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**COMMITTEE ON
FINANCE AND ADMINISTRATION**

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REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**TWENTY-NINTH SESSION OF THE
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Item 1: Opening of the Session

1. The Chairperson of the Committee on Finance and Administration (CFA), Ms. Ellen Shaw of USA, welcomed all delegates to the Twenty-ninth 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(XXIX)/1. She requested the Vice-Chairperson of the Committee, Dr. Gilbert Kaya of Republic of Congo 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 reported directly to the Council. It convened its first meeting on Thursday, 6 November 2014 and a second meeting on Friday, 7 November 2014.

Item 3: Admission of Observers

4. The Chairperson advised the Committee that the Council had admitted all applicants as shown in document ITTC (L)/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-seventh and Forty-eighth Meetings of the Expert Panel for Technical Appraisal of Project Proposals (Documents ITTC/EP-47 and ITTC/EP-48) were deliberated and concluded in the Joint Session of the Committees on 4 November 2014. The joint session had not requested the CFA for any follow-up.

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

6. The Secretariat presented the Approved Biennial Administrative budget for the financial years 2014-2015 as contained in Document CFA (XXIX)/2 Rev.1 dated 3 November 2014.

7. The Biennial Administrative Budget for 2014 and 2015 was prepared using the exchange rate in July 2013 of JPY.98.23 to US\$1. The budget for 2015 had been estimated at US\$7,689,505.

8. Rule 3 of the Financial Rules and Rules Relating to Projects states inter-alia that "should very exceptional circumstances so require, the Executive Director may submit to the Council proposals for supplementary expenditure during any financial year". However, since there were no significant changes in the exchange rate, staff establishment and work programme, the Secretariat presented the Administrative Budget for 2015 as approved by the Council at its Forty-ninth Session convened in Libreville, Gabon in November 2013.

9. The assessed contributions of Members as presented in Annex II were approved at the Forty-ninth Session of the Council convened in Libreville, Gabon in November 2013. These assessed contributions were calculated based on the distribution of votes for the 2013-2014 biennium which was adopted by the Council at its Forty-ninth Session (Libreville, Gabon, November 2013). However, the assessed contributions of Suriname and Vietnam, which became members in 2014, were calculated using the redistribution of votes in the Producer category which was adopted by the Council at its Fiftieth Session (Yokohama, November

2014), in accordance with Article 10 paragraph 8 and Article 19 paragraph 6 of the ITTA, 2006. The assessments made upon other Members were not altered in accordance with Article 19 paragraph 6.

10. The Secretariat further informed the Committee on the status of the Special Reserve Fund of US\$1,500,000 to be utilized only upon Council's approval and the Working Capital Account as at 3 November 2014 in the amount of US\$4,878,834.39.

11. The delegate of the European Union (EU) welcomed the healthy balance of the Working Capital Account that stood at US\$4.87 million as at 3 November 2014, and estimated to reach US\$5.53 million by the end of the current fiscal year. He suggested that the Committee should consider ways to make productive use of the balance available. He informed the Committee that there were concerns among the Member States of the EU on the time-frame for the new Executive Director to take up the position. The EU proposed that a small budget should be allocated from the Working Capital Account to allow a period of transition for the incoming Executive Director and the outgoing Executive Director to help with the smooth transfer of duties.

12. Cameroon, Guatemala, Côte d'Ivoire and Brazil supported the proposal by the delegate of the EU, and requested the Committee to identify an adequate duration of the transition period for the new Executive Director, the necessary budget to be sourced from the Working Capital Account, and activities/duties to be implemented during the transition period. Guatemala suggested either one or two months of transition would be adequate, and requested the Secretariat to provide an estimate of the costs.

13. The delegate of Japan requested the Secretariat to give clarification, whether any budget heading or existing rules would support the proposed activities for the transition period of the new Executive Director and the legal implications.

14. The Secretariat informed the Committee that there are no standing rules provided for the transition period of the new Executive Director, and that the terms of reference for implementation is in the hands of members.

15. The delegate of Indonesia sought information from the Secretariat on how the transition was done when the current Executive Director took over his position. In response, the Secretariat informed that the current Executive Director was already a staff of the Secretariat and therefore, there was no need for a transition period.

16. The Chairperson took note that the proposal by the EU had general support of the members of the Committee, and requested the delegation of the EU to lead a small working group to draft a proposal for the consideration of the Committee.

Item 6: Review of Contributions to the Administrative Budget

17. The Secretariat introduced document CFA (XXIX)/3 Rev.1 dated 3 November 2014. This document detailed the status of Members' contributions to the Administrative Budgets for the financial years from 1986 to 2014, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed the Committee that in 2014, US\$2,433,670.16 had been received from Producing Members out of the total net assessment of US\$3,429,876.56; and US\$3,839,371.00 had been received from Consuming Members out of the net assessed amount of US\$3,880,132.00. The Secretariat further informed that the assessed contributions of Suriname and Vietnam for 2014 were US\$44,143.66 and US\$45,897.90 respectively, and informed that the amount of US\$44,143.66 paid by Suriname had already been credited to the Working Capital Account.

18. The Committee noted that the arrearages in contributions to previous years' budgets from Producing Members amount to US\$4,010,168.17 and arrearages from Consuming Members amount to US\$126,065.00. Furthermore, the arrearages in contributions from former members of the Organization amount to US\$2,348,664.28 bringing the total outstanding arrearages to US\$6,484,897.45

19. The Secretariat informed that only Gabon and Democratic Republic of Congo were not eligible to submit project proposals because of their arrears in contribution as called for in Decision 7(XXXIII), Annex 1, Part C, paragraph 2 and Article 19(8) of the ITTA, 2006.

20. The Committee took note of the report.

Item 7: Current Status of the Administrative Account

21. The Secretariat introduced document CFA (XXIX)/4 Rev.1, dated 3 November 2014, on the current status of the Administrative Account for the financial year 2014 together with the estimated expenditures for the current year. The Secretariat informed the Committee that the estimated total expenditures for the financial year 2014 would amount to US\$6,269,315.95 (i.e. US\$1,066,446.05 less than the total amount approved in the budget for 2014 of US\$7,335,762.00) and that the savings had been achieved through stricter control of expenditures and other prudent financial management measures instituted by the Secretariat.

22. The Secretariat further informed the Committee that the total contributions received from both Producer and Consumer members amount US\$6,228,897.50 and together with contributions expected to be paid by members before the end of 2014 in the amount of US\$691,685.50 it was anticipated that a surplus in the amount of US\$652,424.25 would accrue in 2014.

23. The Secretariat further informed the Committee that the resources of the Working Capital Account was estimated to increase from the opening balance of US\$3,830,996.00 at the beginning of 2014 to US\$5,531,258.64 by the end of the year 2014.

24. The Committee took note of the report.

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

25. The Secretariat presented document CFA (XXIX)/5, on "Resources of the Special Account and the Bali Partnership Fund, which provides information on expenditures and contributions to the Special Account and the Bali Partnership Fund (BPF).

26. The Committee noted that out of a total number of 213 Pre-projects and 305 Activities funded from 1987-2014, 204 Pre-projects and 212 Activities were completed and 9 pre-projects and 93 activities were operational as of 31 August 2014. Out of the ITTO budget of US\$29.02 million, an amount of US\$23.47 million were disbursed leaving an outstanding obligation of US\$5.55million. Of the 554 projects funded from 1987 to 2014, disbursements of US\$27.64 million were made out of the ITTO budget of US\$46.01 million and 74 projects with an outstanding obligation of US\$18.37 million were operational. The remaining 480 projects had been completed.

27. The Committee further noted that as against the projected funding of US\$16.47 million, pledges in the amount of US\$2.5 million were made for the Pre-projects, and Activities approved under the BWP 2013 – 2014 and 2014 – 2015 leaving an outstanding amount of US\$13.94 million.

28. The Secretariat informed that out of the 42 projects that were approved from April 2011 till mid-October 2014, pledges in the amount of US\$3.99 million were made against a budgeted amount of US\$31.50 million leaving an outstanding balance of US\$27.51 million.

29. The Committee noted and expressed its appreciation to donors for making voluntary contributions to finance the various activities, pre-projects and projects of the Organization. From 1987 till date the Organization has received contributions amounting to US\$70.26 million for pre-projects and activities. During the same period contributions of US\$278.75 million were received to finance the various projects.

30. The Secretariat informed that for the five ITTO Thematic Programmes, with an indicative funding target of US\$58 million, pledges of US\$21.96 million (37.87%) had been made by donors out of which an amount of US\$21.54 million had been received with an outstanding balance of US\$0.42 million yet to be received.

31. The Committee noted that the total funds received in the Sub-Account A of the Bali Partnership Fund (BPF) for the period 1999 to 31 August 2014 was US\$25.10 million. The amount of US\$25.10 million had been committed to 5 Activities, 8 Pre-projects and 73 Projects leaving a nil balance. Under Sub-Account B of the BPF, the total funds received were US\$19.72 million and the allocations made were US\$19.58 million leaving a fund balance of US\$142,612.

32. The Committee took note of the report.

Item 9: Auditor's Report for the Financial Year 2013

33. The Secretariat introduced document CFA (XXIX)/6, on the "Report of the Independent Public Auditors" for the Financial Year 2013 on the four Accounts of the Organization, namely: (a) the Administrative Account (b) the Special Account (c) the Bali Partnership Fund Account; and (d) the Executing Agencies Account.

34. The Committee noted that the Auditors had provided their satisfactory opinion on ITTO's financial statements. The audit was carried out by BDO-Toyo and Co, Tokyo, who was appointed by the Council in November 2013 to audit the Accounts of the Organization for the Financial Years 2013; 2014 and 2015.

35. The Committee took note of the Auditor's report and decided to recommend its approval to the Council.

Item 10: ITTO Staff Regulations and Rules

36. The Secretariat introduced Document CFA (XXIX)/7 containing the draft proposed revision to the ITTO's Staff Regulations and Rules. The draft proposal was prepared at the request of the Committee on Finance and Administration at its Twenty-eighth Session and in pursuance of Rule 901 that provides for amendments to the ITTO Staff Regulations and Rules that could be proposed by the Executive Director to the Council for its approval. The Secretariat informed that the draft proposal of the revised ITTO Staff Regulations and Rules were circulated to member countries in June 2014 and in response, comments were received from the European Union and its member states, Japan and New Zealand.

37. The Secretariat referred to Annex I, pages 1 to 19 of the document CFA (XXIX)/7 containing the original text and the text of the proposed amendments to the ITTO Staff Regulations and Rules and indicated that the proposed text had been juxtaposed with the original text for ease of reference. The Secretariat further noted that the proposed revisions had been compared with the Staff Regulations and Rules of the United Nations, the International Cocoa Organization and the International Coffee Organization. The Secretariat drew the attention of the Committee to the financial implications of the revised proposal as contained in Annex III of the document. The comments received from the EU and its member states, Japan and New Zealand are contained in Annex IV.

38. The Secretariat informed that the first edition of the ITTO Staff Regulations and Rules was adopted in November 1988 and the second edition was adopted in November 2008.

39. While the members of the Committee, in general, thanked the Secretariat for the extensive work done to draft such a comprehensive document, many issues were raised by the floor. The delegate of Japan reiterated Japan's comments submitted in June regarding: (i) Selection of the Assistant Directors to be done on a competitive basis, and vacancies be announced publicly; (ii) All travel should be in economy class and not business class; and that (iii) Retirement age of staff to be kept at 62 and not 65, as proposed in the document. He noted that (ii) travel in economy class was not addressed in the proposed revised Staff Rules as proposed by Japan.

40. Brazil sought the rationale behind the proposed changes and appreciated the comments submitted to the Secretariat by New Zealand, Japan and the European Union.

41. The delegate of Ghana thanked the Secretariat for formulating such a comprehensive proposal without any financial burden to the member countries. He indicated that due to the nature of the Secretariat's work, travel comfort should be assured, and that Ghana supports the travel mode to be allowed in business class. He also supported the retirement age of 65 which is in line with the proposed Staff Rules and Regulations of the UN. He added that the rationale of extending the retirement age is that the quality of the senior staff shall be valued, and keeping the retirement age at 62 may have a negative impact to the quality of the Secretariat.

42. While the EU had already provided their written comments to the Secretariat, the delegate of the EU pointed out that the source of the proposed text is a mixture of three different references, that is, the UN Staff Rules, the Staff Rules and Regulations of the International Cocoa Organization and the

International Coffee Organization. All three reference documents were under revision and not formally adopted at this point.

43. The EU, supported by the delegate of New Zealand, requested the Secretariat to clarify the reference document of each specific proposed text, as well as the financial implications for the proposed change. In summary, the EU stated that the reviewing process of the proposed ITTO Staff Rules and Regulations was very important, thus the Committee should go through more thoroughly and it would be premature to adopt the full text of the Staff Rules at this Session. For instance, pension reform of an organization normally raises concerns of the staff near to retirement. The Secretariat was requested to provide information on the UN Staff Rules relevant to retirement.

44. The delegate of Côte d'Ivoire also raised few points to be clarified by the Secretariat, such as mode of travel and indicated that at least the Executive Director should be allowed to travel in business class.

45. The delegate of Cameroon welcomed the proposed text and stated that the level of details added to the Staff Rules will allow for sound management of the staff. On the retirement age, he recalled that among the candidates who went through the Selection Panel for the post of New Executive Director, many of them were close to 62, which is the current retirement age, some even above. He stated that the society is ageing so the Organization's retirement age should be raised to 65 or even higher. On the mode of travel, Cameroon supported the Executive Director as well as other staff to travel on business class on long-haul flights. He stated that the Executive Director should never travel on economy class. Cameroon supported the adoption of the document at this Session.

46. The delegate of the U.S.A. requested the Secretariat to provide more details on the issue of travel, retirement and hiring process. The proposed rule on insurance (Rule 504) would certainly give financial implication, and they requested details to be provided, such as what items are covered under the proposed new insurance. She also inquired from the Secretariat how many staff in the present Secretariat are Temporary Staff, and how many are Permanent.

47. The delegate of New Zealand followed by China asked the Secretariat to indicate the financial implications of the proposed changes, if not now but those that may incur in the future. The delegate of Germany stated that the recruitment on competitive basis should apply not only to the Assistant Directors but to all staff of the Organization.

48. The delegate of Switzerland, while appreciating the work of the Secretariat, suggested to the Committee that considering the time required, and the need to ensure consistency of the rules, since the three reference documents were still under revision, the adoption of the Staff Rules should be deferred to the next Session.

49. The Chairperson took note of the comments from the floor and invited members to further deliberate on six key issues in the proposed changes identified by herself, these were: (i) Dependency Allowance; (ii) Hiring Process; (iii) Insurance; (iv) Mode of Travel; (v) Termination Indemnity; and (vi) Retirement Age. The Committee started discussions on the key issues one by one.

50. Key issue (i): Dependency Allowance – In response to the request from the EU, the Secretariat clarified the references made to Rule 201 in the proposed text, which is the Staff Rules of the International Cocoa Organization. The Secretariat informed the Committee that the language used in the Staff Rules of the International Cocoa Organization is very identical to that of the ITTO Staff Rules, however, somehow the Cocoa Organization has clear provisions on the Dependency Allowance for General Service Staff but the ITTO does not. In fact the ITTO has been paying the General Service Staff Dependency Allowance from the beginning of its operations, and the costs have always been included in the Approved Budget, therefore there was no financial implication to adopt the proposed text. The proposed text would enable ITTO to catch up with the other international commodity organizations' rules. The delegate of the EU stressed that reference should be made only to the existing rules and not the text currently being reviewed. The Secretariat informed the Committee that the comments received from New Zealand have been incorporated in the document. The delegate of New Zealand stated that the language proposed by them was just a matter of logical clarification to provide greater clarity. The delegate of Guatemala supported the proposed text on Dependency Allowance, since it is the usual practice of the Organization.

51. Key issue (ii): Hiring Process of Staff – U.S.A. supported the position of Japan to promote transparency and consistency in the hiring process. The delegate of Brazil and Côte d'Ivoire sought clarification from the Secretariat on the legal compatibility of the proposed text against paragraph 4 of Article 14 of the ITTA, 2006, where it is stated: "The Executive Director shall appoint staff in accordance with regulations to be established by the Council." The Secretariat explained that the proposed text on hiring process is based on suggestions from Japan and the EU. The ITTA does not give details to the Executive Director's mandate in hiring staff, so the proposed text provides clarification and thus should be legally compatible.

52. The delegate of Japan and EU showed concerns on the proposed text "so far as is practicable" in Regulation 3.4. Japan addressed the Committee that this language may allow the Executive Director to appoint staff without a competition or public announcement. However the delegate of Brazil notified the Committee that this language is used in the most recent Staff Rules of the United Nations so it should be kept in the text. The delegate of Ghana added a suggestion that advertisement for recruiting General Service staff should be made only in Japan and not worldwide.

53. Key issue (iii): Insurance – While many members of the Committee recognized the importance of the issue, they were concerned about budgetary implications, in particular the costs that may arise in the future. Japan reminded the Committee that they had already approved the Biennial Budget for 2014-2015 and cannot amend it for the single year 2015. The Secretariat explained that the financial implications are all shown in the Annex to the document, and that the additional costs incurred by adopting the proposed rules on insurance had been estimated at US\$75,000 - US\$80,000 for the Year 2015, which shall be absorbed in the savings that the Secretariat has already made during the Year 2014, as contained in Document CFA(XXIX)/4 Rev.1 introduced earlier. The Secretariat reminded the Committee that the proposed change was rather a matter of principle and focus should not be only on financial implications. The Secretariat confirmed that the text was the same as in the Staff Rules of the UN and other commodity organizations.

54. Key issue (iv): Travel – No further comments were made in addition to those already addressed earlier.

55. Key issue (v): Termination Indemnity – To the question raised by the U.S.A., the Secretariat responded that the number of staff in the current Secretariat holding Temporary appointment was around 20. Germany enquired whether the practice of maintaining such a high number of Temporary staff was in line with the Staff Rules and Regulations, and noted that normally in other organizations staff under temporary contracts would go under a review by the Executive Director and may become eligible for permanent contract. The delegate of Brazil noted that the language used in the proposed text has both "Permanent Appointment" and "Continuing Appointment", which should be modified to keep consistency.

56. The delegate of the EU reiterated that he was not confident on agreeing to the proposed text during this Session. The Committee may agree on some specific issues, but not on all articles, considering the timeframe. He suggested that the Committee may decide to engage an external consultant to review the proposed text through consultation with the Secretariat, as was the exercise done with the ICCO and ICO, and that the EU was willing to provide funding to cover the costs of the consultancy. EU advised the Committee that in such case the same consultant hired by ICCO and ICO may be assigned to undertake the revision of the ITTO Rules as well.

57. Given the limited time available for the Committee during this Session the Chairperson opened the floor to deliberate on the approach to be taken to deal with the adoption process of the revised ITTO Staff Rules. The delegate of Ghana appealed to the Committee that the document should be adopted during this Session, due to the impact it has on staff morale and well-being. Brazil, supported by U.S.A., the EU, Congo, Peru, New Zealand, suggested that a Contact Group be established to address only key issues. It would be preferable to adopt the document during this Session if possible, if not, the Committee should make sure that the discussion resumed at the same level as concluded at this Session. The delegate of the EU suggested that, Member Countries who are also members of the ICCO and ICO may seek guidance from their capital on what was done when the revision process took place for the two commodity organizations.

58. While understanding the importance of adopting the proposed rules at this Session, Japan, followed by Peru and New Zealand, showed interest in the proposal made by the EU to hire a consultant. The EU stressed that the Contact Group should only focus on the key issues, and that a thorough review of the document be done based on the work done by a consultant. Brazil, followed by Mexico, Congo and

Ghana, stated that hiring a consultant was not necessary, as the work to be done was not an overhaul of the entire structure of the Staff Rules and there was not much to be added to what had already been done by the Secretariat. Cote D'Ivoire supported Ghana and Brazil in that it was preferable to have the proposed rules adopted at this Session.

59. The delegate of Mexico thanked the Secretariat for the comprehensive work done, and further requested for a budget estimate for each item having financial implications. He also raised the issue of insurance premiums to cover delegates attending the ITTC Sessions.

60. The Vice-Chairperson, Dr. Gilbert Kaya, introduced himself to the Committee and informed members that since the Chairperson had to leave Yokohama for other engagements, he would chair the Committee for the remaining duration of the Session. The Members welcomed the new Chairperson.

61. The Chairperson reopened discussions on Item 10, ITTO Staff Rules and Regulations, and invited the Secretariat to present the text that was agreed at the CFA Contact Group on Staff Rules held the previous evening. The Secretariat made available the one-page document of the text to the Committee.

62. The Contact Group presented its report to the Committee. The full text of the Contact Group report as amended by the Committee is reproduced below in paragraphs 63 to 66.

63. The Committee expressed its appreciation to the Secretariat for preparing proposals to amend the Staff Rules and Regulations, as reflected in document CFA(XXIX)/7, and underlined its view that the ITTO Staff Rules and Regulations should follow, as far as possible, those of the United Nations.

64. The Committee requested that the Secretariat prepare by July 2015, for consideration at its Thirtieth Session, recommendations for alterations to the Staff Rules and Regulations that it deems advisable, including on Rules and Regulations where alterations were proposed in document CFA(XXIX)/7, bearing in mind the discussions held in this Committee. Bearing in mind the importance of staff morale and well-being, these recommendations should be accompanied by:

- justification for the proposed alterations;
- estimated numerical financial implications in the near term and long term ;
- comparable cost containment measures to ensure that the overall biennial budget is equal to or lower than the biennial budget 2014-2015; and
- Comparison with the relevant text from the 2015 Staff Rules and Regulations of the UN or other relevant international organizations (e.g., ICCO and ICO).

65. The Committee also requested that the Secretariat analyze the possibility of adopting future changes to the UN Staff Rules and Regulations, in order to avoid excess burden on the Organization, and to report to Thirtieth Session of the Committee on the viability and implications of such a procedure, particularly with regard to the experience of any international organizations outside the UN family that has adopted such mechanisms.

66. Finally, the Committee noted that consideration of this issue would be a priority during its 30th Session inasmuch as effective and up-to-date Staff Rules and Regulations are key to promoting accountability, predictability, transparency and effective human resource management in the Organization.

67. The delegate of Côte d'Ivoire sought clarification of the action requested to the Secretariat in providing information to the Members. The Secretariat confirmed that the required actions are spelled out in paragraph 2 of the document.

68. The delegate of Côte d'Ivoire, followed by Benin, sought clarification for the need to reopen the discussions on the key issues that were already agreed at the previous meeting of the Committee. The delegate of the EU informed that due to constraints of time a small Contact Group was formed to suggest an approach to the process to be adopted in considering the revision of the ITTO staff rules. The general consensus of the Contact Group was that the Committee was not ready to adopt the proposed revisions to the ITTO Staff Rules and Regulations as there was no clarity on the sources of text adopted and the

financial implications that were not captured in the document as many issues had multiple linkages that could potentially have monetary implications. The Contact Group focused to make sure it established the process for revising and adopting the Staff Rules at the Fifty-first Session of the Council to be held in 2015, and to ensure that all delegates to the Fifty-first Session of the Council would be informed of the approach adopted.

69. The EU added that the circulated text had not yet included the timeline for the Secretariat to prepare the requested document. The EU stated that it is important that the Members have adequate time to study the document before they submit official comments to the Secretariat, and that should be done well before the Council Session. As suggested by the EU and by consensus of the Committee, it was agreed to amend the text to include the timeline as “by July 2015”.

70. The EU reminded the Committee that they offered funding to hire a consultant to review the ITTO Staff Rules along with the review of the staff rules currently being carried out for the ICCO and ICO. The delegate of EU informed the Committee that the Contact Group did not re-discuss the key issues.

71. The delegate of Brazil highlighted that there were a number of issues that Committee did not reach consensus, taking the example of the issue whether to include “so far as is practicable” in the regulation on hiring process. Brazil emphasized that the Staff Rules are very important to the Organization, so that it must be discussed in the best manner possible. Brazil added that the Committee did not reach consensus on the issue of hiring an external consultant.

72. The Chairperson invited the Secretariat to add any comments to the Contact Group’s work. The Secretariat suggested that the ITTO staff should have a voice in the revision of the staff rules. Brazil stated that the Secretariat must have an important role in the process, and in fact the text by the Contact Group already covered this aspect as it laid out in paragraph 2.

73. The delegate of Côte d’Ivoire, supported by Brazil, proposed to postpone this item at this meeting since the document CFA (XXIX)/7 will be reviewed, according to the Contact Group’s proposed text.

74. Brazil, EU, Congo and Côte d’Ivoire stressed that the Secretariat should bear in mind the valuable comments and discussions taken at the Twenty-ninth Session of the CFA when preparing the document. The Committee agreed to modify the text of the Contact Group to read as: “...the Secretariat to prepare ... bearing in mind the discussions held in this Committee.” The Chairperson informed the Committee that the valuable discussions will be included in the Committee Report of this Session.

75. The delegate of Benin, while thanking the Secretariat for its work, repeated that the points made out in paragraph 2 of the report of the Contact Group, particularly the clarification of financial implications and identification of sources of reference, were very important when revising the proposed text for the next Session. Benin supported the offer from the EU that an external consultant be hired to assist in reviewing the rules and that it will have a positive impact to the process.

76. The delegate of Congo stated that the Secretariat is better placed than an external consultant to provide inputs to the staff rules, for instance, on the retirement age or mode of travel. The delegate of Côte d’Ivoire and Brazil supported Congo’s statement.

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

77. The Committee received a presentation on Activity 54 of BWP 2013 -2014 on “Mobilizing New Funding and Partnerships for ITTO and Its Objectives” from the consultants, Lynea Advisory. The consultants were engaged by the International Tropical Timber Organization (ITTO) in June 2014 to provide strategic fundraising support to assist the organization to realize its funding ambitions as set out in ITTO’s Strategic Plan 2013 – 2018.

78. The consultancy comprised of several streams of work, including:
- Support to Apidae Development Innovations in the development of a range of communication materials including a brochure, cases for support for each of the thematic areas, an animation and fundraising video;
 - The development and management of a funding pipeline;
 - Completion of a survey, gap analysis and Fundraising Action Plan; and
 - Donor liaison (ongoing).
79. The consultant indicated that these activities had provided Lynea Advisory and ITTO with an improved understanding of potential donor's priorities, values and likelihood for contribution of additional funds. The presentation focused on the findings of the survey and gap analysis and outcomes from donor meetings completed to date.
80. The consultant informed that in mid-July 2014, the ITTO Secretariat, on behalf of Lynea Advisory, distributed a survey to ITTO member countries. The survey aimed to assist both the consultants and ITTO to develop a better understanding of the needs and priorities of prospective donor governments specifically and ITTO member countries more generally. A total of 30 responses were received.
81. The responses from the survey indicated that the areas of most interest were illegal logging and legality of timber trade and governance, closely followed by biodiversity, REDD, poverty alleviation and forest industry development.
82. The survey also indicated that the majority of respondents (72%) regarded the work of ITTO as being either extremely important or mildly important in helping countries achieve domestic and international policy objectives. Whilst there was broad support for ITTO, the vast majority of respondents noted that they intended for their voluntary contributions to either stay the same (75%) or decrease (15%). As such, ITTO and Lynea were required to tailor each conversation with prospective donors on an individual basis. Each donor approach would require a carefully managed process to ensure that donors understood the value that would result from an increase in funding to ITTO.
83. The consultants underlined that it was important that any donor liaison work undertaken by Lynea Advisory did not overlap with the work already being undertaken by ITTO. As such, Lynea was concentrating on developing relationships with those organizations that ITTO was not already engaged with.
84. Lynea Advisory was also capitalizing on the work carried out by Markku Simula in 2013 and consequently focusing on those organizations categorized in the Markku Simula report as being of high priority for resource mobilization action. In addition, the consultants were also carrying out some high level scoping work in the area of foundations and the private sector.
85. The consultant informed the Committee that they had met with the following donors:
- Australian Department of Agriculture
 - Australian Aid
 - Australian Centre for International Agricultural Research
 - Senator Colbeck (the Australian Senator with responsibility for forests) & his Advisor
 - Inter- American Development Bank
 - USAID
 - US Forest Service
 - International Finance Corporation
 - Global Environment Facility
 - Department for International Development (UK)
86. The consultant indicated that they had had broadly positive experience in the various meetings and that there was general support for the work that ITTO does. Australia in particular was extremely happy with the flexibility with which they have been able to work with ITTO. The consultant however, underlined that there was still no doubt a significant amount of work required to continue to develop and maintain the relationships with the various funding bodies. The consultant further indicated that, unsurprisingly, no funds have been immediately forthcoming and that most organizations that they had met with were tied

into very detailed and specific arrangements for disseminating their funds and there was the need to work with each one based on the priorities of both ITTO and donor Organizations.

Item 12: ITTO Biennial Work Programme 2015 – 2016

87. The Chairperson referred to the report by the Secretariat on the progress in implementation of the Biennial Work Programme for 2013-2014 presented at this Session of Council and the Biennial Work Programme for the Years 2015-2016 of the Committee on Finance and Administration [Documents ITTC(L)/9 and ITTC(LI)/10 Rev.1, respectively]. He informed that during this Session, the documents were introduced in Council and the Council had instructed for its deliberation in the respective Committees. The Chairperson reminded the Committee of its mandate under the ITTA, 2006, and noted that the technical committees will be responsible for setting priorities in their respective areas, while the CFA would be responsible for examining the work programme for its implications on the capacity and workload of the Secretariat and to highlight issues that should be raised to the Council. The Secretariat informed the Committee that there was no Activities requested by the Joint Committee for the CFA to discuss.

Item 13: Election of Chairperson and Vice-Chairperson for 2015

88. The Vice-Chairperson of the Committee for 2014, Dr. Gilbert Kaya of Republic of Congo, was elected Chairperson of the Committee for 2015 and Mr. Rob Busink of the Netherlands was elected Vice-Chairperson of the Committee for 2015.

Item 14: Dates and Venue of the Thirtieth and Thirty-first Sessions

89. The Committee agreed that the Thirtieth and Thirty-first Sessions would be held on the same dates and at the same venues as the Fifty-first and Fifty-second Sessions of the Council.

Item 15: Other Business

90. The Chairperson invited the delegate of the EU to report to the Committee the outcome of the working group held to deliberate on the proposal to utilize the Working Capital Account to fund the transition period of the new Executive Director. The working group consisted of the EU, Japan, and Brazil, with the assistance from the legal advisor from the UNCTAD. They decided to propose that the legal status of the new Executive Director during the one-month transition period would be a consultant contracted under a Special Service Agreement (SSA), rather than changing the appointment period of the Executive Director. The SSA would address the general duties of the incoming Executive Director as “to ensure the smooth transfer of the duties of the Executive Director”. The budgetary requirements and components of costs are contained in the draft proposal as shown in Annex I to this report.

91. The Committee noted that the Chairperson of the Council had requested a Contact Group to be formed and draft a text on “Study on Regional ITTO Presence and Representation” to be included in the Biennial Work Programme 2015-2016. A one-page document was presented to the Committee which laid out the description of this activity. The suggested budgetary source was the Working Capital Account in the amount of US\$25,000. Members of the Committee, including Guatemala, Côte d'Ivoire and Brazil strongly supported this activity to be approved and implemented. In response to the question raised by Colombia, Peru stated that the presence of the Regional Office is currently not efficient enough and that consultancy work will be useful to explore impacts to this Organization of having Regional Offices. The delegate of Switzerland requested that the Terms of Reference of the consultant's assignment to be circulated among the members of the Committee so that they can ensure the deliberations made at the Contact Group is correctly reflected. Brazil and Côte d'Ivoire supported this request. A large number of members of the Committee strongly suggested to adopt this activity at this Session.

92. The delegate of the EU requested the Secretariat to give update on the developments made by the Secretariat on the migration towards a new accounting practice, particularly the adoption of the International Public Sector Accounting Standards (IPSAS), that was suggested at their Twenty-eighth Session in Libreville, Gabon, in 2013. The Secretariat informed the Committee that IPSAS is considered of high importance; however, during this year there were other issues of higher priority that conflicted with the implementation of IPSAS.

Item 16: Recommendations to the International Tropical Timber Council

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

- (1) To endorse Administrative Budget for the Financial 2015 as contained in document CFA(XXIX)/2/Rev.3, in the amount of US\$7,689,505;
- (2) To adopt the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year 2013 as contained in document CFA (XXIX)/6;
- (3) Authorize the Executive Director to utilize funds not exceeding US\$40,000.00 from the Working Capital Account to cover the expenses to ensure the smooth transition of the Organization (see Annex);
- (4) Authorize the Executive Director to utilize funds not exceeding US\$25,000.00 from the Working Capital Account to engage a consultant to explore impacts to this Organization of having Regional Offices; and
- (5) To examine and take actions to secure the needed resources to achieve the objectives of the Organization.

Item 17: Report of the Session

93. The Committee adopted this report as amended.

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Annex

PROPOSAL FOR THE EXECUTIVE DIRECTOR IN TRANSITION

Employment as Consultant

1. Consultant fee (1month)	\$18,000.00
2. Cost of air ticket by economy class: (Boarding point taken from the farthest point from Tokyo)	\$5,000.00
3. DSA rate at \$243 per day times 30 days:	\$7,290.00
4. Official Mission Travel:	\$5,000.00

Proposal of the Informal Working Group for Consideration by CFA

- Special service agreement (ensure smooth transition of ITTO)
- 1 month duration
- Fee = US\$18,000
- Charged from Working Capital Account
- Total costs US\$35,290
- Remarks regarding mission:
 - Should the ED deem it advisable to invite the incoming ED to participate in official mission during the transition period, an additional amount of no more than US\$5,000 may be charged to the Working Capital Account for this purpose, according to the conditions of service stipulated in the special service agreement.

CONDITIONS OF SERVICE - CONSULTANTS

1. LEGAL STATUS

Individuals engaged under a special service agreement as consultants serve in their personal capacity and not as representatives of a Government or of any other authority external to the ITTO. Consultants are not "staff members" under the Staff Regulations and Rules of the ITTO.

2. OBLIGATIONS

Consultants shall neither seek nor accept instructions regarding the services to be performed for the ITTO from any Government or from any authority external to the ITTO. During the period of service for the ITTO, consultants may not engage in any activity that is incompatible with the discharge of their duties with the Organization. Consultants are required to exercise the utmost discretion in all matters of official business of the Organization. Consultants may not communicate at any time to any other person, Government or authority external to the ITTO any information known to them by reason of their association with the ITTO which has not been made public, except in the course of their duties or by authorization of the Executive Director of the ITTO; nor shall consultants at any time use such information to private advantage. These obligations do not lapse upon cessation of service with the ITTO.

3. TITLE RIGHTS

The ITTO shall be entitled to all property rights, including but not limited to patents, copyrights and trademarks, with regard to material which bears a direct relation to, or is made in consequence of, the services provided to the Organization by the consultant. At the request of the ITTO, the consultant shall assist in securing such property rights and transferring them to the Organization in compliance with the requirements of the applicable law.

4. TERMINATION OF CONTRACT

This special service agreement may be terminated by either party before the expiry date of the agreement by giving notice in writing to the other party. The period of notice shall be five days in the case of agreements for a total period of less than two months and fourteen days in the case of agreements for a longer period.

In the event of the agreement being terminated prior to its due expiry date in this way, the consultant shall be compensated on a *pro rata* basis for no more than the actual amount of work performed to the satisfaction of the ITTO. Additional costs incurred by the ITTO resulting from the termination of the agreement by the consultant may be withheld from any amount otherwise due to the consultant from the ITTO.

5. TRAVEL

If consultants are required by the ITTO to travel beyond commuting distance from their usual place of residence, such travel at the expense of the ITTO shall be governed by conditions equivalent to the relevant practice and at rates of the United Nations and as specified in the contract. Such travel shall be at the least costly airfare structure regularly available or its equivalent when by air (unless a higher standard is approved in advance by, or on behalf of, the Executive Director), and first class by rail.

6. INSURANCE

Consultants are fully responsible for arranging, at their own expense, such life, health and other forms of insurance covering the period of their services on behalf of the ITTO as they consider appropriate. ITTO is not liable for death or injury suffered in carrying out this assignment. ITTO shall also not be liable for any third party claims which may arise from the implementation of this assignment. Consultants are not eligible to participate in the life or health insurance schemes available to ITTO staff members.

7. ARBITRATION

Any dispute arising out of, or in connection with, this agreement shall, if attempts at settlement by negotiation have failed, be submitted to arbitration in Yokohama, by a single arbitrator agreed to by both parties. Should the parties be unable to agree on a single arbitrator within thirty days of the request for arbitration, then each party shall proceed to appoint one arbitrator and the two arbitrators thus appointed shall agree on a third. Failing such agreement, each party may request the appointment of the third arbitrator by the President of the United Nations Administrative Tribunal. The decision handed down in such arbitration shall constitute final resolution of the dispute.

8. TAXATION

The ITTO undertakes no liability for taxes, duty or other contributions payable by the consultant on payments made under this contract. No statement of earnings will be issued by the ITTO to the consultant.

9. OTHER PROVISIONS

NIL