



**INTERNATIONAL TROPICAL  
TIMBER COUNCIL**

Distr.  
GENERAL

ITTC(LI)/10  
5 October 2015

Original: ENGLISH

---

FIFTY-FIRST SESSION  
16 - 21 November 2015  
Kuala Lumpur, Malaysia,

**A Study on the Regional ITTO Presence and Representation**

**By**

**M. Hosny El-Lakany  
International Forest Policy Consultant**

**July 2015**

**Commissioned by ITTO Secretariat in response to Decision 7(XLIX), Activity 51.**

## Contents

1. Executive Summary .....	4
1.1 Introduction .....	4
1.2 Current activities of the Regional Officers .....	4
1.3 The effect of the regional officers system on the workload of the headquarters staff .....	4
1.4 Cost/benefit analysis of Regional Officers system .....	5
1.5 ITTO financial situation and possible mobilization of additional resource .....	5
1.6 The added value and potential implications of establishing Regional Offices compared to the current situation .....	6
1.6.1 Services to member countries .....	6
1.6.2 Human resources .....	7
1.6.3 Budgetary implications .....	7
1.6.4 Administrative procedures and legal matters .....	8
1.6.5 Selection Criteria for Regional Office locations .....	8
1.7 Conclusion .....	9
2. Introduction and Background .....	9
2.1 Historic background for the establishment of ITTP Regional Representation .....	10
2.2 The present study .....	11
3. Roles and responsibilities of the Regional Officers in relation to Headquarters, including staff division of labor .....	11
3.1 Early evaluation of Regional Officers System .....	12
3.2 Current activities of the Regional Officers .....	14
3.3 The effect of the regional officers system on the workload of the headquarters staff .....	16
4. Cost/benefit analysis of Regional Officers system .....	19
5. ITTO financial situation and possible mobilization of additional resources .....	23
5.1 Current Financial situation .....	23
5.2 Fund mobilization .....	25
5.3 Facilitating future financing .....	25
6. The added value and potential implications of establishing Regional Offices compared to the current situation .....	26
6.1 Potential creation of Regional Offices .....	26
6.2 Advantages of establishing ITTO Regional Offices over the current system .....	27
6.3 Requirements for establishing ITTO Regional Offices .....	27
6.4 Pros and cons of Regional Offices vs Regional Representatives .....	28
6.4.1 Services to member countries .....	28
6.4.2 Human resources .....	29
6.4.3 Budgetary implications .....	29
6.4.4 Administrative procedures and legal matters .....	30

6.4.5	Selection Criteria for Regional Office locations .....	30
7.	Conclusions and Recommendations.....	31
8.	Annexes .....	32
8.1	Annex 1: ITTO Organizational Chart (2015).....	32
8.2	Annex 2: STUDY ON REGIONAL ITTO PRESENCE AND REPRESENTATION .....	33

## **1. Executive Summary**

### **1.1 Introduction**

Realizing that regional presence of ITTO was becoming increasingly essential, the Secretariat proposed to the Committee on Finance and Administration (CFA) at its tenth Session of in 2001 to establish two additional posts of regional officers, one for Latin America and Caribbean and another for Africa Regions for an initial period of one year. Eventually, two consultants were appointed as Regional Officers in Brasilia and Libreville. The regional officers and all their associated expenses are paid from program support and project monitoring budgets.

Following a pilot period of about two years, ITTO conducted an evaluation of its Regional Officer System. A consultant was contracted to assist in the evaluation and his report was presented to the CFA at its Seventeenth Session in 2005. The Secretariat recognized that while the Regional Officers had been of considerable help in the monitoring and evaluation of projects as well as ensuring the presence of ITTO in major meetings in the two regions, their assistance related to market intelligence and ITTO Tropical Forest Update was minimal. Provided that there was a substantial portfolio of projects at the regional level, the Secretariat noted the considerable savings to be made by having officers located in the regions, particularly regarding travel.

After extensive deliberations, the CFA at its Twentieth Session convened in 2006 decided to recommend to the Council that the posts of the two Regional Officers be continued and financed from the Programme Support component in the Special Account, while maintaining the charges of the 2% to be deducted in all budgets of projects, pre-projects and activities.

At the twenty-ninth session of the CFA (2014) it was decided to conduct a study to consider the possible role and objectives, feasibility and budgetary implications of strengthening regional representation, *inter alia* through the possibility of establishing (unspecified number) regional offices. The present study was commissioned by the Secretariat mainly to facilitate informing the ITTC deliberations at its 51st Session on ITTO presence and representation in the regions.

### **1.2 Current activities of the Regional Officers**

According to the ITTO Secretariat the activities of the Regional Officers include: Project Monitoring, attending Project Technical Committee (PTC), Field Visits, Conferences/ Workshops, Project Steering Committees (official meetings attended by donors), Online Monitoring System Training (OMST), and other activities requested by HQ.

Based on a thorough analysis of past reviews, recent annual reports submitted by the ITTO Regional Officers and many related Secretariat reports, the present study revealed that in general the Regional Officers are fulfilling their mandates and Terms of Reference to the best of their abilities, although budgetary and staff limitations impose certain constraints on their performance.

The presence of Regional Officers in regions facilitates the implementation, review and evaluation processes of ongoing projects to a large extent. Nevertheless, some of the Regional Officers' annual reports state serious complaints about meager budget allocations and administrative delays from HQ. In addition, they face some procedural challenges from some governments in the region.

### **1.3 The effect of the regional officers system on the workload of the headquarters staff**

In order to shed some light on the workload of the Regional Officers as compared to HQ staff, it was thought that the most convenient indicator would be the number of field projects administered by ITTO HQ and by the two Regional Officers. A set of 24 tables of "*Planned Steering Committee meetings and other Project Monitoring Activities (RFM)*" covering the period January-June 2003 to July – December 2014 were analyzed.

At a glance, the total number of projects fluctuated between 17 and 37 in the period between 2003 and first part of 2008, then a sudden appreciable increase started in the second half of 2008 to reach a peak of 62 projects at the first half of 2009. The total number of projects fluctuated then after between 37 and 58, but remained higher than the period 2003-2008. The number of projects handled by HQ staff followed nearly the same trend while the number of projects handled by both the Regional Officers did not fluctuate much over the period 2003 to 2014.

On the average, the HQ staff handled 30 projects semi-annually over the study period (2003-2014), while each of the Regional Officers handled about 5 projects each half year. The HQ staff handled 74 % of the total number projects semi-annually on the average, while each of the Regional Officers in LAC and AF handled about 13%. Naturally, several projects are implemented jointly between regional officers and HQ staff.

#### **1.4 Cost/benefit analysis of Regional Officers system**

As far as cost/benefit analysis of ITTO Regional Officers System and in order to reach a conclusion as to the desirability of maintaining the current system or establishing full-fledged Regional Offices, all benefits and costs should have been measured in terms of their equivalent money value, which was a challenge due to the nature of the present exercise. While some costs may be calculated in monetary terms, most benefits are not directly expressed in terms of dollars.

Over the past 12 years the actual annual expenditures of the Regional Officer AF ranged from \$81,000 to \$158,000; that of Regional Officer LAC ranged from \$52,000 to 203,000; and the total expenditures of the two Officers ranged from \$164,000 to \$348,000 annually. On the average, the annual expenditure over the same period were \$119,000 for the Regional Officer AF and \$165,000 for the Regional Officer LAC with an average total annual expenditure of \$285,000 approximately for the two Regional Officers combined. The differences are believed to be mainly related to the variation in the salaries and associated expenditures of the Regional Officers which is affected by the cost of living in the host country, number of supporting staff and running costs among other factors.

It appears that one Duty Travel by a Regional Officer to countries in his/her region could save little over \$5,000 and 4 days of travel compared to same travel undertaken by an HQ Officer. Depending on the total number of annual Duty Travels undertaken by ITTO staff, which in turn depends largely on the number of ITTO field projects, that saving could be substantial. However, it should be mentioned that travel cost has no direct linkage to ITTO "budget"; all projects include their own monitoring and evaluation budgets which cover all staff travel costs (HQ or Regional Officers) and which have never been questioned or constituted a source of contention in ITTO's history as far as the Secretariat recalls.

#### **1.5 ITTO financial situation and possible mobilization of additional resource**

As a background for addressing this item of the present TOR, the following section is based essentially on the Report of the *ad hoc* Working Group on the Mobilization of New Funding and Partnerships for ITTO and Its Objectives, but with some additional recent information.

Tracking the evolution of the voluntary contributions received into the Special Account over the past 15 years revealed that there has been a significant short-term variation which indicates that the resources are partly unpredictable. Consequently, planning of many operations becomes a challenge.

The consultant to the *ad hoc* group concluded that there had been a long-term declining trend in voluntary contributions to ITTO bottoming out at US\$3.4 in 2004. Between 2008 and 2013, the average funding volume had been around US\$10 million per year; ranging from US\$7.2 to 14.4 million. The main financing instrument was the Special Account as the Bali Partnership Fund had been virtually depleted. Voluntary contributions have mainly come from member countries, with only less than 2 per cent from other sources.

Some recent indicative figures have been extracted from the Statements of Revenues and Expenditures in 2014 (Audit Report 2013). As far as the Revenues are concerned, only the contribution from member countries increased from nearly 6.4 Million \$ in 2012 to 7.9 Million \$ in 2013, while all other revenues decreased. The final Balance showed a significant increased deficit from 3.2 million \$ in 2012 to 7.3 Million \$ in 2013. The Balance Sheets, indicate substantial amounts of Arrears while the Allocations/pledges by donors to the Special Account and the Bali Partnership Fund were quite variable. However, it might be relevant to report in the future on the balance and trend in the Program Support fund from which the salaries and other costs of the Regional Officers are drawn.

Addressing an “Approach to the Funding and Partnerships Strategy/Action Plan”, the *ad hoc* Group concluded that at least in the medium-term, the bulk of funding for ITTO’s project work and activities will have to come from voluntary contributions from existing and potential new members of the Organization even though all efforts towards diversification should be made.

On reviewing the *ad hoc* Working Group Report on fund raising, the present consultant has noticed no mention of funds to be raised or allocated for establishing Regional Offices. According to the ITTO Secretariat, this is probably because nobody (with the exception of a couple producer countries) sees the establishment of regional offices as a priority for ITTO given funding levels, and some countries recommend to switch to fewer large donor driven projects vs multiple country driven projects, among other suggestions.

## **1.6 The added value and potential implications of establishing Regional Offices compared to the current situation**

As a result of the challenges facing the current Regional Officers System almost since its initiation, and despite efforts to improve the system over the past years, there is some, though limited thinking in the ITTC and ITTO circles that a possible approach to remedy the present situation would be to substitute the current Regional Officers System with a Regional Offices System, *i.e.* establishing full-fledged ITTO Regional Offices.

The value of establishing an ITTO Regional Officers system as originally conceived is still valid today and would most likely be better realized if a Regional Offices System is to be established. However, no doubt that there will be financial and administrative implications that must be seriously considered before a decision is taken.

The discussions of the pros and cons of the current of Regional Officers System vs establishing new full-fledged Regional Offices could however be addressed from different, yet complimentary perspectives. Potential implications are related to services to member countries, human resources, financial resources, administrative procedures, and legal matters among other factors must be considered.

### **1.6.1 Services to member countries**

So far, the Regional Officers System (*i.e.* long-term Consultants stationed in the regions) remains more or less as a “one-man-show”. Therefore, it is understandable that their services to countries and to ITTO have not fully met the intended expectations. Obviously, one professional staff cannot, nor is expected to perform all activities stated in the original ToR.

Establishing Regional Offices would enhance ITTO’s presence and activities in both regions provided that a number of functions of direct relevance to the respective regions are transferred to Regional Offices, including policy assistance, field programme development and most technical support services for ongoing and future projects. Examples from other international organizations have proven that it is more effective to undertake these activities from within the region than from headquarters, as the competent officers in Regional Offices can react to requests from the various parts of their region more quickly and more cost-effectively.

No doubt that having a strong ITTO presence in the regions, *i.e.* a critical mass of professional staff, would be essential to serve both the organization and the countries of the regions better than the present Regional Officer System. This could only be achieved if full-fledged Regional Offices are to be established.

It would be unrealistic however to establish a Regional Office with only one Consultant acting as a Regional Officer as it would not be different from the present situation. In other words, changing the name from Regional Officer System to Regional Office System just to grant diplomatic immunities and privileges to the present Regional Officers would not significantly enhance services to member countries in terms of project development and monitoring as well as policy advice, among other services. It is also probably unrealistic to discuss establishing regional offices without any clarity on the amount of funding that is likely to be available to the Organization to develop and approve activities that the Regional Offices would be responsible for overseeing, *i.e.* it is probably better to sort out ITTO’s funding modalities first then develop the structure

required to fully functional regional representation that provides productive services to the countries and ITTO alike.

### 1.6.2 Human resources

If an ITTO Regional Offices System is to be adopted, a Regional Office should have a Regional Representative and at least two professional Regional Officers representing the two technical divisions at HQ to start with. This number may grow should the need arises and long-term funding becomes available. An Administrative and Financial Officer would also be needed and 3 to 4 supporting staff will have to be appointed (perhaps locally).

There are two options to staff Regional Offices. The first is to recruit six new professional staff (perhaps including the current two Regional Officers), which is administratively feasible but the budgetary implications are quite substantial. The second option is to relocate two professional officers from ITTO HQ to each of the current two regions.

Currently ITTO has a total of ten professional staff (excluding the ED and the three Directors); of whom two are already in the regions and eight are at HQ. If the Organization chooses to transfer four professionals to the current two regions, the Secretariat will end up with only four professional staff at HQ. Considering the average division of labor between HQ and the Regions over the years (74% HQ and 13% each of the Regional Officers), the redistribution may leave HQ with inadequate critical mass of professional officers. In this case, another scenario worth exploring would be to establish a third Regional Office for Asia outside Japan and have a minimal (or no) technical presence left at HQ. However, this option is not discussed in details in this report as it has not appeared in any ITTO documentation, including the ToR of the present study.

In case additional Voluntary Contributions are secured, the best option would be to recruit six new professional staff for the two Regional Offices. Nevertheless, it would be unrealistic if “new” voluntary contributions were forthcoming to establish regional offices when, according to ITTO, many projects are sunset every 6 months due to lack of funding, more than half ITTO approved BWPs remain unfunded and TPs are only funded fractionally.

### 1.6.3 Budgetary implications

Maintaining the present system of Regional Officers (i.e. business as usual scenario) may not imply additional financial commitments beyond those already approved by the ITTC aside from normal annual growth and other predictable expenditures, keeping in mind that the current Regional Officers are consultants and not eligible for annual increments, which may or may not apply to new Regional Offices. Alternatively, establishing Regional Offices in the traditional sense would require detailed financial studies and specific long-term budgetary commitments.

As far as potential staff costs of Regional Offices are concerned, for the first option, which would be to recruit six new professional officers to be located at the two Regional Offices, using the current level of average annual expenditures per Regional Officer of \$ 285,000 and with the normally anticipated cost increases, the approximate total cost would be roughly 1.0 – 1.3 \$ million annually.

It is believed however that the current ITTO number of field projects, financial situation and funds expected in the foreseeable future, may not favour following this track. Nevertheless, if the host countries are willing to pick up these costs, or if the expected cost increases are covered by Voluntary Contributions, the ITTC may wish to give this option a serious consideration.

It should be understood however that there may be travel cost savings compared to travel out of HQ, but such savings would not offset the cost of appointing two additional officers in each Regional Office. And as noted before, any new staff would be paid from administrative budget levied on all members for which payments are mandatory while virtually all travel is paid from project budgets which are funded by voluntary contributions and which there has never been any problem funding in so far as projects are funded. Therefore, comparing cost of new staff in regional offices with historic “travel savings” from having them in the regions may not be very accurate.

If the second option, i.e. establishing Regional Offices through relocating four professional staff from HQ to the current two regions (and perhaps relocating the staff remaining at HQ to a third Regional Office in Asia) is to be adopted, the financial implications to the organization in terms of staff salaries and benefits may not

be significant. In fact, total staff costs may be less considering the relatively high cost of living allowance (post adjustment) in Japan. It should be kept in mind however, that there would be at least some re-location expenses to pay and the fact that not all existing staff would accept such a transfer with associated costs of separation from service and recruiting new staff, should not be discounted.

Another potential cost saving by relocating professional officers from HQ to the Regional Offices would be in terms of travel and staff time costs. Based on a rough calculations of savings per field trip and depending on the number of ITTO field projects as well as the number of field trips, and with due consideration of the argument above, the savings on travel could be appreciable, but not high enough to offset other costs.

ITTO may wish to negotiate with other international organizations locating the new Regional Offices within their premises and granting ITTO staff immunities and privileges enjoyed by their own staff. Co-sharing of offices and logistical and administrative support may lead to savings on costs of shared services such as communications, Information technology (IT), security, travel arrangements, accounting, and internal auditing. However, such partnership arrangements will have to be explored in details if a decision is made on establishing ITTO Regional Offices and their specific locations are designated.

Having only one ITTO Regional Officer located at the offices of another organization may lead to savings and solve the problems of immunities and privileges for the current Regional Officers, but it would not serve the countries the way an appropriately staffed ITTO Regional Office (*i.e.* a critical mass of professionals) would.

#### **1.6.4 Administrative procedures and legal matters**

Maintaining the current system of two Regional Offices would need minimal changes in the ITTO administrative procedures compared to the needs for substantive changes if two full-fledged Regional Offices are to be established. However, a regional office would require decentralization of some administrative staff in addition to devolving some procedures from HQ to the region which could entail releasing (*i.e.* terminating the appointment) of some of the administrative staff at HQ. However, as the case with professional staff, "separation costs" of administrative staff should also be noted as they may be significant, according to ITTO secretariat.

Additional administrative responsibilities in the new Regional Offices would be minimized by appointing competent national new staff, with incurred costs to program support and project monitoring budgets unless covered by host countries or by additional Voluntary Contributions.

As for legal matters, apparently the countries currently hosting the Regional Officers are not willing to grant them diplomatic immunities and privileges unless ITTO signs a legally binding Host Country Agreement. Such agreements can only be formulated and ratified only for Regional Offices, which is the normal diplomatic procedure. Reviewing the ITTC documentations revealed that both Brazil and Gabon are willing to negotiate Host Country Agreements for establishing Regional Offices.

#### **1.6.5 Selection Criteria for Regional Office locations**

If the ITTC decides to establish Regional Offices in LAC and AF, presumably preference will be given to the current hosts of the Regional Officers, namely Brazil and Gabon. So far, the issues related to security, accessibility and communications are not a matter of serious concerns to the current Regional Officers and they are expected to be the same for the Regional Offices however with additional staff and responsibilities.

Although the present report has not attempted to justify the above presumption as it is a sensitive political issue and in case ITTC decides to request the ITTO Secretariat to issue a new call to host the Regional Offices, the Secretariat would receive submissions from interested countries supported by a documentation of all related factors such as the type and conditions of a Host Country Agreement, financial and in-kind contributions, security, accessibility and communications. These would be the bases for choosing between offers.

## 1.7 Conclusion

While establishing appropriately staffed Regional Offices is technically feasible and would serve ITTO and its member countries better than the current two Regional Officers system, there are serious financial implications that must be considered in advance. The current ITTO financial situation and additional funds expected in the foreseeable future are not conducive to taking such a decision unless the host countries are committed to bear a substantial part of the additional costs or some member countries commit long-term additional Voluntary Contributions earmarked for this purpose. If regional staff costs were brought under the administration budget instead of being paid from program support and project monitoring budgets in whatever scenario that might be considered, this would also constitute a radical change in the ITTO funding system

## 2. Introduction and Background

The origins of the International Tropical Timber Organization (ITTO) can be traced back to 1976 when the long series of negotiations that led to the first International Tropical Timber Agreement (ITTA) began at the fourth session of the United Nations Conference on Trade and Development (UNCTAD) as part of that organization's Programme for Commodities. The eventual outcome of these negotiations was the ITTA, 1983, which governed the Organization's work until 31 December 1996, when it was superseded by the ITTA, 1994. Negotiations for a successor to this agreement were concluded in 2006, again under the auspices of UNCTAD. The ITTA, 2006 entered into force on December 7, 2011.

The creators of the ITTA, 1994 believed that if the then flourishing trade in tropical timber is based on a well-managed forest resource, it could be a key to sustainable development, provide valuable foreign exchange and employment while protecting natural forests from destruction, degradation and excision. The last twenty years have proved that according equal importance to forest conservation and trade in forest products could not have been more visionary. The three pillars of Sustainable Forest Management (SFM) namely: economic, environmental and social values are interdependent and inseparable.

The ITTA, 2006 builds on the foundations of the previous agreements, focusing on the world tropical timber economy and the sustainable management of the resource base, simultaneously encouraging the timber trade and the improved management of all types of forests. In addition, it contains provisions for information sharing, including non-tropical timber trade data, and allows for the consideration of non-tropical timber issues as they relate to tropical timber.

The ITTO governing body is the International Tropical Timber Council (ITTC), which is composed of all the Organization's members. ITTO has two categories of membership: producing and consuming. Annual contributions and votes are distributed equally between these two groups, which are called caucuses. Within each caucus, the dues and votes of individual members are calculated based on tropical timber trade and, in the case of producers, also on the extent of tropical forests within the country.

The ITTC is supported by four committees, which are open to all members and observers and provide advice and assistance to the Council on policy and project issues. Three of the committees deal with key areas of policy and project work: economic information and market intelligence; reforestation and forest management; and forest industry. These committees are supported by the Expert Panel for the Technical Appraisal of Projects and Pre-projects, which reviews project proposals for technical merit and relevance to ITTO objectives. The fourth committee, on Finance and Administration, advises the Council on matters related to the budget and other funding and administrative issues concerning the management of the Organization. The current ITTO's organizational structure is shown in Annex 1 copied from its latest Action Plan.

ITTO's small secretariat of about 35 staff is based in Yokohama, Japan. It is headed by an Executive Director, who is responsible to the Council for the administration and operation of the Agreement in accordance with decisions made by the Council. The Organization also has two regional officers in Latin America and Africa to assist with project monitoring and other duties<sup>1</sup>.

---

<sup>1</sup> [http://www.itto.int/about\\_itto/](http://www.itto.int/about_itto/) Retrieved May, 2015

## 2.1 Historic background for the establishment of ITTP Regional Representation

At the tenth Session of the Committee on Finance and Administration (CFA) in November 2001, the Secretariat proposed to the Committee to establish two additional posts of regional officers, one for Latin America and Caribbean and another for Africa Regions for an initial period of one year. The justification was that ITTOs' presence in remote regions like Africa and Latin America was becoming more and more essential. The Secretariat further proposed that the resources of the Working Capital Account be utilized to meet these expenditures<sup>2</sup>.

After thorough deliberations, and noting that the arrangement was on a pilot basis, the CFA recommended to the Council to authorize the Executive Director to proceed with the pilot arrangement to engage the two Regional Officers and to utilize an amount not exceeding USD 270,000.00 from the un-earmarked funds of the Pre-Project Sub-Account to finance the costs for this arrangement.

Following the decision of the Council, proposals were received from various Member Countries in the African and Latin American Regions and, following more detailed negotiations with the various countries, Brazil was selected to host the Regional Officer for Latin America and Caribbean and Gabon was selected to host the Regional Officer for Africa. The Regional Officer for Latin America began work in December, 2002 and the Regional Officer for Africa in July, 2003. Since that time the Officers have been carrying out their duties in Brasilia, Brazil and in Libreville, Gabon.

The Terms of Reference of the Regional Officers were set by ITTC as follows:

*“Under the direction of the Executive Director of ITTO, the Regional Officer will primarily assist the organization in the implementation, monitoring and evaluation of ITTO-financed projects in the region and prepare reports to the Executive Director on current issues and matters requiring immediate attention by the Organization. The Officer’s responsibilities and tasks also included the following activities in the region:*

- (i) Strengthening the relationship between ITTO and Member Countries and relevant organizations and institutions operating in the region, particularly through participation in national/regional meetings and workshops on topics relevant to the work of ITTO;*
- (ii) Assisting Member Countries with project identification and providing appropriate advice in project formulation;*
- (iii) Providing information to Member Countries on ITTO activities, through dissemination of information, publications, etc.;*
- (iv) Assisting in the implementation of ITTO technical missions; and*
- (v) Collecting and collating information and data of relevance to the Tropical Forest Update (TFU) and the ITTO Annual Review of the International Timber Situation.”*

After the initial pilot phase of one year, at its Fourteenth Session in 2003 the CFA deliberated on the possible sources of financing of the Regional Officer positions, if the arrangement was to continue. The Committee recommended to the Council to increase the percentage charge for Programme Support by an additional two percent, thereby increasing the Programme support charge for projects, pre-projects and activities from 6% to 8%. It was estimated that the 2% increase in the Programme Support charge would result in an overall increase of around USD 200,000 to USD250,000 per annum, subject to the momentum of voluntary and other contributions. The Committee further recommended to the Council that the approval for the increase was to be on a trial basis for a period of two years, and after a period of eighteen months an evaluation of the performance of the Regional Officers was to be carried out to determine the merits and effectiveness of these positions, including other options for financing<sup>3</sup>.

Following a pilot period of about two years, ITTO conducted an evaluation of its Regional Officer System in 2005, and a consultant was contracted to assist in the evaluation. The consultant's report<sup>4</sup> was presented to the CFA at its Seventeenth Session in 2005.

---

<sup>2</sup> ITTC, FIFTIETH SESSION, 3 – 8 November 2014, Yokohama, Japan. CONSIDERATION OF REGIONAL ITTO PRESENCE AND REPRESENTATION DECISION. (XLIX), [Item 17 of the Provisional Agenda].

<sup>3</sup> Emphasis by the present consultant.

<sup>4</sup> INTERNATIONAL TROPICAL TIMBER ORGANIZATION, REPORT ON THE EVALUATION OF THE PERFORMANCE OF THE ITTO REGIONAL OFFICER SYSTEM. KYRAN THELEN, CONSULTANT, ITTO. YOKOHAMA, JAPAN, JUNE, 2005.

The CFA<sup>5</sup> recommended to the Council the continuation of the Regional Officer system until 31 December 2006. (*i.e.* granting only a one year extension)<sup>6</sup>. The Committee further recommended that for the financing of the Regional Officer system, the Organization should continue to apply the 2% charges to be deducted in all budgets of projects, pre-projects and activities, and to be deposited as Programme Support.

At its Twentieth Session convened in November 2006, following extensive deliberations, the CFA recognizing the contributions of the Regional Officers for the effective monitoring of project implementation activities, decided to recommend to the Council that the posts of the two Regional Officers be continued and financed from the Programme Support component in the Special Account, while maintaining the charges of the 2% to be deducted in all budgets of projects, pre-projects and activities.

The ITTO Regional representation has continued to work on the basis of the CFA recommendation endorsed by the Council (*i.e.* from 2006 until today)<sup>7</sup>. The Secretariat has been analyzing the Annual Reports of the Regional Officers with a view to strengthening their activities and presence in the regions. Recent (2014)<sup>8</sup> ITTO Secretariat's views and evaluation of the performance of Regional Officers included:

- i. The Secretariat recognizes the benefits offered by the "regional offices"<sup>9</sup> although at the initiation of the process it took considerable time to train and coach the new staff members;
- ii. While the Regional Officers have been of considerable help to the Secretariat in the monitoring and evaluation of projects, and ensuring the presence of ITTO in major meetings in the two regions, they have been able to provide only minimal assistance with regard to services for market intelligence and ITTO publications such as the Tropical Forest Update; and
- iii. Provided that there is a substantial portfolio of projects at the regional level, the Secretariat recognizes that there are considerable savings to be made by having officers located in the region, particularly regarding travel. Officers located in the regions may also offer closest contacts with countries and executing agencies in the regions and be more suitable to provide extended field visits for projects encountering implementation problems.

## 2.2 The present study

At the twenty-ninth session of the committee on finance and administration, (3-8 November 2014 Yokohama, Japan)<sup>10</sup>; Under Decision 7(XLIX) a discussion on the issue of ITTO's regional presence and representation was held during the Fiftieth Council Session in Yokohama. It was decided to conduct a study to consider the possible role and objectives, feasibility and budgetary implications of strengthening regional representation, *inter alia* through the possibility of establishing regional offices. The present study has been commissioned by ITTO Secretariat in response to Decision 7(XLIX); Activity 51, Annex 2.

After a short introduction to the background of the ITTO Regional presence, this report outlines the current roles and responsibilities of the Regional Officers in relation to Headquarters, (including early and current activities of the Regional Officers, staff division of labor and the effect of the regional officers system on the workload of the headquarters staff); the results of a brief cost/benefit analysis; a summary of the historic and current financial situation of ITTO and possible mobilization of additional resources; then the report outlines the added value of establishing Regional Offices compared to the current situation (including the requirements for establishing ITTO Regional Offices and the pros and cons of Regional Offices vs Regional Representatives). The study ends with some conclusions and recommendations.

All references and ITTO Reports reviewed and consulted are cited as Footnotes.

## 3. Roles and responsibilities of the Regional Officers in relation to Headquarters, including staff division of labor

---

<sup>5</sup> CFA at its Seventeenth Session in 2005.

<sup>6</sup> The present consultant's interpretation.

<sup>7</sup> The present consultant's interpretation.

<sup>8</sup> *Ibid.*, 2

<sup>9</sup> It should read: *Regional Officers*

<sup>10</sup> Twenty-ninth session, 3-8 November 2014 Yokohama, Japan, Twenty-ninth session of the Committee on Finance and Administration Report to the International Tropical Timber Council.

### 3.1 Early evaluation of Regional Officers System

According to the review of the Regional Officers System conducted in 2005<sup>11</sup> there was a general agreement among the headquarters staff, particularly those most responsible for the monitoring and evaluation of projects, that the HQ workload was gradually being reduced following the establishment of the Regional Officer System. However, at the initiation of the process there were, in some instances, increases in headquarters duties because of the need to train and coach the newly hired regional consultants (Regional Officers). While the recruited officers were highly qualified professionals, they were not sufficiently familiar with ITTO policies and practices on the monitoring and evaluation of ITTO projects to be able to work alone at the outset. Therefore, the results obtained from the Regional Officers on these tasks were less than expected by Headquarters staff. Insofar as the help in obtaining statistical information from their regions, which has not been provided by the countries in a systematic way, they were apparently not very successful in encouraging the focal points to supply this information.

Both the project managers and the financial and administration staff at headquarters agreed that the presence of the Regional Officers had reduced significantly the travel of headquarters staff to the two Regions. The financial officers at HQ indicated that the Regional Officers System was providing considerable savings with regard to travel. For example, two Project Management officers indicated that they thought they would be able to reduce travel by nearly 50% during 2005. This would have provided savings of around US\$ 10,000 per trip and an average of four days of travel time for three or four trips per officer. In contrast, the cost of travel of the Regional Officers was on average less than US\$ 500 with only one day of travel, provided that the Regional Officers produced same quality results on project monitoring, etc.

The headquarters staff agreed however that the chain of command and supervision of the Regional Officers were not optimum. At times there could have been more than one Assistant Director or Project Manager providing instructions or requesting assistance from a Regional Officer, without the knowledge of one or the other, which could have created confusion. The situation was further complicated by the fact that the Regional Officers were newly hired consultants who were not entirely familiar with the internal working and culture of the Organization.

There was agreement that a carefully prepared, comprehensive and well-coordinated plan would have helped to overcome this problem. It was further acknowledged by headquarters staff that at times there was a lack of communication with the Regional Officers and this situation was of concern. It was particularly serious when the Regional Officer worked alone and had no backup support in his office.

As the Regional Officers were hired as consultants, *i.e.* contracted on a fixed term basis, there was a tendency to consider them as less than staff members and not a real part of the ITTO Secretariat. To develop a sense of trust and confidence, the Regional Officers needed to feel and be treated on a par with Headquarters staff and as part of the Secretariat. It was felt that the present situation of the Regional Officers as consultants was not ideal, either for the Regional Officers' relationship with their counterparts at headquarters or for their working relations with the host countries.

The consultant<sup>12</sup> further reported that there was a consensus of opinion that the existing organizational structure needed to be redefined to provide a suitable structure for working with the Regional Officers. It was understood that the regional system could not be seen in a vacuum and that there must be organizational changes in headquarters for the system to be effective. In that sense, team building was considered to be an important element to apply, in headquarter in general and particularly between headquarters and the Regional Officers. However, it had been understood that it was difficult to provide proper guidance to Regional Officers unless the work was adequately coordinated at headquarters.

The LAC Regional Officer, who had been on duty since December of 2002, spent about 60 percent of his time on monitoring and evaluation and another 10% on assisting countries on the formulation of projects. An estimated 40% of the time which was spent on monitoring and evaluation of projects had been on projects in Brazil. The rest of the time was spent on reporting and distribution of information (mainly publications, CD's, manuals and guides) that had been sent to the region from headquarters; and facilitating activities, meeting and other tasks in the region.

---

<sup>11</sup> *Ibid.*, 4

<sup>12</sup> *Ibid.*, 4

The Regional Officer LAC traveled up to 65% of the time and believed that he was better able to check progress, make considerably more field visits, and spend more time in the field than was done by Headquarters staff as there was more time available to spend in the countries because of less travel time. However, with only one technical officer in the regional office LAC, who was often away on travel, in his absence, there was no professional staff available to communicate with headquarters or member countries or to take decisions on more urgent matters. The Regional Officer was not restricted to one discipline and monitored and evaluated projects from the different Divisions of ITTO.

In conclusion, the 2005 review of the ITTO Regional Officers System stated that: *“The evaluation by the Brazilian authorities of the Regional Officer working in Brasilia was highly favorable. He was described as very capable and able to find solutions to problems which have occurred during the pilot phase of the Region Officer System. Despite the fact that he had somewhat limited flexibility and authority over the tasks he could have performed they believe he had done a very good job”*.

Turning to Africa, back in 2005 the Regional Officer estimated that he spent around 70% of his time on monitoring and evaluation of ITTO Projects of the different technical divisions of ITTO which was his most important responsibility. Other tasks included assisting member countries with project identification and providing appropriate advice on project formulation.

The Regional Officer had prepared special reports, provided information to member countries and shared information on lessons learnt from the ITTO projects amongst the countries. He believed that with additional human resources the Regional Office could handle all monitoring and midterm evaluation in the Africa Region. The ex-post project evaluations should continue to be done by consultants.

The Regional Officer AF had also indicated that he felt communications with Headquarters was adequate. He was of the opinion that lack of authority was not a serious problem although more flexibility on certain matters of administration was needed. For example, a budget for operating expenses and authority for purchasing small items was needed. Due to the time lag in receiving funds from Headquarters, the Regional Officer AF often used his own money for financing ITTO activities and then was reimbursed.

In comparing the then situation of the Regional Office with that of a Project; the Regional Officer had a limited duration of his assignment, a consultant status and an organizational structure that reflected this temporary situation. His opinion was that if the regional office were to become a permanent decentralized part of ITTO, the organizational structure would need to be analyzed and redefined and that the terms of reference for the position could be improved.

At that time (2005), and may be still at present, the Regional Officers' work was coordinated by the Executive Director who, with his other work, was not able to provide first line, day to day supervision and guidance to the regional officers. Consequently, instructions and requests were given by the Assistant Directors and project managers which may have caused problems of duplication and of diverging instructions being given to the Regional Officers from the different HQ officers.

It was concluded that while the regional function was considered valuable to the work of ITTO, the model was thought to be inadequate to properly administer the regional system. Changes could include giving the Regional Officers more authority; however this could not be justified for as consultants they could not properly represent the Organization to high level officials of government or international organizations. As consultants, the Regional Officers may not have had the experience of working with ITTO to be able to properly inform of the policies of the Organization. The structure at Headquarters also needed to be carefully considered to improve the planning, implementation and supervision of the work of the Regional Officers. In summary, the consultant concluded that:

- (i) On the whole, the current ITTO Regional Officer System was beginning to prove itself useful, after going through considerable investments in terms of time and funds. Initially, a number of problems had to be overcome, viz., finding a host country with adequate facilities, privileges and immunities, as well as selection of the Regional Officers. Moreover, the Regional Officers themselves had to become familiar with the ITTO Project operation procedures as well as the ITTO Headquarters had to adopt itself to work through the Regional Officers;
- (ii) However, due to the “temporary nature” of the system – a pilot scheme – the current arrangements with regard to the Regional Officer System was not entirely satisfactory;
- (iii) The following three options were suggested:

Option I: The Regional Officers System be significantly strengthened and transformed to a Regional System that could monitor and evaluate nearly all of ITTO projects and take on certain tasks that could be more efficiently and effectively handled at a regional level;

Option II: The Regional Officers System continued essentially as it was being operated but that it should undergo some changes that could strengthen its work; or

Option III: The Regional Officers System be discontinued and ITTO returns to its former way of handling the monitoring and evaluation of projects in Africa and in Latin America and the Caribbean.

### 3.2 Current activities of the Regional Officers

For the purpose of the present study, it was felt appropriate to shed some light on some of the recent activities of the Regional Officers in both LAC and AF extracted mainly from their respective Annual Reports and material received from ITTO HQ. The ITTO Secretariat has summarised the activities of the Regional Officers as: Project Monitoring, attending Project Technical Committee (PTC), Field Visits, Conferences/ Workshops, Project Steering Committees (official meetings attended by donors), Online Monitoring System Training (OMST), and other activities requested by HQ.

Examining a recent report to ITTC<sup>13</sup> by the ITTO Secretariat, the present consultant observed that all 23 projects listed are either "Pending Agreement", "Operational", or "Operational to be Completed". The ITTO projects operate in six LAC countries (Colombia, Mexico, Peru, Ecuador, Guatemala and Panama) plus the host country (Brazil). Out of a total Budget of \$ 9,918,485 (between 2003 and 2015); 15 projects are supposed to have been completed (budgeted at \$5,807,003); two are to be completed in 2015 (at a budget of \$660,277) and six to be completed in 2016 or beyond (at a budget of \$ 3,451,215). That leads to the conclusion that while the LAC Regional Officer might have played a significant role in developing Projects in the region, it is difficult to clarify his role in completing the projects; one of them dates back to 2003.

In his report on activities in 2013 the Regional Officer LAC<sup>14</sup> concluded that *"overall, the year was very fruitful for ITTO ROLAC, and the LAC team managed to achieve several of the goals for the year as given in the year's planning. With regards to ITTA - 2006, the team continued a strong dedicated work for its ratification by Brazil, making numerous visits to the office of senior government officials at Ministries of Foreign Affairs and the Environment as well as with particular (ITTO friendly) Parliamentarians. Eventually, the dedicated effort was compensated with the ITTA ratification by Brazil. Institutional representation activities including facilitating visits by HQ staff and others as well as participation in national and regional events. However, the main achievement in 2013 was getting the ITTA-2006 ratified by Colombia and Costa Rica in addition to Brazil. The Regional Officer was also involved in monitoring and backing up of 11 projects under quite difficult situations"*.

For example, by 2014 the LAC Regional Officer's major activities included the following: 1) Regional Workshop on Bioenergy, Manaus, Brazil 13-16 July 2009; United Nations Conference on Sustainable Development (Rio +20), Rio de Janeiro, 4 to 6 June 2012; 2) The ROLAC provided logistical support for the convening of a side-event and the opening of a booth to exhibit and disseminate ITTO outreach materials; and 3) Validation meeting of EPD study under ITTO BWP 2013-2014 in Brasilia, December 2014.

Turning to the Regional Officer in Africa, by 2011<sup>15</sup> it was reported that most activities had been related to the participation in project monitoring and review, as well as other supports provided to Executing Agencies with the aim of improving the implementation of ITTO projects. The Regional Officer's activities included mainly participation in Meetings and Workshops and attending to relationship with other Organizations and Institutions especially the Congo Basin Forest Partnership (CBFP) and the Central African Forest Commission (COMIFAC). The Officer further reported that *"sometimes participation at most meetings outside of ITTO Regional Head Quarter<sup>16</sup> was limited due to the financial difficulties"*.

The Regional Officer AF recommended that:

1. *"As regional offices<sup>17</sup>, project documents should be deposited at the office, even in electronic version for the best follow-up of projects;*
2. *The regional officers should participate more in the projects implementations, which meant that the presence in countries to monitor the projects should be frequent. Although this needs funds, a better organization is possible;*

---

<sup>13</sup> INTERNATIONAL TROPICAL TIMBER ORGANIZATION; ITTO ROLAC. Report by the Regional Officer for Latin America and the Caribbean; Sixth Yearly Report of Activities; 2012

<sup>14</sup> Regional Officer's 7th Annual Report 2013 (issued Feb 2014) LAC : ITTO ROLAC 7th ANNUAL REPORT OF ACTIVITIES 2013.

<sup>15</sup> Report on the Completion of Assignment, Pilot Programme PP-A/31-114 (ITTO Regional Officers), Célestine NTSAME-OKWO, ITTO Regional Officer; Africa. 2011.

<sup>16</sup> *"ITTO Regional Head Quarter"* is a misnomer often used by Regional officers (Present consultant)

<sup>17</sup> Again *"Regional Office"* is a misnomer frequently used by current Regional Officers.

3. *More participation of the regional Officer at conferences, workshops and other fora organized by ITTO in the region was needed;*
4. *The project mid-term evaluation needed time. However, it was very useful for the Executive Agencies that were facing technical and organizational problems. In this respect, it might have been necessary that the project mid-term evaluation could become as a general application for projects facing implementation problems; and*
5. *The status of regional offices should be defined either as “permanent” or “pilot”.*

The 2013 Annual Report by the Assistant Regional Officer, AF<sup>18</sup> summarized the activities to include mainly participation in the meetings of the project Steering Committee, contacts with governments on behalf of ITTO, and supporting meetings such as ITTC in country and region.

In the 2014 Annual Report<sup>19</sup> the new AF Regional Officer stated that all project monitoring activities were carried out in collaboration with the RFM and TI Divisions at HQ and that his first regional mission (Ghana, Ivory Coast and Cameroon) was a learning period. However, according to the Regional Officer AF, a serious concern was the fact that relations between the Regional Office for Africa and the member countries were not yet normal, dynamic nor direct. Different emails sent by the Regional Representative<sup>20</sup> to the Official Contact Points in the countries remained without result despite various reminders and recalls during project monitoring missions (PSC/PTC). This situation was certainly due to the current status of regional offices but also to others perceptions by member countries.

In principle, work related to assisting member countries in project identification/formulation was carried out at the request of member countries. The AF Regional Officer had not recorded requests from member countries, except from Gabon where the Officer supported identification and formulation of new technical proposals for projects.

In 2014, the Regional Officer Africa reported<sup>21</sup> that targeted support was provided to the Ministry of Forestry of Gabon, particularly in the evaluations of projects proposals process, the formulation of country opinions about their perception of regional representations, writing speech and preparing others pertinent technical material for the Gabon Deputy Minister for his participation at ITTC-50. However, the administrative monitoring of the engagement process by the Ministry of Forests regarding the amounts of arrears to the administrative budget of ITTO unfortunately remained so far without results.

At the institutional level, the Regional Officer AF recommended changing the status of the “regional offices” at ITTC 51 to ensure better positioning of ITTO in relation to other equivalent organizations or structures in the Africa region. He aspired for effective involvement of the Assistant Regional Officer AF in the execution of some technical activities, not just administrative tasks.

As for financial issues, the Regional Officer recommended the renewal of obsolete equipment because he worked with his own equipment (computer, printer, digital camera, etc.). He further stated that the internal phone did not work; there was no photocopier and the printer and computer did not function. Nevertheless, the Regional Officer AF advised that this could be rectified through a budget dedicated to the “Africa Regional Office” or through projects execution opportunities. Although he indicated that even under the present less than optimal conditions, the regional system should be continued.

In conclusion and based on a thorough analysis of recent annual reports submitted by the ITTO Regional Officers and related Secretariat reports to ITTC, it seems that the Regional Officers are fulfilling their mandates and Terms of Reference to the best of their abilities. Budgetary and staff limitations impose certain constraints on their performance, yet they still provide quite comprehensive reports to HQ. Project monitoring in the two regions is mostly administrative due to the technical capabilities of Regional Officers. Usually, ITTO hire consultants to do the project backstopping, monitoring and evaluation as needed.

In the views of the present consultant, these functions would be done with or without having Regional Officers. Nevertheless, the presence of Regional Officers in, or near, the country where they are posted to and where the consultants visit the projects in operation facilitates the review and evaluation processes to a

---

<sup>18</sup> Mme NKOULOU Née BELLA EWODO Philomène, Assistante du Représentant Régional de l’OIBT pour l’Afrique’ Période: 1er Janvier au 31 décembre 2013; Lieu: Libreville, Gabon, RAPPORT ANNUEL D’ACTIVITES (2013).

<sup>19</sup> Dr. Ing. Marcellin NZIENGUI, (ITTO Regional Officer and Mrs. Philomène NKOULOU (Assistant of ITTO Regional Officer); ADDRESS & CONTACTS OF AFRICA REGIONAL OFFICE STAFF (2014).

<sup>20</sup> “Regional Representative” is another misnomer used by current Regional Officers and sometimes by HQ staff.

<sup>21</sup> ANNUAL REPORT 2014, Written and submitted by Dr. Ing. Marcellin NZIENGUI, (ITTO Regional Officer) and Mrs. Philomène NKOULOU (Assistant of ITTO Regional Officer).

large extent. The Regional Officers' annual reports state serious complaints about meager budget allocations and administrative delays from HQ. In addition, they face some procedural challenges from the governments in the region.

### **3.3 The effect of the regional officers system on the workload of the headquarters staff**

In order to shed some light on the workload of the Regional Officers as compared to HQ staff, it was thought that the most convenient indicator would be the number of field projects administered by ITTO HQ and by the two Regional Officers. It should be made clear at the onset of this analysis that there is no clear cut division of labor between HQ and the regions. A set of 24 tables of "*Planned Steering Committee meetings and other Project Monitoring Activities (RFM)*" were obtained from the ITTO Secretariat for the period January-June 2003 to July – December 2014. The data is summarized in Table (1) and illustrated in Figures 1, 2 and 3.

At a glance, the number total number of projects fluctuated between 17 and 37 in the period between 2003 and first part of 2008, then a sudden appreciable increase started in the second half of 2008 to reach a peak of 62 projects at the first half of 2009. The total number of projects fluctuated then after between 37 and 58, but remained higher the period 2003-2008.

The number of projects handled by HQ staff followed nearly the same trend mentioned above for the total number of projects, while the number of projects handled by both the Regional Officers LAC and AF did not fluctuate much over the period 2003 to 2014. On the average, the HQ staff handled 30 projects over the study period (2003-2014), while each of the Regional Officers handled about 5 projects each half year, (Figures 1 and 2). On a percentage basis (Figure 3), the HQ staff handled 74 % of the total number projects semi-annually on the average, while each of the Regional Officers LAC and AF handled about 13%.

At the risk of assuming the responsibilities of managing field projects are similar across ITTO field activities, and in order to roughly illustrate the division of labor between HQ staff and Regional Officers, it looks that in 2014 each technical officers at HQ handled an average of 3.4 projects, while the Regional Officers LAC handled 2.5 projects and Regional Officer AF handled 3.5 projects.

In terms of actual numbers of ITTO professional staff, in 2005 there were 18 Professional and Higher Categories professional staff at the ITTO headquarters in Yokohama which meant that out posting one officer to each of the two regions did not significantly decrease the capacity of headquarters staff (2 out of 15 professional staff or 13.3% excluding the high level staff *i.e.* the ED and the three Directors). By 2014 however, ITTO had a total of 13 professionals and high category staff including the two Regional Officers in LAC and AF. When the three high category staff are excluded, the "out-posted" Regional Officers represent 20 % of the total professional staff. In other words, currently the two Regional Officers represent one-fifth of the total ITTO professional staff below the senior management and attend to about one-fourth of the filed work. Therefore and relatively speaking, the Regional Officers carry out a fair share of responsibilities for project management.

The results of this analysis should be taken as indicative rather than absolute numbers however, as there is always an overlap between the HQ and Regional Officers in terms of managing field projects. Nevertheless, it seems that the division of labor between HQ and Regional officers is skewed towards more responsibilities accorded to HQ staff.

Table (1) Summary Project semi-annual activities (a: Jan-June, b: July-Dec) handled by HQ staff, Regional Officer LAC (ROLAC) and Regional Officer AF (ROAF) between 2003 and 2014<sup>22</sup>.

Year	Total	ROLAC	ROAF	HQ
2003a	37	6	0	31
2003b	34	4	9	21
2004a	27	8	7	12
2004b	28	7	4	17
2005a	34	3	8	23
2005b	31	0	6	25
2006a	30	1	4	25
2006b	31	6	5	20
2007a	29	0	7	22
2007b	31	0	8	23
2008a	17	10	0	7
2008b	38	9	4	25
2009a	62	4	3	55
2009b	57	10	6	41
2010a	38	4	2	32
2010b	54	7	9	38
2011a	58	6	6	46
2011b	54	4	8	42
2012a	53	8	8	37
2012b	53	7	10	36
2013a	50	9	9	32
2013b	56	11	0	45
2014a	37	2	3	32
2014b	42	3	4	35
<i>Mean</i>	<i>40.8</i>	<i>5.4</i>	<i>5.4</i>	<i>30.1</i>

**Activities**

- Monitoring, PTC
- Conference, Project Steering Committee (official meetings attended by donors)
- PTC = Project Technical Committee
- Field Visit
- Conference / Workshop
- OMST = Online Monitoring System Training
- To be decided

<sup>22</sup> Source: PLANNED STEERING COMMITTEE MEETINGS AND OTHER PROJECT MONITORING ACTIVITIES. ITTO Secretariat

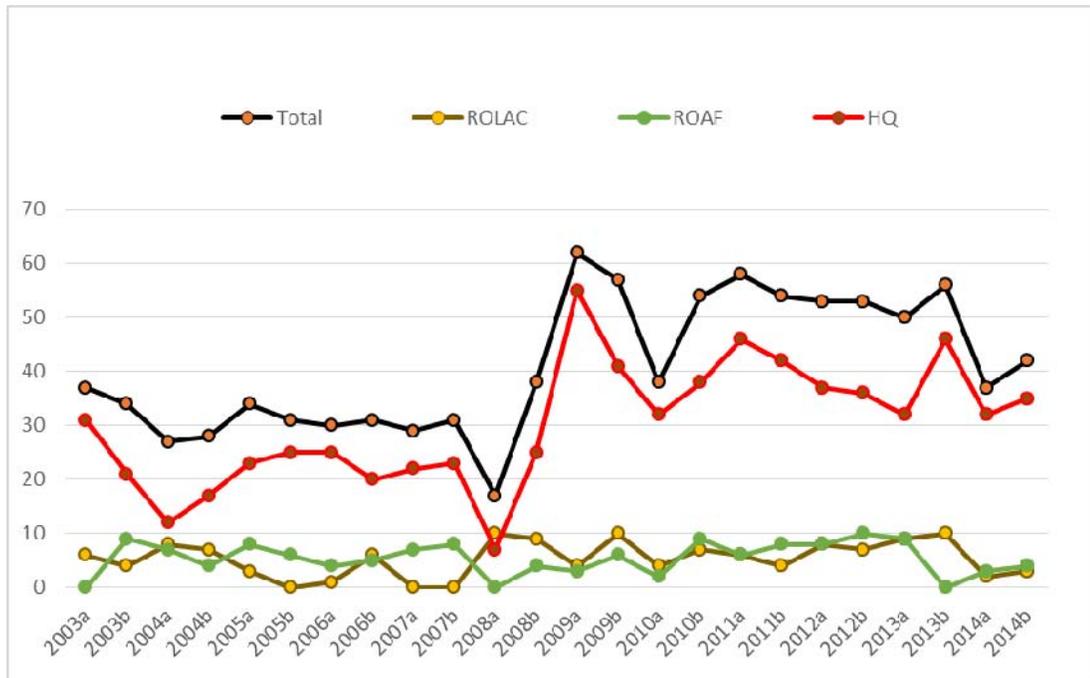


Figure 1 Development in total number of ITTO projects; projects handled by HQ staff, LAC Regional Officer, and AF Regional Officer between 2003 and 2014, (a: Jan.-June; b: July-Dec.); based on Table 1 data.

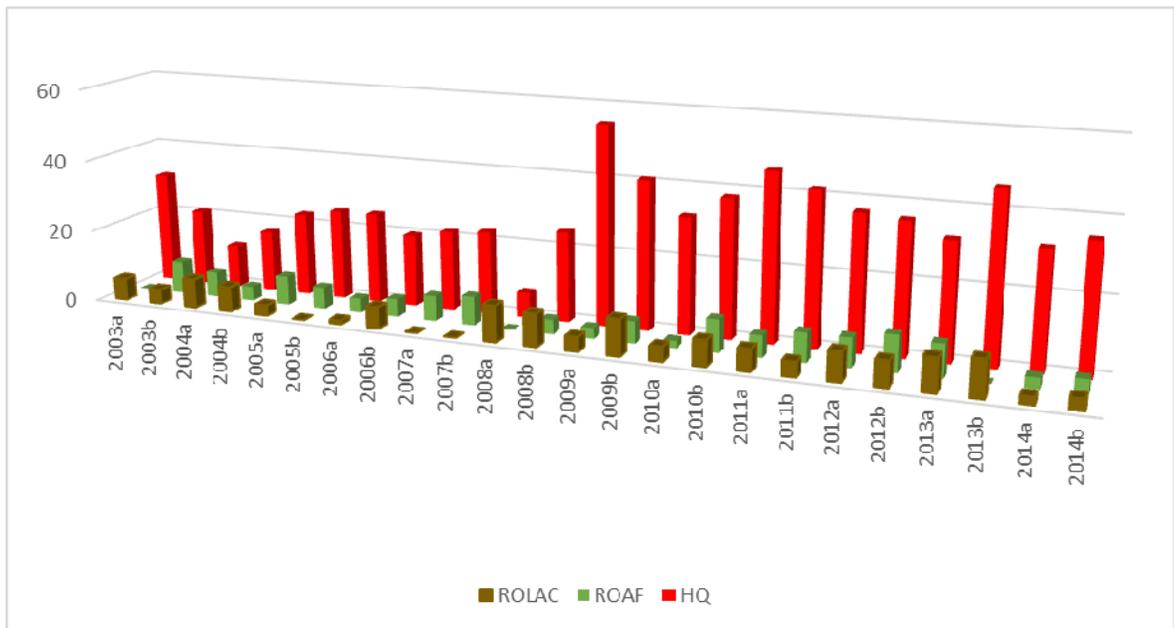


Figure 2 Number of projects handled by HQ staff, Regional Officer LAC and Regional officer AF between 2003 and 2014. Source: PLANNED STEERING COMMITTEE MEETINGS AND OTHER PROJECT MONITORING ACTIVITIES, Table 1 data; ITTO Secretariat.

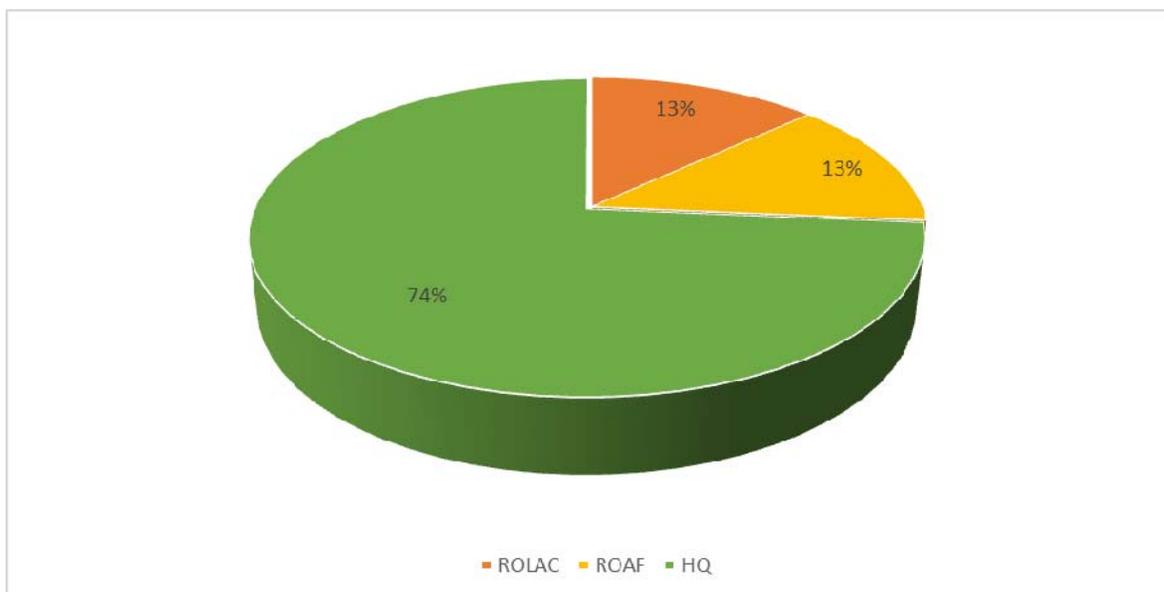


Figure 3 Percentage averages of projects handled by HQ staff, Regional Officer LAC and Regional Officer AF, out of total number of ITTO projects over the period 2003 to 2014; Table 1 data.

#### 4. Cost/benefit analysis of Regional Officers system

Traditionally, Cost-Benefit Analysis (CBA)<sup>23</sup> estimates and totals up the equivalent money value of the benefits and costs of projects to establish whether they are worthwhile. By the 1950's, economists tried to provide a rigorous, consistent set of methods for measuring benefits and costs and deciding whether a project is worthwhile. Some technical issues of CBA have not been wholly resolved yet but its fundamentals are well established. One of the problems of CBA is that the computation of many components of benefits and costs is intuitively obvious but that there are others for which intuition fails to suggest methods of measurement.

As far as the present task is concerned, *i.e.* the cost/benefit analysis of ITTO Regional Officers System (ROS) and in order to reach a conclusion as to the desirability of maintaining the current ROS or establishing full-fledged Regional Offices, all aspects, positive and negative, were to be expressed in terms of a common unit; the most conveniently common unit is money. This meant that all benefits and costs of the ROS should have been measured in terms of their equivalent money value, which was a challenge due to the nature of the present exercise. While some costs of the ROS may be calculated in monetary terms, most benefits are not directly expressed in terms of dollars. Furthermore, the benefits and costs of ROS have to be calculated at a particular time. Nevertheless, it is reasonable to expect that the costs- and perhaps the benefits- of ROS or Regional Offices would change in the future.

The valuation of benefits and costs of the any system should reflect preferences revealed by choices which have been and has to be made. For example, having a Regional Officer stationed in a Region saves money on travel and frequently involves saving time. The question is nevertheless, besides the actual cost of travel, how to measure the money value of that time saved? The most challenging part of CBA for ROS is therefore justifying past choices and anticipating future choices in monetary terms which reveal the trade-offs and equivalencies in preferences.

<sup>23</sup> Source: San Jose' State University; Department of Economics, <http://www.sjsu.edu/faculty/watkins/cba.htm> retrieved May 2014.

CBA is also affected by the study area, *i.e.* the Region where the Regional Officers are presently stationed (LAC vs AF) and where the Regional Offices would be located as well. The nature of the study area is usually specified by the agency sponsoring the analysis and the financial situation of the Organization (in this case ITTC and ITTO respectively). Many effects of a choice may "net out" over in one Region but not over another. Therefore, and while the specifications of the Region may be relative, they may significantly affect the conclusions of the analysis.

The potential benefits of ITTO's presence in certain Regions were spelled out when the original idea was conceived back in 2001. The non-monetary justification provided by the Secretariat was that ITTOs' presence in remote regions like Africa and Latin America was becoming more and more essential. Monetarily however, having a regional representation could save money in terms of travel costs and valuable staff time. As it stands today, there is a general consensus shared by the ITTO Secretariat, Regional Officers and some ITTO member countries (see next Section) that ITTO presence in LAC and AF is beneficial to the work of the Organization although difficult to quantify in direct monetary terms. The Regional Officers perform and report on many activities in the member countries situated in their respective regions as summarized in the previous section. They also support corresponding Divisions at HQ, however difficult to put a "dollar" value on it.

The present analysis revealed that there are certain benefits to be reaped from ITTO regional presence especially in LAC and AF. Nevertheless, as will be seen in details in the next Section, the current Regional Officers face many challenges that have reduced the benefits and effectiveness of ITTO regional presence.

Turning to the near actual costs of ITTO's Regional Officer System (, it was possible to estimate the costs of savings from travel as a most direct cost due to the stationing of Regional Officers in LAC and Africa. A recent example (2014) is given in Table (4).

It appears that one Duty Travel by a Regional Officer to countries in his/her region could save little over \$5,000 and 4 days of travel compared to same travel undertaken by an HQ Officer. Depending on the total number of Duty Travels undertaken annually by ITTO staff, which in turn depends largely on the number of ITTO field projects, that saving could be substantial. Furthermore, the relative efficacy saving on travel naturally depends on the total ITTO annual budget. It should be understood however that measuring the "benefits" of having Regional Officers stationed in the regions in terms of only savings on travel is not realistic or even fair. There are other benefits indeed but difficult to evaluate only in money terms.

Table (4) Comparative table for the project monitoring mission to Togo, Cote d'Ivoire and Cameroon, in March 2014

<b>Trip duration to Accra, Ghana</b>	04 hours and 45 minutes	28 hours and 30 minutes
<b>Trip duration back home</b>	12 hours and 05 minutes	37 hours and 55 minutes
<b>Total trip duration</b>	<b>16 hours and 50 minutes</b>	<b>66 hours and 25 minutes</b>
<b>DSA</b>	\$4,956.00	\$4,956.00
<b>Air tickets</b>	\$1,874.00	\$7,197.00
<b>Terminal expenses</b>	\$ 304.00	\$ 405.00
<b>TOTAL (DSA, air tickets &amp; Terminal expenses)</b>	<b>\$7,134.00</b>	<b>\$12,558.00</b>

Source: Division of Operations, ITTO.

The Expenditures and Sources of Funds for the two Regional Officers between 2002 and 2014 are given in Table 5a and b respectively<sup>24</sup>. It looks that over the last 12 years the actual expenditures of the Regional Officer AF ranged from \$81,000 to \$158,000; that of Regional Officer LAC ranged from \$52,000 to 203,000; and the total expenditures of the two Officers ranged from \$164,000 to \$348,000 annually. On the average, the annual expenditure over the past 12 years were \$119,000 for the Regional Officer AF and \$165,000 for the Regional Officer LAC with an average total annual expenditure of \$285,000 approximately for the two Regional Officers combined. The differences are believed to be mainly related to the variation in the salaries and other benefits of the Regional Officers which is affected by the cost of living in the host country.

While the costs of the Regional Officers have so far been sourced from Programme Support (Regional Officer), Programme Support (General), Un-earmarked, and Administrative A/C (Table 5b), the significance of such costs is proportional to the annual total ITTO budget. In other words, as the ITTO budget decreases, the proportional costs of maintaining the Regional Officers System become a more significant expenditure.

This data is illustrated in Figure 4 which shows the annual fluctuation of Regional Officers Expenditures and Total sources of funds. Aside from 2002 and 2005 and until 2010, the total expenditures were higher than the total sources of funds (*i.e.* annual deficit that had to be covered from other budget lines items). Only after 2011 that the total sources of funds for the Regional Officers were equal, or slightly exceeded their expenditures.

It should be recalled however that the CFA decided at its Twentieth Session convened in November 2006, to recommend to the Council that the posts of the two Regional Officers be continued and financed from the Programme Support component in the Special Account, while maintaining the charges of the 2% to be deducted in all budgets of projects, pre-projects and activities. It seems that the Expenditures have not exceeded the limits set by the ITTC considerably.

The potential costs (and benefits) of establishing Regional Offices will be discussed further in the next section.

---

<sup>24</sup> ITTO Regional Officers' reports (PP-A/31-114); Summary of Expenses and funds by year (in USD), Period: 2002 – 2014.

Table 5 a and b, Expenses and Sources of Funds between 2002 and 2014<sup>25</sup>

Expenses			
Year	Africa	Latin America	Total
2002	-	-	-
2003	84,164.76	166,130.18	250,294.94
2004	113,628.76	131,051.60	244,680.36
2005	111,874.51	52,068.96	163,943.47
2006	129,244.11	134,041.26	263,285.37
2007	128,151.84	137,020.25	265,172.09
2008	158,317.29	183,290.16	341,607.45
2009	129,821.27	182,673.72	312,494.99
2010	139,438.79	196,461.02	335,899.81
2011	148,453.05	199,195.70	347,648.75
2012	127,869.44	203,076.45	330,945.89
2013	81,428.32	202,173.87	283,602.19
2014	115,082.04	189,512.69	304,594.73
<b>Total:</b>	<b>1,467,474.18</b>	<b>1,976,695.86</b>	<b>3,444,170.04</b>

Year	Programme Support (Regional Officer)	Programme Support (General)	Unearmarked	Administrative A/C	Total
2002			145,510.66	214,849.34	360,360.00
2003			90,090.00		90,090.00
2004	172,726.28				172,726.28
2005	334,213.30		106,194.00		440,407.30
2006	196,176.05				196,176.05
2007	247,704.10				247,704.10
2008	214,235.00				214,235.00
2009	153,212.74				153,212.74
2010	266,107.90	23,192.70			289,300.60
2011	251,736.18	94,966.16			346,702.34
2012	242,518.32	81,701.12			324,219.44
2013	173,916.73	117,941.51			291,858.24
2014	206,763.92	111,348.24			318,112.16
<b>Total:</b>	<b>2,459,310.52</b>	<b>429,149.73</b>	<b>341,794.66</b>	<b>214,849.34</b>	<b>3,445,104.25</b>

Notes:

- 1) In year 2005, the Regional Officer in Latin America and the Caribbean resigned at the end of May. His duties were temporarily replaced by the local assistant for the rest of the year.
- 2) In year 2013, the Regional Officer in Africa passed away in May. Her duties were temporarily replaced by local assistant for the rest of the year.

<sup>25</sup> Source: ITTO Secretariat. ITTO Regional Officers (PP-A/31-114), Summary of expenses and funds by year (in USD). Period: 2002 – 2014.

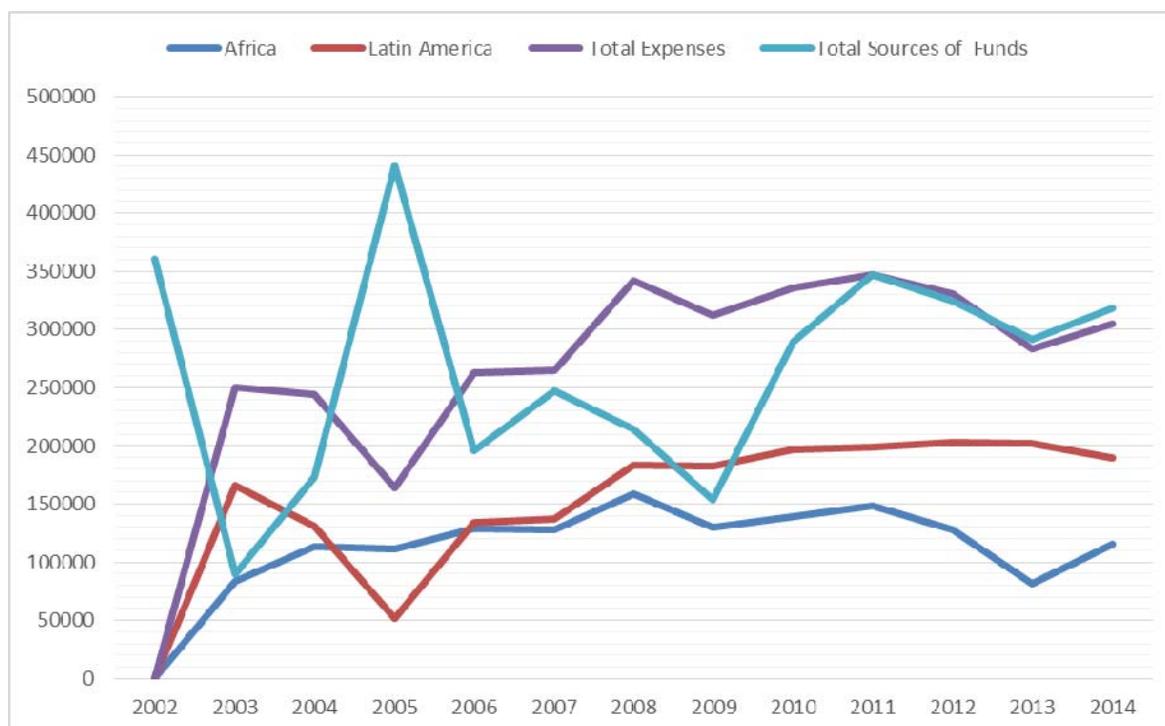


Figure (4) Expenses of the Regional officer AF, Expenses of Regional Officer LAC, Total Expenses and Total Sources of Funds between 2002 and 2014; Tables 5a and b data; Source: ITTO Secretariat.

## 5. ITTO financial situation and possible mobilization of additional resources

### 5.1 Current Financial situation

As a background for addressing this item of the present TOR, this section is based essentially on the Report of the Working Group on the Mobilization of New Funding and Partnerships for ITTO and Its Objectives<sup>26</sup> but with some additional recent information.

Generally, and for the purpose of its operation, ITTO has three major Accounts. The first is the Administrative Account which caters for paying the costs related to personnel and some of its basic functions. Payment of contributions to the Administrative Account is compulsory for members and is regulated by criteria and procedures stipulated in the Agreement.

The second is the Special Account to which voluntary contributions from members, in particular consumer members, and other donors, are made with a view to supporting the Organization in implementing field projects and other activities not covered by the Administrative Account. Several financing windows have been established through decisions of the Council for the operation of the Special Account including:

- A. Projects and pre-projects under the ITTO project cycle
- B. Projects and pre-projects under the ITTO Thematic Programmes (TPs)
- C. Activities under the ITTO Biennial Work Programme (BWP)
- D. Special Programmes, such as CITES and the ITTO/CBD Programme.
- E. Ad hoc decisions by Council with budget provisions.

According to the ITTA, 2006, funds in the Special Account can be provided by:

<sup>26</sup> TWENTY-EIGHTH SESSION, 25-30 November 2013, Libreville, Gabon  
Report of the Working Group on the Mobilization of New Funding and Partnerships for ITTO and Its Objectives.

- A. The Common Fund for Commodities
- B. Regional and international financial institutions
- C. Voluntary contributions from members; and
- D. Other sources

The third is the Bali Partnership Fund (BPF), which was established under the ITTA, 1994 and maintained under the ITTA, 2006. The BPF Account operates like the Special Account, but with stricter criteria for the selection of projects, pre-projects and activities. The BPF is intended to assist members to make investments necessary to achieve the objective of Article 1(d) of the Agreement “*Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources*”.

Tracking the evolution of the voluntary contributions received into the Special Account over the last 15 years, revealed that there has been a significant short-term variation which indicates that the resources are partly unpredictable, making planning of many operations difficult. On the other hand, some donors have frontloaded their contributions to strategic multi-annual programmatic activities significantly facilitating their implementation.

The consultant to the *ad hoc* group<sup>27</sup> concluded that there had been a long-term declining trend in voluntary contributions to ITTO bottoming out at US\$3.4 in 2004. Between 2008 and 2013, the average funding volume had been around US\$10 million per year ranging from US\$7.2 to 14.4 million. The main financing instrument was the Special Account as the Bali Partnership Fund had been virtually depleted. Voluntary contributions have mainly come from member countries, with only less than 2 per cent from other sources. Some recent indicative figures have been extracted from the Statements of Revenues and Expenditures in 2014 (Audit Report 2013)<sup>28</sup>. As far as the Revenues are concerned (Table 6a), only the contribution from member countries increased from nearly 6.4 Million \$ in 2012 to 7.9 Million \$ in 2013, while all other revenues decreased. The final Balance showed an increased deficit from 3.2 million \$ in 2012 to 7.3 Million \$ in 2013. The Balance Sheets, Table (6b) showed substantial amounts of Arrears while the Allocations/pledges by donors to the Special Account and the Bali Partnership Fund were quite variable, Table (6c).

In conclusion, the results of the present study are in line with previous reports that the current ITTO financial situation is not conducive to spending extra amounts of funds on establishing Regional Offices at least in the foreseeable future. Of course, if the potential host countries and/or other member countries commit to cover the costs of the Regional Offices, the proposal would merit serious consideration by ITTC.

Table (6a) Indicative figures extracted from Statements of Revenues and Expenditures.

<b>Contributions from member countries</b>	7.9	6.4
<b>Voluntary contributions</b>	9.3	11.1
<b>Others</b>	0.5	1.2
<b>Total Revenue</b>	17.7	18.7
<b>Expenditures Total</b>	25.0	21.7
<b>Excess of revenues over expenditures</b>	(7.3)	(3.2)

Table (6b) Balance Sheets (Arrears between 2012 and 2013).

<b>Arrears in voluntary contributions</b>	5.6	6.0
<b>Arrears in assessed contributions</b>	(6.4)	(5.4)
<b>Statement of Cash Flows</b>		
<b>Arrears account</b>	(1.0)	
<b>Arrears in contribution</b>	0.8	

<sup>27</sup> (XXVIII)/8 Page 14, CFA ANNEX 5 , Final Background Document

MOBILIZING NEW FUNDING AND PARTNERSHIPS FOR ITTO AND ITS OBJECTIVES, Background report, Final draft prepared by CFA (XXVIII)/8 Page 8, and ANNEX 3, Consultant Report, 15 September 2013.

<sup>28</sup> TWENTY-NINTH SESSION, 3 - 8 November 2014, Yokohama, Japan.

COMMITTEE ON FINANCE AND ADMINISTRATION REPORT OF THE INDEPENDENT PUBLIC ACCOUNTANTS. 2.a Audit Report 2013.

Table (6c) Financial highlights, Allocations/pledges by donors to the Special Account and the Bali Partnership Fund.

Project sub-account (Pre-projects and activities)- Sub-total	2.7	3.5	3.2
Project sub-account (Projects)	5.7	4.3	9.8
Thematic programmes sub-account	2.2	1.2	0.2
<b>Grand Total</b>	<b>10.7</b>	<b>9.1</b>	<b>13.2</b>

## 5.2 Fund mobilization

Upon the ratification of the ITTA, 2006, the organization entered a new era and it was decided to seize the opportunity to develop and implement an innovative and proactive fundraising strategy. That has required the Executive Director, the Secretariat and ITTO's members to think creatively and learn from the successful strategies of other intergovernmental organizations and NGOs, among others.

Accordingly, Activity 54 "Mobilize New Funding and Partnerships for ITTO and Its Objectives" contained in the Biennial Work Plan 2013-2014 (BWP) of ITTO requested the Executive Director to prepare a funds mobilization and partnership strategy/action plan for the Organization. The Activity also called for establishment of an informal *ad hoc* working group to advise the Executive Director in developing and launching the strategy<sup>29</sup>

An *ad hoc* working group of ITTO members and the Secretariat developed a draft strategy for consideration at the 49th Council Session in Libreville in November 2013. The fund mobilization and partnership strategy was based on recommendations from the report of the consultant that was developed under Activity 54. The proposed strategy is aimed at achieving adequate, predictable and sustainable voluntary contributions that support the achievement of ITTO's objectives as enshrined in the ITTA, 2006 and the effective implementation of the ITTO SAP 2013-2018.

The medium-term target for fundraising of ITTO's resource mobilization are outlined in the ITTO SAP 2013-2018. The implementation of the Plan would require an investment of US\$200 million, divided into the six core priorities of the Plan. In order to meet the objectives of the Plan, an investment of about US\$33 million/year would be needed during the implementation period. This is a tremendous challenge, as the total voluntary contributions to ITTO currently average at less than US\$10 million a year. At least in the short run, the proposed annual funding levels appear to be unrealistically high<sup>30</sup>.

The following priorities have been suggested for various funding sources (cf. Annex VIII)<sup>31</sup>:

- 1) High priority/short-term (1-2 years): Existing active and potentially active members, GEF and selected strategic partnerships among international and regional organizations and foundations.
- 2) Medium priority/medium-term (2-3 years): Selected other strategic partnerships, potential new members, and multilateral financing institutions.
- 3) Low priority/long-term (3-4 years): Other members, selected partnerships with potential for joint fundraising, South-South cooperation, income generation, the private sector, and other sources.

The consultant reiterated however, that fundraising is always opportunistic and responsive. The prioritization is therefore only indicative to be revised during systematic implementation of the resource mobilization strategy. Partnerships and enhanced cooperation with other organizations have proved, in some cases, to be a vital source of funding for ITTO's activities. Some strategic initiatives have attracted new donors and generated new opportunities for funding from traditional donors as well.

## 5.3 Facilitating future financing

The *ad hoc* Working Group<sup>32</sup> recognized that ITTO's present procedures related to financing under the Project Cycle and Thematic Programmes represent a constraint for some donors and more flexibility is needed. Another issue to be addressed in improved modalities is the long time lag from the project proposal to its funding which has sometimes lead to loss of potential identified support.

Addressing an "Approach to the Funding and Partnerships Strategy/Action Plan", the *ad hoc* Group concluded that at least in the medium-term the bulk of funding for ITTO's project work and activities will have to come from voluntary contributions from existing and potential new members of the Organization even

<sup>29</sup> *Ibid.*, 27

<sup>30</sup> *Ibid.*, 28

<sup>31</sup> *Ibid.*, 27

<sup>32</sup> *Ibid.*, 28

though all efforts towards diversification would be made. The Working Group noted also that it is particularly challenging to develop one single key message for fund mobilization and a broader approach would be needed to address the priorities of diverse potential funding sources. The focus should, however, be on promotion of SFM. Nevertheless, the Working Group has identified some “Present and Potential Funding Sources and Partners” including traditional donors, potential emerging donors among member countries, non-member consumer countries, international and regional financing institutions, and partnerships with the private sector.

On reviewing the *ad hoc* Group Report on fund raising mentioned above, the present consultant has noticed no mention of funds to be raised or allocated for establishing Regional Offices.

## **6. The added value and potential implications of establishing Regional Offices compared to the current situation**

The idea of out-posting Regional Officers or establishing Regional Offices has its roots in the Decentralization policies which are being pursued by many national and international organizations. In general, the decision to pursue a policy of decentralization is based on three objectives: a) to bring the Organization's technical and operational expertise much closer to those countries and regions where the need is greatest; b) to reduce costs; and c) to support and make the best use of national capacities<sup>33</sup>.

Decentralization prompts an Organization to find a new balance between competing requirements. The objective of moving technical expertise closer to where it is needed has to be balanced against the need to maintain a critical mass of expertise at headquarters so as to uphold ITTO role as a centre of excellence. This means delegating certain level of authority to officers at decentralized locations while retaining adequate control and stewardship of resources and transparent reporting lines to senior management and to the Organization's governing bodies. It may also entail appointing new staff (or long-term consultants) and retraining them, while keeping reorganization costs to a minimum. The new procedures are supposed to be designed to ensure the availability of highly qualified expertise as well as facilitating strong and viable contacts with HQ.

Currently, ITTO has two Consultants designated as Regional Officers in Brazil and Gabon. The duty and functions of the Regional Officers as well their activities and annual reports have been detailed in the previous chapters. It appears that the cost effectiveness of maintaining the two Offices has become a matter of concern to the ITTC. Meanwhile, although the evaluations of the Regional Officers by both HQ and governments of host countries are quite favourable, there is room for improvement especially in terms of their technical support to countries in the respective regions.

Several reasons are often cited for underperformance of the current Regional Officers' system including:

- a) As the Regional Officers are administratively appointed as “Consultants” to ITTO, their authorities are quite limited and don't match regular ITTO professional staff at the same grads. Therefore, they cannot act as representatives of ITTO officially while interacting with high-level government officials nor with other international organizations,
- b) Host countries can't extend diplomatic immunities and associated privileges to current ITTO consultants (cum Regional Officers) in the absence of officially signed and ratified “Host Country Agreements”,
- c) The current Regional Officers perform their duties as a “One Man Shaw”, *i.e.* they lack a critical mass of professional staff needed for appropriate execution of the duties stipulated in their Terms of Reference, and
- d) There is, understandably, uncertainty in the minds of the current Regional Officers regarding the temporary status of their appointments although at least one of them has been in his post for several years.

### **6.1 Potential creation of Regional Offices**

As a result of the challenges facing the Regional Officers System almost since its initiation, and despite efforts to improve the system over the past years, there is some thinking in the ITTC and ITTO circles that the best approach to remedy the current situation is to substitute the current Regional Officers System with a Regional Offices system. That means establishing full-fledged ITTO Regional Offices in LAC and AF.

---

<sup>33</sup> <http://www.fao.org/docrep/x4104e/x4104e09.htm> retrieved May 2015.

Apparently the current host countries of the Regional Officers (Brazil and Gabon) have been in favour of changing the current system since the first evaluation of the Regional Officers System of 2005. Already Gabon expressed its interest officially<sup>34</sup> and Brazil expressed interest as well<sup>35</sup>. Both countries offered to work with ITTO to draft and process Host Country Agreements, should ITTC approves.

The offers to host ITTO Regional Offices usually come with intentions to provide a necessary space, furnishing and other amenities. However, to the best knowledge of the present consultant, no offer has been made by a potential host country to bear the full professional staff costs.

## **6.2 Advantages of establishing ITTO Regional Offices over the current system**

Establishing Regional Offices would enhance ITTO's presence and activities in both regions provided that a number of functions of direct relevance to the respective regions are transferred to Regional Offices, including policy assistance, field programme development and most technical support services for ongoing projects. Examples from other international organizations have proven that it is more effective to undertake these activities from within the region than from headquarters, as the competent officers in Regional Offices can react to requests from the various parts of their region more quickly and more cost-effectively. The Regional Offices can also take on full responsibility for occasionally organizing ITTC and other meetings, conferences and workshops. Furthermore, the relative cost of support staff is generally much lower at Regional Office locations than at headquarters.

## **6.3 Requirements for establishing ITTO Regional Offices**

In case that Host Country Agreements to establish Regional Offices are negotiated, concluded and ratified by the host countries and ITTC, a number of professional officers should be transferred, or newly appointed, to the respective Regional Offices as soon as possible. For a Regional Office to function properly, it must have a critical mass of professional staff as well as the necessary cadre of administrative and other supporting staff.

Considering the present situation, if an ITTO Regional Offices System (Decentralization) is to be adopted, in the views of the present consultant, it should have a Regional Representative and at least two professional Regional Officers representing the two technical divisions at HQ to start with. This number may grow should the need arises and funds become available. An Administrative and financial Officer would also be needed and 3 to 4 supporting staff will have to be appointed (perhaps locally).

To allow the Regional Offices to undertake their new functions appropriately, the technical and policy Regional Officers' posts will have to be transferred to these offices from HQ or new staff to be appointed specifically for the Regional Offices. Professional staff in Regional Offices will have to be organized so as to correspond to each of the technical departments at headquarters and, if needed, to collaborate in Policy Assistance to countries in the Region. To ensure that activities at the regional level are fully integrated within the ITTO's corporate programme and are of the required quality, professional officers in the Regional Offices should be selected by their respective "parent" division at headquarters. The parent division should also approve their annual programme of work and ensures the technical quality of their output. Necessary budgets will have to be transferred to the Regional Offices to be administered by the ITTO Regional Representative as the "Budget holder".

The Head of each Regional Office, *i.e.* the Regional Representative, will be responsible for the management of his/her office, providing managerial and administrative leadership as well as ensuring inter-disciplinarily approaches in the preparation and implementation of programmes of work. To this end, the Regional Representative should be delegated a substantial degree of authority from HQ. Besides managing the Regional Office, the Regional Representatives may also perform some technical duties as well.

The Regional Offices should be provided with the following essential tools and means:

---

<sup>34</sup> Gabon Ministry of Forests, Environment and the Protection of Natural Resources, Libreville on 30/06/2014, no / MFEPRNICAB. Memorandum decision7 (xlix), Consideration of Regional ITTO Presence and Representation (Reviews and opinions on ITTO regional presence): Case of the Office of the ITTO Regional Representative for Africa based in Libreville, Gabon.

<sup>35</sup> Twenty-ninth session, 3-8 November 2014 Yokohama, Japan. Report to the International Tropical Timber Council, Twenty-ninth session of the Committee on Finance and Administration.

1. Electronic communication and information systems facilities, allowing Regional Officers to share information with each other through a local area network, and with headquarters through a wide area network.
2. Support staff, through a recruitment and training effort.
3. Clear instructions and guidelines, through the review of the ITTO administrative and financial procedures.
4. Sufficient office space, with support from the host country. New premises are required beyond what's available to the current Regional Officers. These will have to be provided by the Host Governments.

A special selection procedures will have to be adopted in the recruitment of ITTO Regional Representatives (ITTORRs), with priority to be given to candidates with advanced academic training and adequate professional experience in Forestry, Trade in Forest Products and related fields. This will enable the ITTO to provide high-level policy advice and other services directly to national governments.

A National Correspondents scheme may need to be established to reside in the countries where the ITTO operates. National Correspondents are senior civil servants who devote a certain percentage of their time to assisting ITTO with a number of liaison functions. They are jointly designated by the Member Government and ITTO and are allocated a limited budget to cover some operational costs. Usually, they also receive a modest salary supplement.

#### **6.4 Pros and cons of Regional Offices vs Regional Representatives**

The approach to analysing the feasibility of establishing ITTO Regional Offices would be normally through a “*With versus Without*” comparison, in which case the main impact of the Regional Offices would be the difference between what the situation in the regions would be with and without Regional Offices as well as other budgetary and human resources implications to the Organization. It should be kept in mind however that the with-and-without comparison is not the same as a before (Regional Officers)-and-after-(Regional Offices) comparison. Thus the impact of establishing Regional Offices on ITTO work might be minimal at present mainly due to financial reasons and absence of critical mass, but may change in the future.

The discussions of pros and cons of the current of Regional Officers System and establishing new full-fledged Regional Offices could be addressed from different, yet complimentary angles. Potential implications which related to services to member countries, human resources, financial resources, administrative procedures, and legal matters among other factors are to be considered.

##### **6.4.1 Services to member countries**

The original justifications for establishing the Regional Officer System in terms of better serving member countries and facilitating ITTO work are still valid today. However, so far the Regional Officers System (*i.e.* Long-term Consultants) remains more or less as a “one-man-show”. Therefore, it is understandable that their services to countries and to ITTO did not meet the original expectations. Obviously, one professional staff cannot, nor is expected to perform all such activities.

No doubt that having a strong regional ITTO presence in LAC and AF, *i.e.* a critical mass of professional staff would serve both the organization and countries in both regions, compared to the present Regional Officer System. That could only be achieved if full-fledged Regional Offices are to be established. It would be unrealistic however to establish a Regional Office with one Consultant acting as a Regional Officer as it would not be different from the present situation. In other words, changing the name from Regional Officer to Regional Office just to grant diplomatic immunities and privileges to the Regional Officers (which are normally accorded to officially appointed Regional Representatives), without fully staffing the Regional Office, would not improve services to member countries in terms of project development and monitoring as well as policy advice among other services.

In case there is an agreement to establish Regional Offices, there will be also a need to for improved planning, division of labor and coordination between headquarters and regional offices. A significant number of the activities that are being carried out by HQ staff will have to be devolved to the Regional Offices in order to justify their establishment. The number of projects in each region would be the main determinant of the work load to be divided between HQ and regional staff.

#### 6.4.2 Human resources

As detailed above, having a critical mass of professional staff out-posted, or newly appointed, to Regional Offices is crucial for a functional Regional Office. The minimum number of professional staff to be stationed in each Regional Office would be three (one Regional Representative and two Professional Officers).

There are two options to increase the number of staff at Regional Offices from the current one Regional Officer to three professionals in each of the two current host countries. The first is to recruit six new professional staff (perhaps including the current two Regional Officers), which is administratively feasible but the budgetary implications are quite substantial. The second option is to relocate two professional officers from ITTO HQ to each of the two regions.

Currently ITTO has a total of ten professional staff (excluding the ED and 3 Directors); of whom two are already in the regions and eight professionals at HQ. If the Organization is to transfer four more professionals to the two regions, this would leave only four professional staff at HQ. In other words, the redistribution of the current 10 Professional staff would be four at HQ and three in each of the Regional Offices.

Looking at the average division of labor between HQ and the Regions over the years (74% HQ and 13% each of the Regional Officers; see Section 2), such a redistribution may leave HQ with inadequate critical mass of professional officers. Should the ITTO budget allows, the best option is to recruit six professional staff (including the present two regional consultants) for the Regional Offices.

Some countries (Consumers and/or Producers) may wish to second young professionals, Interns or supporting staff to the Regional Offices which would be a good for human development. However, there should be long-term commitments for this system. Based on the experience of the present consultant, most of the Regional Offices of other International organization are the results of Decentralization strategies, *i.e.* relocating staff from HQ to regions mainly to gain field experience. However, some of these strategies did not live to intended expectations.

#### 6.4.3 Budgetary implications

Maintaining the present system of Regional Officers (*i.e.* business as usual) may not imply additional financial commitments beyond those already approved by the ITTC aside from normal annual increments accorded to staff and other expenditures. Alternatively, establishing Regional Offices in the traditional sense would require detailed financial studies and specific long-term budgetary commitments for the two options mentioned above.

For the first option, which is to recruit four new professional officers in addition to the two current consultants to be located at the two Regional Offices, using the current level of average annual expenditures per Regional Officer of \$ 285,000 (Section 3) and with the normally anticipated costs increases, the approximate total cost would be roughly 1.0 to 1.3 \$million annually. It is believed however that the current ITTO number of field projects, financial situation and funds expected in the foreseeable future (see next Section), may not favour following this track. Nevertheless, if the host countries are willing to pick up these costs, or the expected cost increases are covered by Voluntary Contributions, the ITTC may wish to give this option a serious consideration. It should be understood however that there would be travel cost savings compared to travel out of HQ, but such savings would not offset the cost of appointing two additional officers in each Regional Offices.

If the second option, *i.e.* relocating four professional staff to the two regions is to be adopted, the financial implications to the organization in terms of staff salaries and benefits may not be significant. In fact, total staff costs may be less considering the relatively high cost of living allowance (post adjustment) in Japan. However, such differential costs could be possibly figured out. The real saving by relocating four professional officers from HQ to the two Regional Offices would be in terms of travel and staff time costs. Based on a rough calculations of savings per field trip (Section 3) and depending on the number of ITTO field projects as well as the number of field trips, the savings on travel could be substantial.

It is worth recalling here that back in 2005 when the Regional Officers System was being reviewed<sup>36</sup>, some member country representatives underscored the enormous funding difficulties for the Thematic Programmes and raised concerns about the effectiveness and cost cutting benefits of having regional offices. In response to these remarks, the Secretariat explained that initially an amount of US\$400,000 per annum was approved for the two positions. However, through experience gained in the first two years (2003-2004), the Secretariat could confirm that a reduced amount of US\$300,000 per annum would suffice for both the Regional Officers' positions. However, the Secretariat further informed the Committee that, should a decision be taken for the continuation of the current Regional Officers system, an additional amount of US\$100,000 to US\$120,000 would be needed to be sought through voluntary contributions, since the already approved 2% increase in the Programme Support was not sufficient for financing both the Regional Officers. The same sentiments for establishing Regional Offices (presumably with only one Regional Officer)<sup>37</sup> albeit concerns about cost implications were expressed by the ITTO Secretariat again in 2014<sup>38</sup>.

Another possibility worth exploring would be to locate the ITTO Regional Officers at existing Regional or Country Representations (Offices) of other International Organizations. While this approach would improve coordination and working relations with sister organizations, such as FAO, the cost savings would be minimal. Again, having only one ITTO Regional Officer located at the offices of another organization may solve the problems of immunities and privileges for the current Regional Officers, but it would not serve the countries the way an appropriately staffed ITTO Regional Office (a critical mass of professionals) would.

#### **6.4.4 Administrative procedures and legal matters**

Maintaining the current system of two Regional Offices would need minimal changes in the ITTO administrative procedures compared to the needs for substantive changes if two full-fledged Regional Officers are to be established. However, as mentioned above, a regional office would need a decentralization of some administrative staff in addition to devolving some procedures from HQ to the region which could entail releasing (*i.e.* terminating the appointment) of some of the administrative staff at HQ. Additional administrative responsibilities in the new Regional Offices could also be covered by appointing national new staff, with the incurred costs to ITTO unless covered by host countries or by Voluntary contributions.

As for legal matters, apparently the current Regional Officers' host countries are not willing to grant them diplomatic immunities and privileges unless ITTO signs a legally binding Host Country Agreement. Such agreements can only be formulated and ratified only for establishing Regional Offices. Reviewing the ITTC documentations revealed that both Brazil and Gabon are ready to negotiate Host Country Agreements for establishing Regional Offices but not according privileges to one single Regional Officer, which is understandable diplomatically.

#### **6.4.5 Selection Criteria for Regional Office locations**

If the ITTC decides to establish Regional Offices in LAC and AF, presumably preference will be given to the current hosts of the Regional Officers, namely Brazil and Gabon. So far, the issues related to security, accessibility and communications are not a matter of serious concerns to the current Regional Officers and they expected to be the same for the Regional Offices however with additional staff and responsibilities.

Based on discussions and statements made by the two countries to ITTC in the last few sessions, they are willing to initiate legal and administrative processes to establish Host Country Agreements for ITTO Regional Offices and would offer to cover some financial and in-kind costs such as office rental and limited administrative staff.

In case ITTC decides to request the ITTO Secretariat to issue a new call to host the Regional Offices, the Secretariat would receive submissions from interested countries supported by a documentation of all related factors such as the type and conditions of a Host Country Agreement, financial and in-kind contributions, security, accessibility and communications. These would be the bases for choosing between offers.

---

<sup>36</sup> *Ibid.*, 4

<sup>37</sup> Present consultant's interpretation

<sup>38</sup> FIFTIETH SESSION, 3 – 8 November 2014, Yokohama, Japan, REPORT OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL AT ITS FIFTIETH SESSION, Yokohama, Japan, 3 – 8 November 2014

Another option is for ITTO to negotiate with other international organizations locating the new Regional Offices within their premises and granting ITTO staff immunities and privileges enjoyed by their own staff. Co-sharing on offices and logistical and administrative support has become a general trend among international organizations lately mainly to save on costs of shared services such as communications, security, travel, accounting, and internal auditing. However, such partnership arrangements would have to be explored in details if a decision is made on establishing ITTO Regional Offices and their locations are designated.

## **7. Conclusions and Recommendations**

No doubt that having a strong regional ITTO presence in LAC and AF, *i.e.* a critical mass of professional staff, would serve both the organization and the countries of the two regions better than the present Regional Officer System. That could only be achieved if full-fledged Regional Offices are to be established. The minimum number of professional staff to be stationed in each Regional Office would be three (one Regional Representative and two Professional Officers).

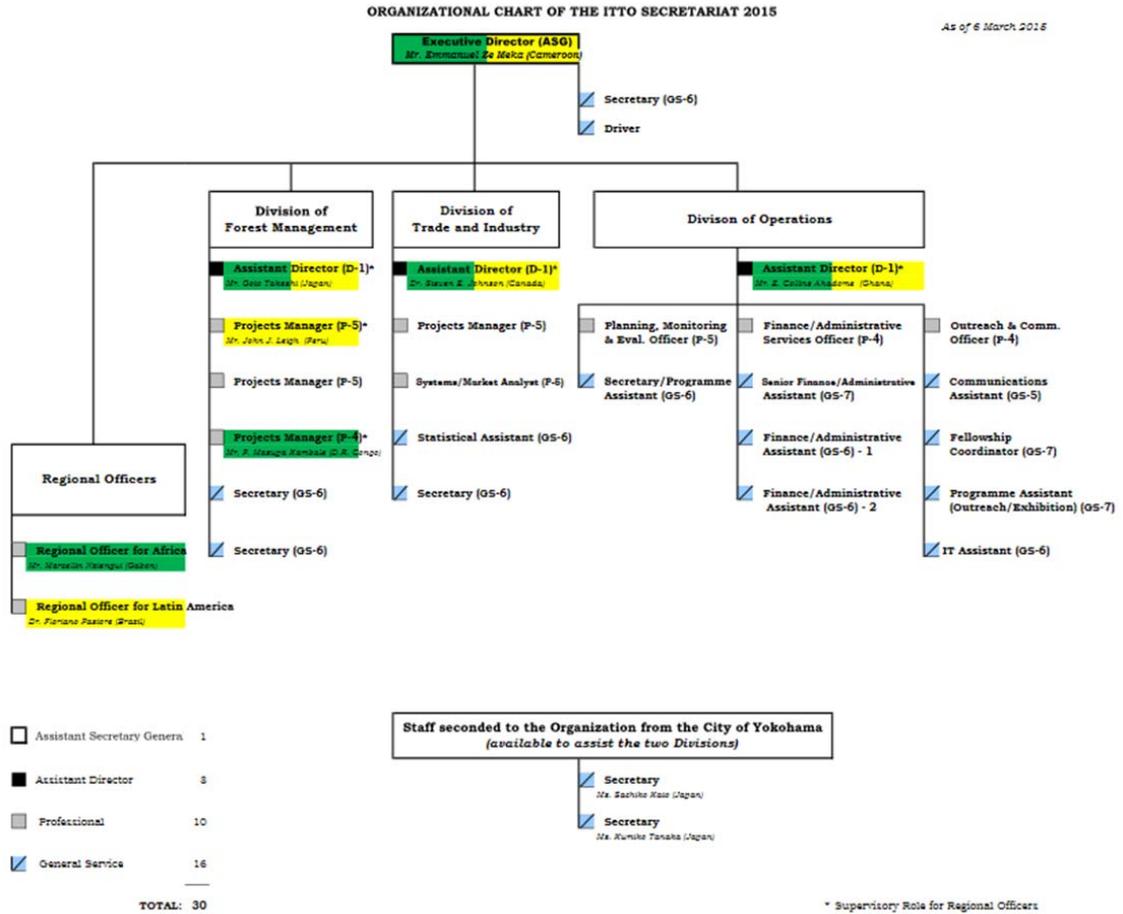
There are two options to properly staff Regional Offices. The first is to recruit six new professional staff (perhaps including the current two Regional Officers), which is administratively feasible but the budgetary implications are quite substantial. The second option is to relocate two professional officers from ITTO HQ to each of the two regions in addition to the current two Regional Officers. However, such a redistribution of staff may leave HQ with inadequate critical mass of professional officers.

ITTO may wish to negotiate with other international organizations locating the new Regional Offices within their premises and granting ITTO staff immunities and privileges enjoyed by their own staff. Co-sharing of offices and logistical and administrative support may lead to savings on costs of shared services such as communications, security, travel, accounting, and internal auditing.

The current ITTO number of field projects, its financial situation and funds expected to be raised in the foreseeable future, may not favour establishing Regional Offices. Nevertheless, if the host countries are willing bear the full costs, or if the expected cost increases are covered by Voluntary Contributions, the ITTC may wish to give this option a serious consideration.

8. Annexes

8.1 Annex 1: ITTO Organizational Chart (2015)



**8.2**      **Annex 2: Terms of Reference**  
**STUDY ON REGIONAL ITTO PRESENCE AND REPRESENTATION**

**I.      Background**

The ITTO Regional Officers for Africa and Latin America and the Caribbean, under the management of the Executive Director provide services to members in relation to the project cycle, thematic programmes and the general representation of the Organization. Under Decision 7(XLIX) a discussion on the issue of ITTO's regional presence and representation was held during the Fiftieth Council Session in Yokohama. A study will be conducted to consider the possible role and objectives, feasibility and budgetary implications of strengthening regional representation, inter alia through the possibility of establishing regional offices.

**II.     Description**

The objective of the study is to inform Council's deliberations at its 51<sup>st</sup> Session on ITTO presence and representation in the regions. The study should address the following issues:

- The pros and cons of Regional Offices versus Regional Officers, including a cost benefit analysis. In particular, the following factors should be considered: the quantification of the critical mass of projects and activities to justify a regional office, the current financial situation of ITTO, possible mobilization of additional resources, etc.
- The added value of establishing a Regional Office comparing to the current situation.
- Proposed roles and responsibilities of the Regional Officers in relation to Headquarters, including staff division of labor.
- Selection Criteria for a Regional Office (including security, accessibility, communications, host country arrangement, cost, financial and in-kind contributions by the host country and/or other organizations, possibility to partner with other organizations, etc.)

The study should be fact based and without prejudice to the decision to be made by the Council. The study should be completed in timely manner so that it is distributed to members before the 51<sup>st</sup> Session.

The work will be carried out by the Secretariat with the support of a Consultant.

**III. Expected Outputs**

A study to help inform Council's deliberation on ITTO Regional Presence and Representation

<b><u>IV. Target Countries</u></b>	ITTO member countries
<b><u>V. Duration</u></b>	2 -3 months
<b><u>VI. Budget</u></b>	US\$25,000 (from Working Capital Account)