agreement, the Council may, by special vote in accordance with article 12, relieve a member of an obligation under this Agreement if it is satisfied by an explanation from that member regarding the reasons why the obligation cannot be met.

2. The Council, in granting relief to a member under paragraph 1 of this article, shall state explicitly the terms and conditions on which, and the period for which, the member is relieved of such obligation, and the reasons for which the relief is granted. ”

The International Tropical Timber Council (ITTC), the governing body of ITTO, had on 9 November 2002 adopted Decision 7(XXXIII) ‘Measures to Reduce Costs and Improve the Efficiency and Effectiveness of the Organization’ which, *inter alia*, provides for measures regarding arrears to the Administrative Account under Annex 1, Part C as follows:

“ 1. The Executive Director is authorized to write off, on an annual basis, one-fifth of a Member’s arrears of the period 1986-1996 for any Member which has no arrears in its contributions to the Administrative Budget in respect to its obligations related to the year 2002 and beyond; and

2. The Secretariat will not process project and pre-project proposals submitted by Members with cumulative arrears to the Administrative Account beginning from 2002 which are equal to or in excess of three times the Member’s annual assessed contribution in the year proposals are submitted. ”

/...

His Excellency
Mr. Carlos Girona
Charge d’Affaires
Embassy of the Plurinational State of Bolivia
No. 38 Kowa Building, 8th Floor, Room 804
12-24, Nishi-Azabu 4-chome
Minato-ku, TOKYO 106-0031

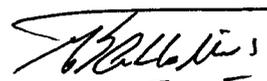
Against the preceding background, I wish to further inform you that the total amount due from the Government of Bolivia since the establishment of ITTO in 1986 as at 1 November 2013 is US\$1,106,980.84 comprising arrears in contributions amounting to US\$1,076,054.00 and interest levied on arrears during the period under ITTA, 1983 from 1986 to 1996 amounting to US\$30,926.84. The statement showing the current status of the contributions of the Government of Bolivia to the Administrative Budgets of ITTO is attached for your kind perusal.

I have to emphasize that the provisions for relief from obligations under Article 30 of ITTA, 2006, and ITTC Decision 7(XXXIII) are exclusively applicable only to member countries of ITTO by virtue of them being parties to the Agreement. While the Government of Bolivia was a member of ITTO under ITTA, 1983 and ITTA, 1994, it has neither signed nor ratified the ITTA, 2006, and is currently, therefore, not a party to the Agreement which entered into force from 7 December 2011. The only remaining option for the Government of Bolivia to become a party to ITTA, 2006 is by way of accession pursuant to Article 37 of the Agreement upon conditions established by the Council. These conditions are: "All States accept all the obligations of ITTA, 2006 and the time limit for deposit of instruments of accession shall be the duration of the ITTA, 2006."

I presume that the request from the Bolivian Government to negotiate a new payment plan for its outstanding contributions to the ITTO Administrative Budgets to be fulfilled beginning from 2014 is an indication of its intention to become a party to ITTA, 2006. The ITTO Secretariat shall bring the request of the Bolivian Government to the attention of the ITTC through the Informal Advisory Group, scheduled to meet at the forthcoming session of the ITTC at Libreville, Gabon in the last week of November 2013. The Secretariat shall communicate the recommendations of the ITTC in due course.

I look forward to the Government of Bolivia rejoining the Organization and contributing to promoting the cause of ITTO.

Yours sincerely,



E. Collins Ahadome
Assistant Director
Division of Operations

Copy: H.E. Maria Esther Udaeta
Ministra de Medio Ambiente y Agua
Ministerio de Desarrollo Rural y de Tierras
Estado Plurinacional de Bolivia
Av. Camacho No. 1471, entre calle Bueno y Loayza
La Paz
Bolivia

Ing. Beymar R. Villarroel Dominguez
Jefe de Unidad de Desarrollo Productivo Forestal
Dirección General Forestal
Viceministerio de Gestión y Desarrollo Forestal
Ministerio de Desarrollo Rural y de Tierras
Estado Plurinacional de Bolivia
Av. Camacho No. 1471, entre calle Bueno y Loayza
La Paz
Bolivia

INTERNATIONAL TROPICAL TIMBER ORGANIZATION
CONTRIBUTION POSITION OF MEMBERS TO THE ADMINISTRATIVE BUDGETS
INCLUDING INTEREST CHARGES LEVIED ON LATE CONTRIBUTIONS
AS STIPULATED IN PARAGRAPH 7, ARTICLE 19, OF ITTA, 1983
(in United States dollars)

MEMBER: **BOLIVIA**

POSITION AS AT: Date: 1 November 2013

FINANCIAL PERIOD	CONTRIBUTION				INTEREST				TOTAL AMOUNT DUE
	Assessed	Paid	Dec.7(XXXIII) Written-off	Balance	Charged	Paid	Dec.7(XXXIII) Written-off	Balance	
ITTA, 1983									
Initial Period (1986)	\$5,375.00	\$5,375.00		\$0.00	\$190.36			\$190.36	\$190.36
Remainder of 1986 (Nov/Dec)	4,883.00	4,883.00		0.00	183.11			183.11	183.11
First Half 1987	16,758.00	16,758.00		0.00	523.69			523.69	523.69
Second Half 1987	23,332.00	23,332.00		0.00	437.48			437.48	437.48
Financial Year 1988	41,382.00	41,382.00		0.00	258.64			258.64	258.64
Financial Year 1989	46,734.00	46,734.00		0.00	4,614.99			4,614.99	4,614.99
Financial Year 1990	49,265.00	3,726.00		45,539.00	9,107.97			9,107.97	54,646.97
Financial Year 1991	46,220.00			46,220.00	6,567.09			6,567.09	52,787.09
Financial Year 1992	46,263.00			46,263.00	4,028.74			4,028.74	50,291.74
Financial Year 1993	47,600.00			47,600.00	2,856.00			2,856.00	50,456.00
Financial Year 1994	47,600.00			47,600.00	1,408.17			1,408.17	49,008.17
Financial Year 1995	52,884.00			52,884.00	639.02			639.02	53,523.02
Financial Year 1996	53,560.00	53,560.00		0.00	111.58			111.58	111.58
ITTA, 1994									
Financial Year 1997	65,450.00		0.00	65,450.00				0.00	65,450.00
Financial Year 1998	58,200.00	58,200.00		0.00				0.00	0.00
Financial Year 1999	59,769.00			59,769.00				0.00	59,769.00
Financial Year 2000	60,480.00	60,480.00		0.00				0.00	0.00
Financial Year 2001	59,540.00	59,540.00		0.00				0.00	0.00
Financial Year 2002	52,800.00			52,800.00				0.00	52,800.00
Financial Year 2003	55,680.00			55,680.00				0.00	55,680.00
Financial Year 2004	60,674.00			60,674.00					60,674.00
Financial Year 2005	64,460.00			64,460.00					64,460.00
Financial Year 2006	59,532.00			59,532.00					59,532.00
Financial Year 2007	61,083.00			61,083.00					61,083.00
Financial Year 2008	68,950.00			68,950.00					68,950.00
Financial Year 2009	72,100.00			72,100.00					72,100.00
Financial Year 2010	78,875.00			78,875.00					78,875.00
Financial Year 2011	90,575.00			90,575.00					90,575.00
TOTAL:	\$1,450,024.00	\$373,970.00	\$0.00	\$1,076,054.00	\$30,926.84	\$0.00	\$0.00	\$30,926.84	\$1,106,980.84



Certified:

R. M. Manohar

R.M. Manohar
Finance/Administrative Officer
Division of Operations, ITTO, Yokohama, Japan

CALCULATION OF INTEREST CHARGES

MEMBER: **BOLIVIA**
 POSITION AS AT: Date: 1 November 2013

Initial Period (1986)	\$5,375.00 x 2.50% x 17/12 =	\$0.00 (for 17 months = from 1/6/87 to 31/10/88)
Remainder of 1986 (Nov/Dec)	\$4,883.00 x 2.50% x 18/12 =	\$0.00 (for 18 months = from 1/5/87 to 31/10/88)
First Half 1987	\$16,758.00 x 2.50% x 15/12 =	\$0.00 (for 15 months = from 1/8/87 to 31/10/88)
Second Half 1987	\$23,332.00 x 2.50% x 9/12 =	\$0.00 (for 9 months = from 1/2/88 to 31/10/88)
Financial Year 1988	\$41,382.00 x 2.50% x 3/12 =	\$0.00 (for 3 months = from 1/8/88 to 31/10/88)
Financial Year 1989	\$46,734.00 x 3.25% x 12/12 =	\$0.00 (for 12 months = from 1/8/89 to 31/07/90)
+	\$46,734.00 x 5.25% x 12/12 =	\$0.00 (for 12 months = from 1/8/90 to 31/07/91)
+	\$46,734.00 x 5.50% x 3/12 =	\$0.00 (for 3 months = from 1/8/91 to 31/10/91)
Financial year 1990	\$49,265.00 x 5.25% x 12/12 =	\$0.00 (for 12 months = from 1/8/90 to 31/07/91)
+	\$49,265.00 x 5.50% x 3/12 =	\$0.00 (for 3 months = from 1/8/91 to 31/10/91)
+	\$45,539.00 x 5.50% x 9/12 =	\$0.00 (for 9 months = from 1/11/91 to 30/07/92)
+	\$45,539.00 x 3.25% x 12/12 =	\$0.00 (for 12 months = from 1/8/92 to 31/07/93)
+	\$45,539.00 x 2.50% x 12/12 =	\$0.00 (for 12 months = from 1/8/93 to 31/07/94)
+	\$45,539.00 x 1.75% x 12/12 =	\$0.00 (for 12 months = from 1/8/94 to 31/07/95)
+	\$45,539.00 x 1.00% x 12/12 =	\$0.00 (for 12 months = from 1/8/95 to 31/07/96)
+	\$45,539.00 x 0.50% x 5/12 =	\$0.00 (for 5 months = from 1/8/96 to 31/12/96)
Financial year 1991	\$46,220.00 x 5.50% x 12/12 =	\$0.00 (for 12 months = from 1/8/91 to 31/07/92)
+	\$46,220.00 x 3.25% x 12/12 =	\$0.00 (for 12 months = from 1/8/92 to 31/07/93)
+	\$46,220.00 x 2.50% x 12/12 =	\$0.00 (for 12 months = from 1/8/93 to 31/07/94)
+	\$46,220.00 x 1.75% x 12/12 =	\$0.00 (for 12 months = from 1/8/94 to 31/07/95)
+	\$46,220.00 x 1.00% x 12/12 =	\$0.00 (for 12 months = from 1/8/95 to 31/07/96)
+	\$46,220.00 x 0.50% x 5/12 =	\$0.00 (for 5 months = from 1/8/96 to 31/12/96)
Financial year 1992	\$46,263.00 x 3.25% x 12/12 =	\$0.00 (for 12 months = from 1/8/92 to 31/07/93)
+	\$46,263.00 x 2.50% x 12/12 =	\$0.00 (for 12 months = from 1/8/93 to 31/07/94)
+	\$46,263.00 x 1.75% x 12/12 =	\$0.00 (for 12 months = from 1/8/94 to 31/07/95)
+	\$46,263.00 x 1.00% x 12/12 =	\$0.00 (for 12 months = from 1/8/95 to 31/07/96)
+	\$46,263.00 x 0.50% x 5/12 =	\$0.00 (for 5 months = from 1/8/96 to 31/12/96)
Financial year 1993	\$47,600.00 x 2.50% x 12/12 =	\$0.00 (for 12 months = from 1/8/93 to 31/07/94)
+	\$47,600.00 x 1.75% x 12/12 =	\$0.00 (for 12 months = from 1/8/94 to 31/07/95)
+	\$47,600.00 x 1.00% x 12/12 =	\$0.00 (for 12 months = from 1/8/95 to 31/07/96)
+	\$47,600.00 x 0.50% x 9/12 =	\$0.00 (for 5 months = from 1/8/96 to 31/12/96)
Financial year 1994	\$47,600.00 x 1.75% x 12/12 =	\$0.00 (for 12 months = from 1/8/94 to 31/07/95)
+	\$47,600.00 x 1.00% x 12/12 =	\$0.00 (for 12 months = from 1/8/95 to 31/07/96)
+	\$47,600.00 x 0.50% x 5/12 =	\$0.00 (for 5 months = from 1/8/96 to 31/12/96)
Financial year 1995	\$52,884.00 x 1.00% x 12/12 =	\$0.00 (for 12 months = from 1/8/95 to 31/07/96)
+	\$52,884.00 x 0.50% x 5/12 =	\$0.00 (for 5 months = from 1/8/96 to 31/12/96)
Financial year 1996	\$53,560.00 x 0.50% x 5/12 =	\$0.00 (for 5 months = from 1/8/96 to 31/12/96)

Interest rates (Art. 19, para.7): 2.50% for period from 1/5/87 to 31/7/89;
 5.25% for period from 1/8/90 to 31/7/91;
 3.25% for period from 1/8/92 to 31/7/93;
 1.75% for period from 1/8/94 to 31/7/95;
 0.50% for period from 1/8/96 to 31/12/96.

3.25% for period from 1/8/89 to 31/7/90;
 5.50% for period from 1/8/91 to 31/7/92;
 2.50% for period from 1/8/93 to 31/7/93;
 1.00% for period from 1/8/95 to 31/7/96;