



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

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

**REPORT OF THE
INTERNATIONAL TROPICAL TIMBER COUNCIL
AT ITS FIFTY-FIRST SESSION**

Kuala Lumpur, Malaysia

16 – 21 November 2015

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OPENING OF THE SESSION (AGENDA ITEM 1)

1. The Chairperson, Dr B.C.Y. Freezailah (Malaysia), opened the Fifty-first Session of the International Tropical Timber Council (ITTC) by echoing the sentiments of the Honorable Dato' Sri Douglas Uggah Embas, Minister of Plantations Industries and Commodities, and welcoming all delegates. He thanked officials in the ministry and its agencies, including those in Sabah and Sarawak, for their efforts to ensure that the Session would run smoothly.
2. Dr. Freezailah said that ITTO was a unique organization and that the rotation of the Sessions of the Council between Yokohama and a Producer Member country of the three tropical regions would ensure closer cooperation among Member countries. He noted that Malaysia had also hosted the Fourteenth Session of the Council in Kuala Lumpur 22 years ago. He acknowledged the presence of dignitaries and ministers from some Member Countries, and he thanked them for their commitment to ITTO and the achievement of the objectives of the International Tropical Timber Agreement (ITTA), 2006.
3. Dr. Freezailah paid tribute to Mr. Emmanuel Ze Meka, whose term of office as Executive Director ended on 5 November 2015 after two full terms. Dr. Freezailah identified the appointment of a new Executive Director as the most important and urgent item on the Council's agenda. He appealed to Members to do their utmost to appoint the fourth Executive Director by consensus in the spirit of the Agreement.
4. Dr. Freezailah introduced the four candidates remaining under consideration: Dr. Gerhard Dieterle (Germany); Mr. Eduardo Mansur (Brazil); Ms. Sheamala Satkuru-Granzella (Malaysia); and Dr. Ivan Tomaselli (Brazil, absent). Dr. Freezailah concluded his opening remarks by acknowledging the support and assistance of the ITTO Secretariat led by the Officer-in-Charge, Dr. Steven Johnson.

ASCERTAINMENT OF THE QUORUM (AGENDA ITEM 2)

5. The Officer-in-Charge reported that the quorum for the Fifty-first Session of the Council had been met. The list of participants is contained in Document ITTC(LI) Info.2 (Annex I).

ADOPTION OF AGENDA AND ORGANIZATION OF WORK (AGENDA ITEM 3)

6. The Chairperson referred to Document ITTC(LI)/1 and invited comments on the Provisional Agenda. In the absence of comments, the Provisional Agenda was adopted.

REPORT ON MEMBERSHIP OF THE COUNCIL (AGENDA ITEM 4)

7. The Officer-in-Charge informed the Council that the membership of the Organization stood at 72, comprising 38 Consumer Members and 34 Producer Members. Referring to Document ITTC(LI)/3, the Officer-in-Charge reported that, since the last Session, two new Members, Croatia and Thailand, had acceded to the ITTA, 2006. In addition, Belgium, which had been a Member since 2008 but had been provisionally applying the ITTA, 2006, had ratified the ITTA on 28 July 2015.

REPORT OF THE CREDENTIALS COMMITTEE (AGENDA ITEM 5)

8. The Report of the Credentials Committee was presented by Mr. Miguel Mendieta (Honduras), Chairperson of the Credentials Committee drawing attention to Document ITTC(LI)/4 (Rev.5). Mr. Mendieta had replaced Mr. Ray Thomas Kabigting (Philippines) who had chaired the Credentials Committee from 16-20 November 2016. The Committee, composed of Australia, Côte d'Ivoire, the European Union, Japan, Honduras, Malaysia, the Philippines and the U.S.A., examined and accepted the Credentials and attendance of sixty one (61) countries and the European Union at the Fifty-first Session of the Council and Sessions of the Associated Committees.
9. The Committee also examined the representation of interest and the delegation of voting rights in accordance with Article 11 Paragraph 2 of the ITTA, 2006. The list of Member countries delegating

their interests and voting rights was as shown below:

List of Member Countries delegating votes

| Country | Delegating votes to: |
|--------------|----------------------|
| Belgium | Netherlands |
| Luxembourg | |
| UK | |
| Bulgaria | European Union |
| Croatia | |
| Czech, Rep. | |
| Cyprus | |
| Denmark | |
| Estonia | |
| Hungary | |
| Ireland | |
| Latvia | |
| Lithuania | |
| Malta | |
| Portugal | |
| Romania | |
| Slovakia | |
| Slovenia | |
| Switzerland* | |
| France | Austria |
| Colombia* | Brazil |
| India | |
| Philippines* | |
| Guatemala | Honduras |
| Panama | Mexico |

*Delegation of votes valid for Saturday 21 November 2015

10. The Committee further examined the voting rights of Members with Credentials in accordance with Article 19, paragraph 8 and Article 10, paragraph 8 of the ITTA, 2006 on the suspension and redistribution of votes. The Secretariat provided information on the status of contributions of Member countries to the administrative budget, as contained in Document CFA(XXX)/3 dated 16 November 2015. This process led to approval of the final re-distribution of votes as shown on the next page.

**RE-DISTRIBUTION OF VOTES FOR ELIGIBLE MEMBER COUNTRIES AS PER ARTICLE 10
PARAGRAPH 8 OF ITTA, 2006 (AS AT 21 NOVEMBER 2015)**

PRODUCER MEMBERS

| | |
|--------------------------------|------------|
| Africa | |
| Cameroon | 88 |
| Ghana | 88 |
| Asia & Pacific | |
| Cambodia | 21 |
| Fiji | 16 |
| India (BR) | 34 |
| Indonesia | 119 |
| Malaysia | 122 |
| Myanmar | 68 |
| Philippines (BR)* | 18 |
| Thailand | 36 |
| Vietnam | 19 |
| Latin America/Caribbean | |
| Brazil | 172 |
| Colombia (BR)* | 31 |
| Costa Rica | 15 |
| Ecuador | 22 |
| Guatemala (HN) | 15 |
| Mexico | 32 |
| Panama (MX) | 15 |
| Peru | 36 |
| TOTAL: | 967 |

Note: Producer members with voting rights not present at this Session and votes not delegated:

| | |
|---------------------|----|
| Guyana | 19 |
| Trinidad and Tobago | 14 |

(BR) Votes delegated to Brazil

(BR)*Votes delegated to Brazil for 21 November 2015

(HN) Votes delegated to Honduras

(MX) Votes delegated to Mexico

CONSUMER MEMBERS

| | |
|----------------------------|--------------|
| Australia | 16 |
| China | 265 |
| European Union | 381 |
| Austria | 10 |
| Belgium (NL) | 15 |
| Bulgaria (EU) | 10 |
| Croatia (EU) | 10 |
| Cyprus (EU) | 10 |
| Czech Republic (EU) | 11 |
| Denmark (EU) | 11 |
| Estonia (EU) | 10 |
| Finland | 10 |
| France (AT) | 33 |
| Germany | 19 |
| Hungary (EU) | 10 |
| Ireland (EU) | 14 |
| Italy | 26 |
| Latvia (EU) | 10 |
| Lithuania (EU) | 10 |
| Luxembourg (NL) | 10 |
| Malta (EU) | 10 |
| Netherlands | 33 |
| Poland | 11 |
| Portugal (EU) | 14 |
| Romania (EU) | 10 |
| Slovakia (EU) | 10 |
| Slovenia (EU) | 10 |
| Spain | 16 |
| Sweden | 11 |
| United Kingdom (NL) | 27 |
| Japan | 164 |
| New Zealand | 11 |
| Norway | 10 |
| Rep. of Korea | 69 |
| Switzerland (EU)* | 11 |
| United States of America | 73 |
| TOTAL: | 1,000 |

(AT) Votes delegated to Austria

(EU) Votes delegated to the European Union

**(EU)*Votes delegated to the European Union for
21 November 2015**

(NL) Votes delegated to the Netherlands

11. The Committee requested Members that had not submitted their credentials in original form to do so as soon as possible. The Committee also encouraged participants not included in their country's credentials to contact their respective governments for proper accreditation.
12. The delegate from Brazil sought clarification on the deadline for the submission of delegation of votes.
13. The Chairperson said that there was no agreed deadline and that the delegation of votes could be considered as long as they were submitted before voting. He added that votes would be updated as and when new credentials were received and also upon payments received to the administrative budget for any Members currently in arrears.
14. The delegate from the European Union said that a concern of the European Union was whether, as more people left, the number of votes would diminish, because no delegation's vote could be looked at that had not been delegated by 8:00 Saturday morning. The vote would therefore have increasingly less legitimacy. She requested the Senior Legal Advisor to inform whether there was a reason that countries having to leave should not make a statement informing the room where their votes were to go.
15. The Chairperson of the Council invited the UNCTAD Senior Legal Advisor, Dr. Carlos Moreno, to provide clarity on this matter.
16. Dr. Moreno said that the important thing was the voting intention of Member states, and the deadline was essentially the end of the meeting. Until then, delegates who left the room could nominate any other Member state to represent them. They must do so in a written statement to the Chairperson of the Council, and it may be quite informal, saying they are delegating the votes to a particular Member state.
17. The Chairperson indicated that the delegation of Poland had left but had delegated its votes to the European Union.

PROPOSED DISTRIBUTION OF VOTES FOR 2015–2016 BIENNIUM (AGENDA ITEM 6)

18. The Chairperson referred to Document ITTC(LI)/1 Annex and drew the attention of Members to the proposed distribution of votes for the 2015–2016 biennium, in accordance with Article 10(7) of the ITTA, 2006. The Chairperson reminded Members that, in accordance with Article 19(5) of the ITTA, 2006, the distribution of votes would be used for the assessment of the contribution of each Member to the Biennial Administrative Budget for 2016 and 2017.
19. In the absence of any objections or comments, the distribution of votes as contained in Document ITTC(LI)/1 was approved.

ADMISSION OF OBSERVERS (AGENDA ITEM 7)

20. The Chairperson drew the attention of the Council to Document ITTC(LI)/Info.3 and invited the Officer-in-Charge to introduce this item.
21. The Officer-in-Charge, Dr. Johnson, introduced the document, including the breakdown of observers into permanent observers, non-governmental organizations which have been admitted at earlier Sessions, non-governmental organizations applying for the first time, and private sector or individuals.
22. The Chairperson requested all observers and organizations seeking observer status to leave the room.
23. The delegate from Malaysia opposed the request for admission as observer of the Bruno Manser Fund, citing disruptive and disrespectful activities of that organization at the Fiftieth Session of the Council in Yokohama.
24. The delegate from Switzerland said that, in general and in principle, admission should be granted to all observers; this was common practice in other international fora, and free expression of opinion was a basic right and should not be limited by ITTO.

25. The delegate from the European Union supported the comment by Switzerland, adding that, at the recent Agenda 2030 for Sustainable Development meeting, the leaders of the world had noted the importance of the contribution of stakeholders to international fora.
26. The delegate from the U.S.A. supported the broad participation of stakeholders as a matter of principle. He also welcomed further discussion and a review of the rules of procedure for the admission of observers.
27. The Chairperson noted that the admission of observers would also be discussed under Agenda Item 17 on the development of guidelines for the admission of observers. He suggested that, at this stage, all observers but Bruno Manser Fund should be admitted.
28. The delegate from the European Union proposed to work the other way round and initially admit all observers until a decision had been taken.
29. The delegate from Malaysia re-emphasized the position of Malaysia to reject admission of the Bruno Manser Fund due to the clear evidence of disrespectful behaviour during the previous Session of the Council.
30. The delegate from the U.S.A. proposed to proceed in accordance with the current rules of procedure for the admission of observers.
31. The delegate from Indonesia proposed to follow current conduct until new procedures for the admission of observers had been adopted.
32. The Chairperson suggested informal consultation among those countries that had intervened.
33. The delegate from the European Union welcomed the suggestion of the Chairperson and requested that this item be discussed again the following day.
34. The Chairperson confirmed that the item would be on the agenda for the following day, after informal consultations among those countries that had made interventions.
35. In the absence of further comments, all delegations seeking observer status were admitted, except the Bruno Manser Fund.
36. In resuming discussions on this agenda item, the delegate from Malaysia expressed his opinion that non-governmental organizations should leave the room during discussion of this agenda item. He recognized the important role that observers played in the Organization and wished to maintain a positive and mutually respectful engagement with observers. Malaysia also fully recognized that observers who had an interest in the activities of the Organization should be admitted for the purposes of cooperation and coordination with other organizations in line with Article 16 of the ITTA, 2006. However, with reference to the application of admission as observer by the Bruno Manser Fund, Malaysia maintained its position to oppose the request for admission to the Fifty-first Session of the Council based on the fact that the Bruno Manser Fund had clearly demonstrated at the Fiftieth Session of the Council in Yokohama that its participation was not based on its interest in the activities of the Organization; that the Bruno Manser Fund had also demonstrated that it had no intention of adhering to the need for a mutually respectful and positive relationship with sovereign countries; that, to the contrary, the Bruno Manser Fund had clearly demonstrated disruptive and divisive behaviour and activities aimed at discrediting a sovereign state by actively distributing accusatory materials to participants at the Fiftieth Council Session in Yokohama; and that Malaysia strongly believed that neither the Council nor ITTO were forums for non-members to make allegations against Members. The delegate also noted that, earlier in the day, the Bruno Manser Fund had issued two press releases to the international media on issues related to Item 7 of the Agenda and also on the impairment of investment, which was still under discussion and therefore confidential.
37. The Producer Spokesperson said that the problem raised under Item 7 had already been discussed on the previous day and some progress had been made. He made a distinction between non-governmental organization observers and state observers because, to Producers, ITTO was a forum of states, of countries, and therefore observers from countries that might one day accede to the ITTA might stay in the room. Non-governmental observers were a different case; he had just learned that the non-governmental organization that had attempted to make statements in Yokohama had done so

again that day. There was still a minimum of respect owed to states and all the more so to states that were hosting the Council Session. He recalled that the Council had reached a consensus on the previous day on the need to establish a working group, but he felt that insufficient time had been allowed for it to convene. The co-chairs of such a group were to be nominated and eventually a time slot was to be allotted for this working group to convene, he said, but this did not seem to have happened to date, although some informal consultations had taken place outside meeting rooms. The Producers had profiled and possibly identified the person who would co-chair the working group.

38. The delegate from Peru said that, in the 25-year life of the Organization, the Council had been fairly tolerant and had accepted a number of opinions that were critical of the functioning of the Organization, as well as very good opinions from many individuals, institutions and non-governmental organizations that had participated as observers. He was extremely concerned, however, about what had just been heard from Malaysia – that an issue that Council was addressing in strict confidentiality, an issue that had not yet been sufficiently investigated or researched, had been made public through a press release issued by a non-governmental organization that had applied to participate in the Council Session as an observer. This was very serious. The Council did not have all the details, all the proof or documents it had requested to clear up the issue because it was still under investigation. He believed that issuing a public statement like that was evidence of willful conduct and was totally unacceptable, and this was the position the Council should adopt.
39. The delegate from the European Union made a point of order and requested the Chairperson to clarify whether he had ruled on the question posed by Malaysia for non-governmental organizations to leave the room.
40. The Chairperson responded that while he had not ruled on this point, there was a proposal from Malaysia and, as the proposal had been made, the non-governmental organizations had left the room. He noted that it was his opinion that this discussion should be undertaken without the presence of non-governmental organizations.
41. The delegate from the European Union requested that it be noted in the record that the European Union and its 28 member states did not ask for the non-governmental organizations to be forced from the room at this time, that the European Union did not think that non-governmental organizations had been forced from the room, and that there had been no such ruling. In response to the comment from Peru, the delegate of the European Union noted that the matter the non-governmental organization in question had reported in a press release was not secret but was part of the audited statements of 2014.
42. The delegate from Papua New Guinea said there were clear rules on the issue under discussion and that Papua New Guinea would abide by the ruling of the Chairperson.
43. The delegate from Switzerland expressed her concern that ITTO may again be unable to make a decision on the admission of this particular observer. She noted that the expression of opinion was an extremely important right for Switzerland in principle, which should not be limited and especially not by an international organization. She expressed her hope that different means or ways of including stakeholders could be explored when adopting the respective guidelines of ITTO, because all stakeholders, including civil society, had a very important role to play.
44. The Chairperson said he was in the hands of the Council for a decision on admission of the Bruno Manser Fund and that it was his intention to reflect the views of all Members in this important decision.
45. The delegate from the European Union said that there was no choice but to have a policy dictated or set by those who objected to the non-governmental organization being in the room. Making reference to the report presented by Mr. Barattini (see agenda item XX), she noted that there was a need to come to an arrangement that would allow the view of more than one country or more than a few countries to be taken into account. She supported the setting up of a working group to complete discussions on the issue during this Session of the Council.
46. The Chairperson noted that if Members did not feel comfortable with the decision to deny admission to the Bruno Manser Fund, then the Council would have to resort to other measures to take a collective and binding decision, for example to take a vote.

47. The delegate from the European Union stated that she was not asking for a vote and that while the European Union was not actively joining the consensus, it was neither demanding a vote.
48. The Chairperson thanked the delegations for their comments and clarifications and concluded that the Council had decided to deny the Bruno Manser Fund admission to the Fifty-first Session of the Council.
49. Other non-governmental organizations were invited back into the room.

STATEMENT BY THE OFFICER-IN-CHARGE (AGENDA ITEM 8)

50. In his statement to the Council, ITTO Officer-in-Charge, Dr. Steven Johnson, welcomed all delegates and special invitees to the Session. He thanked the Minister of Plantations Industries and Commodities, the Honourable Dato' Sri Douglas Uggah Embas, and his government, for their efforts to host the Session and congratulated him for the rapid growth that had happened in Kuala Lumpur and across the country compared with two decades ago, when the Council convened previously in Kuala Lumpur.
51. Dr. Johnson welcomed H.E. Mr. Philip Ngolle Ngwese, Minister of Forest and Wildlife of Cameroon; H.E. Madame Barbara Serwaa Asamoah, Deputy Minister of Lands and Natural Resources of Ghana; and Dr. Manoel Sobral Filho, Director of the Secretariat of United Nations Forum on Forests. Dr. Johnson expressed his hope that the election of a new Executive Director could be concluded during the Session. He noted that ITTO needed a new Executive Director who was seen both within the Organization and internationally to command the support and respect of the entire membership. He confirmed that the Secretariat was ready to assist the Council throughout the election process and that it would support and work with the Chair to help achieve this outcome.
52. Dr. Johnson noted that the Secretariat was in a transformational time. In addition to the recent retirement of Mr. Ze Meka, another colleague, Ms. Chisato Aoki, had retired from the Organization for family reasons, having been responsible for overseeing the ITTO Fellowship Programme for two decades. Moreover, it was expected that four senior posts would be vacated by retirements in the next nine months, representing a turnover of almost one-quarter of the Secretariat staff in a period of less than one year. Dr. Johnson said that while this pending turnover presented a unique opportunity for a new Executive Director, it would also be a big responsibility to ensure that vacated posts were filled with people who met the highest standards of competence and integrity in order to allow the Secretariat to continue to fulfil its mandate.
53. Dr. Johnson reported that, in addition to progress reports on various ongoing activities, the Council would receive important reports arising from decisions taken at the previous Session, including on the admission and activities of observers at Council Sessions, ITTO's regional presence and representation, and incorporating gender equity in the Organization's work. With reference to the substantive work taking place in the permanent committees, Dr. Johnson highlighted the worrying trend in recent years of the low number of new projects being funded, with the number of approved projects lapsing under the provisions of the sunset clause exceeding the number of new projects funded in both 2014 and 2015. The Committee on Finance and Administration (CFA) would consider important issues, including the budget for the 2016–2017 biennium and discussions on issues related to the financial management of the Organization's resources.

REPORT OF THE INFORMAL ADVISORY GROUP (IAG) – DECISIONS 3(XXII), 5(XXVI) AND 2(XLIX) (AGENDA ITEM 9)

54. The Chairperson presented the report of the Twenty-ninth meeting of the Informal Advisory Group (IAG), which was convened on Sunday 15 November 2015, as contained in Document ITTC(LI)/2. Chaired by the Council Chairperson, the meeting was attended by the Vice-Chairperson of the Council, the Chairpersons or Vice-Chairpersons of the Committees, the Spokesperson of the Consumer Group, the Representative of the Host Government of ITTO headquarters, the Officer-in-Charge, and other senior members of the Secretariat. The full report of the IAG is contained in Annex V.

55. The IAG considered the following issues:
- A. Brief background of the IAG:
 - o Decision 5(XXVI);
 - o Report of the IAG at its Twenty-eighth meeting, 2 November 2014; and
 - o General observations by the IAG Members.
 - B. Matters Related to Article 14 of the ITTA, 2006.
 - C. Opening of the Fifty-first Session of the Council.
 - D. Status of the parties to the International Tropical Timber Agreement, 2006.
 - E. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII):
 - o Projects, Pre-Projects and Activities [Decision 1(LI)];
 - o Matters related to Article 14 of the ITTA, 2006 – submitted by the Secretariat;
 - o Staff Regulations and Staff Rules of ITTO – submitted by the Secretariat; and
 - o Role of the Informal Advisory Group (IAG) – submitted by the Secretariat.
 - F. List of possible decisions for the Fifty-first Session of the Council and report to the Council.
 - G. Other matters:
 - o Selection of Vice-Chairperson of the Committee on Economics, Markets and Statistics.
56. The IAG recommended the renewal of its mandate and that the duration of that mandate remain open until the Council decided to review it. The IAG further recommended that the Council consider expanding the IAG to include a representative of the host government when meetings were held outside headquarters.
57. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Fifty-first Session, as follows:
- 1) Projects, Pre-projects and Activities [Decision 1(LI)].
 - 2) Matters related to Article 14 of the ITTA, 2006.
 - 3) Informal Advisory Group.
 - 4) Impairment of investment in securities.
58. The IAG noted that the Council might propose additional decisions related to items on the agenda of the Session, including staff regulations and staff rules of the Organization; the ITTO guidelines on gender equity; ITTO social and environmental safeguards; the ITTO regional presence and representation; and accreditation to the Green Climate Fund.
59. The Chairperson noted that the IAG had spent considerable time deliberating on the issue of the impairment of investments in securities. Although the impairment was reported in the 2013 audited financial statements, it was not properly highlighted and therefore escaped the attention of the CFA at its last session. The Chairperson also reported that the Officer-in-Charge, who brought the issue to the attention of the Council, had become aware of this problem while reviewing ITTO's financial statements in preparation for assuming his duties as Officer-in-Charge.
60. The IAG had recognized the seriousness of this matter and its potential impact on the Organization's credibility, and it had recommended that the matter be raised urgently in the CFA with a view to drafting a decision for adoption at the Fifty-first Session establishing an investigation with appropriate expertise to ascertain the facts and setting out a plan of action and timeline in dealing with the matter transparently and expeditiously. The drafting of such a decision should be facilitated by an open-ended working group to be co-chaired by the Chairperson and the Vice-Chairperson of the CFA.
61. The delegate from the European Union supported the recommendation for the establishment of a working group to look into the details of the matter and stated the European Union's readiness to take part in such group. The European Union also proposed that, if necessary, the agenda of the CFA could be shortened to allow sufficient time for the deliberations of the working group.
62. The delegate from Costa Rica indicated the support of his delegation for the comments of the European Union. In his belief, producer countries were most affected by the financial issue and there was an urgent need to clear it up so as to identify those responsible for causing the loss or potential loss. He said that producer countries were clearly making huge efforts to manage forests and considered them to be resources that could help achieve green development, but if they could not rely on the already scarce resources they would not be able to aspire to that goal.

63. The delegate from Japan stated that comprehensive and necessary measures should be taken swiftly to avoid significant damage to the credibility of the Organization. The delegate also indicated the readiness of Japan to participate in a working group on the matter.
64. The delegate from the Philippines commended the IAG for its work and recommended a formal and detailed investigation into the matter to protect the integrity of the Organization.
65. The delegate from Cameroon apologized for his delegation not attending the IAG meeting the previous day due to matters beyond its control. His delegation shared the conclusions of the IAG because, even though Cameroon was not physically present at the meeting, it had held intersessional discussions and the issues raised had been addressed in teleconference calls and other forms of contact. Having just learned, however, that governance problems had occurred or may have occurred, Cameroon concurred that a committee should be established because the financial resources belonged to all members: to Producers, who used them for financing projects and other work, and to Consumers, who had put the money at the disposal of Producers. Therefore, finding out what had happened to the financial resources was in the interest of both Producers and Consumers. He asked how decisions had been made at the Secretariat; it was 2015 now, and the case dated back to 2013. How was it that no one had informed the Council in 2014, especially in November? Who had raised the issue? Why in 2014 did this person remain tight-lipped about the situation? Was it known how the issue came to be put on the table? Cameroon sought clarification on how the issue came to be tabled and why it had done so only in 2015. What were the roles and responsibilities of the parties involved, such as the auditors and financial advisors? How were decisions made in the Secretariat? All these issues would need to be tackled and untangled during the committee to be set up.
66. The delegate from the U.S.A. thanked the Officer-in-Charge, the Chairperson and the IAG for the preparation of the report and strongly supported the proposals in the report for going forward. The U.S.A. expressed its concern about the potential financial mismanagement and impairment of funds and how this could shake donor confidence. The U.S.A. indicated its readiness to participate in the working group being formed under the CFA.
67. The delegate from Peru congratulated the IAG and, in particular, the Chairperson, for the excellent work they had done. He said his delegation fully agreed with the Chairperson's proposal and the suggestion of several delegations to establish a working group to undertake an in-depth investigation of the reasons for the deplorable situation and the impact it was having on the Organization. His delegation also agreed with the comments of the delegate from Cameroon in that it was strange that Council was only now being informed of the situation when it dated back to a couple of years earlier. Other matters of lesser importance and involving lesser amounts were rigorously analyzed in considerable detail in the CFA as the need arose, and this issue should have been duly discussed by the Committee at the appropriate time to determine if it was wise to make this type of investment with funds that unfortunately now seemed to be lost. In order to analyze, investigate and discuss the issue in the working group – and in the CFA – an item should be included in the Council's agenda to consider the relevant reports and make a decision on this matter.
68. The Chairperson summarized that the Council took note of the IAG report and its recommendations, particularly those on the impairment of investments, which would be referred to the CFA.

ENHANCING COOPERATION BETWEEN ITTO AND CITES – DECISIONS 3(XVI), 7(XXXIV), 2(XXXVII) AND 5(XLVI) (AGENDA ITEM 10)

69. Dr. Johnson from the ITTO Secretariat presented Document ITTC(LI)/5 on enhancing cooperation between ITTO and CITES. He indicated that Senegal had requested the inclusion of *Pterocarpus erinaceus* in CITES Appendix III, and Brazil had requested the inclusion of *Cedrela fissilis* and *Cedrela lilloi* in CITES Appendix III. Both these requests were being processed by the CITES Secretariat.
70. Dr. Johnson presented a progress report on the collaborative programme between ITTO and CITES for the implementation of CITES listings for tropical tree species. This work had begun in 2006, largely funded by the European Union through the European Commission with the support of a number of other donors. Dr. Johnson said that the ITTO–CITES Programme was an excellent example of collaboration between two international organizations, and there had also been considerable private-sector support in implementing the Programme for certain tropical tree species. Dr. Johnson reported that ITTO would submit a new grant proposal for substantial support for this work to the European Commission and the European Union. He said there was considerable demand for support under the

Programme, and he appealed to other donors to consider providing funds for the next phase of the work.

71. Dr. Johnson said that the ITTO–CITES Programme had been guided since its inception by an Advisory Committee, which met on the margins of both CITES meetings and Council Sessions. The Advisory Committee was made up of representatives of donor countries and target countries as well as the Trade Advisory Group and the Civil Society Advisory Group to guide the implementation of the Programme. Dr. Johnson said this was a very effective way of managing the Programme without requiring substantial resources for the convening of meetings of such a supervisory body. The Advisory Committee would be meeting later in the week.
72. Dr. Johnson introduced Ms. Milena Sosa Schmidt from the CITES Secretariat. Ms. Schmidt thanked all donors of the ITTO–CITES Programme – the European Union through the European Commission, Germany, the United States of America, Norway, the Netherlands, Japan, New Zealand, the private sector, and recently, China. She said that Range States had improved forest management and the regulation of trade in CITES-listed tree species with Programme assistance, and there was increased awareness and cooperation in research, silviculture, and CITES compliance. The Programme had promoted the integration of knowledge on sustainable forest management through ITTO, and species conservation management and international trade through CITES, providing a coherent policy framework. There was improved awareness in States trading in the target species, and increased worldwide capacity to manage and regulate international trade in CITES-listed tree species, and the Programme was supporting bodies like the Scientific Review Group of the European Commission, among other benefits.
73. About 300 species of trees were listed in CITES Appendices at the last CITES Conference of the Parties in 2013. For most of those species, action plans and decisions of the Conference of the Parties direct the Range States to undertake activities to strengthen their capacities to implement the Convention. The ITTO-CITES Programme had evolved and now worked not only on timber species but also on non-timber forest products. In Phase I in the first four years of the Programme, 34 species had been dealt with; Phase II had targeted seven highly valuable tree groups comprising around 340 species. The number of countries involved had increased from the original eight to 14.
74. Ms. Schmidt said that the ITTO and CITES secretariats were working on a new proposal to continue the Programme, responding to calls by both the Council and the CITES Conference of the Parties to support Range States in implementing CITES tree listings. At the sixteenth meeting of the Conference of the Parties in 2013, 11 decisions had been adopted that were relevant to or which targeted tree species. Five decisions directly concerned the work of CITES on tree species and ITTO. The overall joint work between CITES and ITTO was in line with a CITES resolution on cooperation between CITES and ITTO regarding trade in tropical timber, which reinforced the need for cooperation between the two organizations. Ms. Schmidt ended by praising ITTO Secretariat staff for their dedication to the Programme.
75. The Chairperson invited interventions from the floor.
76. The delegate from the European Union welcomed the recent mid-term review, which had confirmed that the ITTO–CITES Programme was achieving its intended objectives. He said the European Union valued the good cooperation between ITTO and CITES and saw the Programme as a success story in terms of building partnerships between ITTO and other organizations. It demonstrated that cooperation between the two organizations based on their complementarity and respective mandates and comparative advantages could deliver on their respective objectives and in supporting Producer countries.
77. This included, for example, *Prunus africana*, where activities financed under the Programme had generated scientific information that had allowed Cameroon and the Democratic Republic of the Congo to resume exports of this species to the European Union under well-defined conditions. The delegate said that the European Union was considering extending the time period of the project at no additional cost, as well as providing a possible contribution to Phase III of the Programme. The European Union encouraged other Members to consider providing financial contributions to any Phase III to ensure the continuity of this important initiative.
78. The delegate from Cameroon recalled that Cameroon was one of the beneficiary States for funding under the ITTO–CITES Programme. Cameroon had two species – *Pericopsis elata* and *Prunus*

africana – listed in Appendix II of CITES. These two species had benefited from funding under the Programme since 2009, and the suspension of trade in *Prunus africana* had been lifted in 2010 when exports of this species had resumed. The Programme had also helped build capabilities for addressing concerns about other species not even listed in CITES Appendices. Cameroon had proposed two tree species – bubinga (*Guibourtia spp.*) and wenge (*Millettia laurentii*) – for Appendix III listing to qualify for funding under the programme. The delegate of Cameroon expressed the hope that Phase III of the Programme would allow Cameroon to consolidate the gains made.

79. The delegate from Malaysia extended the country's thanks and appreciation to the ITTO and CITES secretariats and the ITTO–CITES Programme team for their assistance and cooperation in the implementation of activities under the Programme, and to those countries that had contributed to the fund that made the Programme possible. Under the Programme, Malaysia had implemented 13 activities in 2008–2015 for Phase I and Phase II, with a total budget of almost US\$1.7 million, of which around US\$1 million had come from the ITTO contribution. The delegate said that the ITTO–CITES Programme had helped improve the country's capacity to implement CITES listings of tropical timber species. Projects under the Programme had enabled Malaysia to enhance its knowledge in managing endangered timber species such as ramin and agarwood. Malaysia intended to support the adoption of a decision calling for the continuation of ITTO–CITES Programme. Malaysia wished to secure further financial support for studies on timber species and for organizing capacity-building and training programmes and technical know-how to develop tools for timber identification and to ensure the sustainability of tropical CITES-listed timber species.
80. The delegate from the U.S.A. thanked the CITES Secretariat and the ITTO Secretariat for their efforts and success in the ITTO–CITES Programme, and she also thanked the European Union for its support for this work to which the U.S.A. was also a donor. She was also pleased to see that new partners were joining the Programme, such as the private sector and China.
81. The delegate from Mexico recognized the value of the partnership between ITTO and CITES in relation to the tropical timber trade and urged all relevant stakeholders to continue the cooperation. He thanked the ITTO–CITES Programme for the outreach tools it had provided, which had allowed Mexico to take note of the significant progress made by the Programme in Phase 2. Mexico requested continued financial support for the implementation of the Programme and urged ITTO to intensify its negotiations with potential donors, including the private sector, civil-society organizations and other relevant international organizations.
82. The delegate from Indonesia commended the robust implementation arrangement of the project that had allowed Indonesia to implement activities in a timely manner. Indonesia appealed for further funding of activities under the ITTO–CITES Programme.
83. In closing this agenda item, the Chairperson acknowledged the generosity of the European Union and other donors, including China, Germany, United States, Norway, Netherlands, Switzerland, New Zealand, and a few European pharmaceutical companies, and he expressed the hope that this support would continue.

MATTERS RELATED TO ARTICLE 14 (AGENDA ITEM 11)

84. The Chairperson noted that the Council would need to select the next Executive Director, if not by consensus then by special vote in accordance with Articles 12 and 14 of the ITTA, 2006. He explained that two of the six candidates initially shortlisted had withdrawn, namely Mr. John Hurd and Mr. James Gasana. The four candidates remaining for consideration were Mr. Eduardo Mansur from Brazil, Dr. Gerhard Dieterle from Germany, Ms. Sheamala Satkuru Granzella from Malaysia, and Dr. Ivan Tomaselli from Brazil. Making reference to the discussions in Yokohama and the two rounds of votes that had proved inconclusive, the Chairperson invited interventions from the floor.
85. The Chairperson invited the Secretariat to demonstrate the electronic voting system, which was the same system used at the Fiftieth Council Session. The Secretariat duly provided the demonstration, conducting a mock vote.
86. The delegate from Togo recalled that, in the previous year, Togo had deplored the fact that the voting system could not result in a selection among candidates as the voting rounds progressed. Such a selection should be expected because in principle an election should allow the gradual elimination of candidates in such a way that, in the ensuing voting round, there were fewer candidates. The delegate

from Togo had expected, therefore, that the system would have been improved somehow, but it had remained unchanged. Furthermore, the countries' votes for the various candidates were disclosed at the second voting stage, and he wished it would not be so in an election held by secret ballot. Togo also felt that the process to elect the Executive Director in the current year was an extension of what should have been done at the Fiftieth Session. Togo proposed, therefore, that countries who had no arrears in contributions during the first part of the electoral process should continue to vote in the second part, including those countries whose payment of contributions might no longer be up-to-date. This would not exempt those countries from making the required effort to catch up on their payments.

87. The Chairperson noted that, on the issue of ballots, the Council could choose to have a secret ballot or an open ballot. At the Fiftieth Council Session in Yokohama, he said, a secret ballot had been chosen. The Chairperson also noted that, in accordance with the provisions of the ITTA, 2006, and in order to have voting rights, Members must have met their obligations in terms of payments to the administrative budget. Members in arrears did not have voting rights.
88. The Consumer Spokesperson thanked the Secretariat for the demonstration and reported that discussions in the Consumer Caucus had concluded that it was crucial for the new Executive Director to be appointed at this Session of the Council. She recalled that despite an entire week of consultations at the Fiftieth Session in Yokohama, the Council had ended without consensus on this issue. Based on that experience and in order to facilitate an efficient process, she called for a special vote in accordance with the ITTA, 2006 rules.
89. The Producer Spokesperson said that, having listened attentively to the comments by the Consumer Spokesperson, the Producers also believed that ITTO had spent 2015 in uncertainty. Producers wanted to leave the Session with a new Executive Director. On the issue raised by the delegate of Togo, the Producer Caucus wanted to avoid reaching the same dead end situation as at the previous Session, which was a possibility if the voting instructions remained the same. The rules were one thing; the spirit of the rules was another. The Council was the supreme governing body, and it had adopted the rules in 2006. If a situation similar to the previous Council prevailed, the nomination and appointment of an Executive Director would be addressed in two articles: Article 12 "Consensus" and Article 14 "Special Vote", the special vote having been requested by the Consumer Spokesperson. But this situation had been experienced at the previous Session. If the rules were not defined at the start, a deadlock was reached and as a result, the Council ran the risk of finishing the Session without an Executive Director. Two candidates had withdrawn from the process voluntarily, but how about the others? The Producer Caucus would have wished to have seen others also withdraw, leaving perhaps only two candidates, which would enable the Council to try to achieve consensus or, failing that, to go for another decisive ballot. At the previous Session the Council had debated for two days; capitals had stopped responding; and the end of the week had been reached. Did the Council wish to arrive at the same result at the current Session? His suggestion was that both caucuses should attempt to establish a position on this issue before voting, because once voting had started it would not be possible to return to preliminary talks.
90. The Chairperson invited the Consumer Spokesperson to respond to the appeal by the Producer Spokesperson.
91. The Consumer Spokesperson repeated that, based on discussions within the Consumer Caucus and in compliance with the provisions of the ITTA, 2006, she called for a vote.
92. The delegate from Papua New Guinea noted that there had been a series of attempts within the Producer Caucus to reach consensus, so far without success. He endorsed the plea of the Producer Spokesperson to allow further consultations within the Producer Caucus.
93. The Chairperson noted that, in accordance with the Rules of Procedure, the Consumer Caucus had called for a vote and that he was allowed to take two interventions from those holding the opposite view. He asked the Consumer Spokesperson to provide a final decision after hearing those two interventions. In case the decision was for a vote, an immediate vote would be taken.
94. The Consumer Spokesperson requested a short break for consultations within the caucus. The request was granted.

95. Following the break, the Chairperson invited the UNCTAD Legal Advisor, Mr. Carlos Moreno, to provide clarity on the necessary procedures to be taken in accordance with the provisions under the ITTA, 2006.
96. Mr. Moreno said that, in accordance with Article 12 of the ITTA, 2006, the Council should endeavor to take all decisions by consensus. If consensus could not be reached, the Council should take all decisions by a vote, and, in case of the Executive Director, by a special vote. Mr. Moreno further noted that two motions had been made, one to vote now, and one not to vote now. In such a case, Rule 18 of the Rules of Procedure applied, which meant that a simple majority vote needed to be taken on whether to vote now or later, on the election of the Executive Director.
97. The delegate from the European Union requested another break.
98. The Chairperson gave the floor to Peru to make a point of order.
99. The delegate from Peru said he had requested the floor to support the proposal of the Producer Spokesperson that, before voting, the Council should make every effort to reach consensus between the Producers and Consumers. The Council had tried to reach consensus at the previous Session but had been unable to do so. There was goodwill at the current Session to reach consensus and a concerted effort should be made to do so. If not, the Council could proceed to the vote, as requested by the European Union.
100. The Chairperson thanked Peru, noting that the intervention was not a point of order. He noted that the Council had to follow the Rules of Procedure and that a simple majority vote was required at the conclusion of the short break requested by the delegate from the European Union.
101. Upon reconvening the Chairperson noted that he would take only points of order.
102. The Consumer Spokesperson reported that the Consumers wanted to withdraw the call for a special vote. She requested that the schedule of work for the morning session of the following day be rearranged so that Item 11 on the Agenda would be addressed following the report of the Credentials Committee.
103. The Chairperson welcomed the withdrawal by the Consumer Caucus and the goodwill shown by the Producer and Consumer groups and closed the Session.
104. When Council reconvened the next day, the Officer-in-Charge, Dr. Steven Johnson, reported that Ms. Sheamala Satkuru-Granzella of Malaysia had withdrawn her candidacy for the position of ITTO Executive Director and that the voting system had been amended accordingly.
105. The Chairperson indicated that, based on the discussions and agreement of the previous day, the Council would proceed to take a vote. He requested the Secretariat to make the necessary preparations and invited interventions by delegations. The Secretariat explained the voting procedure, and the Chairperson indicated that, based on the discussions of the previous day, the voting would be by secret ballot.

Results of the 1st round of Special Voting:

| | Name | Group | No. of Countries | No. of Votes |
|----------|----------------------|----------|------------------|------------------|
| Choice 1 | Mr. Gerhard Dieterle | Producer | 3/17 = 17.6% | 166/937 = 17.7% |
| | | Consumer | 32/35 = 91.4% | 656/1000 = 65.6% |
| Choice 2 | Mr. Eduardo Mansur | Producer | 14/17 = 82.4% | 771/937 = 82.3% |
| | | Consumer | 3/35 = 8.6% | 344/1000 = 34.4% |
| Choice 3 | Mr. Ivan Tomaselli | Producer | 0/17 = 0.0% | 0/937 = 0.0% |
| | | Consumer | 0/35 = 0.0% | 0/1000 = 0.0% |

106. The Secretariat reported that the results of the first round of voting indicated that none of the candidates had achieved the necessary number of votes and members required for Council to reach a

decision in accordance with the ITTA, 2006 and therefore, no decision was reached. The Chairperson adjourned discussion on the agenda item.

107. When discussions on this item resumed the following day, the delegate from Brazil underscored that the intention of the gentlemen's agreement of ITTO's founding fathers was to balance power between Producers and Consumers with the Headquarters located in a Consumer country and the Executive Director coming from a Producer country. He also said that if no agreement was reached on the question of the next ED, then the immediate solution was the Officer-in-Charge, who was a national of a non-member country (Canada), but that country had been a Consumer member previously.
108. The delegate from the European Union requested evidence of a "gentlemen's agreement" that the ITTO Executive Director should always be from a Producer Member country. She paid personal tribute to Steven Johnson, Officer-in-Charge, who had shown great personal courage in revealing the Organization's financial problems. She said that the European Union did not consider it fair to put the burden of responsibility for addressing such problems on the shoulders of an Officer-in-Charge and that the European Union would like to elect the Executive Director at the current Session. She said her delegation had no space in its instructions to withdraw the European Union candidate, and they passionately believed it was the turn of the Consumers. She noted that the head of the FAO, WTO, UNFF and the CBD were of one nationality, and there was a need for more variety, and to add another of the same nationality to the one remaining forest-related organization would be a mistake.
109. The delegate from Colombia said that Colombia believed that a characteristic of gentlemen's agreements was that they were unwritten. He believed it was just to maintain the tradition of having the headquarters of the Organization in a Consumer country and the Executive Director should be from a Producer country, and that variety was not necessarily the spice of life in all cases. He stated that the gesture of putting the checkbook on the table as an argument for negotiation was not often welcome. He asked colleagues from Consumer countries to make an effort of conciliation by maintaining the original structure and spirit that gave Producer countries the opportunity to lead the Organization, while the headquarters was in Yokohama.
110. The delegate from Ecuador indicated that Ecuador would like to join the comments of the Brazilian and Colombian delegations with regard to the legitimacy of the candidate of Brazil to lead the Organization. Ecuador would ask all Consumer countries, therefore, to respect the gentlemen's agreement.
111. The delegate from the U.S.A. indicated the desire of the U.S.A. delegation to work with others to consider all the discussions efficiently without preventing other business from occurring at the Session. It would be a poor choice for the Organization to have to repeat the process to elect an Executive Director next year, or even to begin the application process anew. The U.S.A. delegation was deeply concerned that the reputation of ITTO as an effective and high-functioning organization would be jeopardized if the belated election of the next Executive Director was not achieved at this Session. The question of whether a gentleman's agreement existed was unhelpful at this time. The delegate from the U.S.A. also noted that many Producer countries were also Consumers and vice versa. The timber trade was changing, countries were changing, and adaptation was required for ITTO to be a successful organization. The U.S.A. firmly supported the Consumer candidate, and its plan B for a Producer candidate was no longer an option.
112. The Producer Spokesperson signaled the presence of the Ambassador of Finland, Mr. Matti Pullinen, who was with his counterpart, the Consumer Spokesperson, and hoped that, by his presence, progress could be made. He said he had read with great interest the newsletter of the Earth Negotiation Bulletin, which had presented ITTO as an entity with two heads because the two caucuses could not come to an agreement on the election of Executive Director. Given that ITTO had two caucuses, and each caucus had one candidate, was it reasonable to believe that a consensus solution was possible? He agreed with the U.S.A. that timber trade was a triangle, with domestic markets increasing. But coming to Kuala Lumpur, information was circulated only on one side, and there was a question of ethics. The Producer Spokesperson judged Mexico's recent proposal to be relevant, which was to build on the results of the Yokohama Council Session in 2014 as partners. What was being discussed now, on questions such as the headquarters, finances, votes, possibility of vetoing or blocking votes, and the issue of the Executive Director, would not help the partnership. The Producers had agreed during and before preselection that Consumers could present candidates, and this was a compromise. The Producer Spokesperson suggested that a group be created to facilitate negotiations. He questioned how it was possible to arrive at a situation where it was not possible to negotiate, when Article 12 invited negotiation?

113. The delegate from Peru indicated that there was good will and openness for dialogue to reach consensus to resolve the impasse. Perhaps the terms of reference and the approach to managing the selection of candidates were insufficiently clear. He agreed with the Producer Spokesperson, the Consumer Spokesperson and the U.S.A delegate: it was possible to sit down with the intention of establishing a dialogue and finding a balanced solution that would be favorable or acceptable to both sides. It might be possible to develop a roadmap for the first four years and the following four years. The Organization was facing a crisis, with the impairment of investments, and the institution must be renewed. Work was required to achieve this renewal, and Peru wanted such work to be done by a team that would rise from the decision to be made by the Council.
114. The Consumer Spokesperson said that, at the previous Council Session, the idea of rotation was initially raised, but this had not been further discussed and could perhaps be revisited.
115. The Chairperson said he understood there had been informal consultations on this matter and asked the Consumer Spokesperson if she had a proposal to make at this time. He then gave the floor to the Producer Spokesperson.
116. The Producer Spokesperson reported that the Producer Caucus had also had informal consultations. There had been two rounds of voting in Yokohama. The idea of rotation did emerge at that time, but the Producer Spokesperson requested the Consumer Spokesperson to clarify what would be meant by the concept of rotation.
117. The Chairperson invited the Consumer Spokesperson to give clarity on what was meant by the principle of rotation and how it might assist in the appointment of a new Executive Director.
118. The Consumer Spokesperson indicated that the rotation would not be between the continents. The Consumer Caucus understood rotation as between Consumer and Producer countries.
119. The Chairperson said that, under the rotation approach, the Executive Director of the Organization would be appointed on rotation between the Producer and Consumer groups. He invited proposals on how this might be brought forward so as to ultimately lead to the appointment of the new Executive Director.
120. The delegate from the U.S.A. said that her understanding of the rotation was that the Council would make a decision at this Session that explained, without mentioning which caucus would start first, that a rotation would start with a defined term— for example, a 4-year term that was renewable, or a 4-year term that was not renewable, or a 6-year term. Thus, whichever caucus the first Executive Director elected under this system was from, the consecutive Executive Director would be from the other caucus, and this would be established by the Council in its decision, which would be separate from the selection of the Executive Director. This would be a way to make progress, whether or not the Council was able to elect the Executive Director at the current Session.
121. The delegate from the European Union said that such a decision could be drafted relatively quickly, and suggested that the UNCTAD Senior Legal Advisor could draft it.
122. The Producer Spokesperson referred the Council to Article 7 of the ITTA, 2006, and asked how such a decision would be taken. If by consensus, would Article 12 be applicable? Would it be a special vote, as per Article 14? It was somewhat confusing, and further clarity and explanation was required.
123. The UNCTAD Senior Legal Adviser, Dr. Carlos Moreno, said that the decision could be taken by consensus, which would be the ideal way of adopting that type of decision. In his understanding, it should be taken by a special vote. It was true that Article 14 (ii) indicated that the terms and conditions of the Executive Director should be determined by the Council, in which case a special vote was not needed, but he believed that those terms and conditions referred to the conditions of employment and not appointment/election.
124. The Chairperson requested Dr. Moreno to pause and then asked the two candidates, Dr. Dieterle and Mr. Mansur, to leave the room. He invited Dr. Moreno to continue.
125. Dr. Moreno said there was no problem in taking such a decision by consensus or by a special vote in accordance with Article 7(a). Article 7(a) required a special vote to adopt rules and regulations as were necessary to carry out the provisions of the Agreement. Article 14 referred to the terms and conditions

of service of the Executive Director, which he understood could be determined by the Council. Dr. Moreno said that he did not think the decision being discussed would fall under Article 14, which would require a simple majority. His understanding was that the decision being discussed should be under Article 7(a), which required a special vote, unless agreed by consensus. Another way would be to amend the Agreement, but that would be complicated. In principle, he said, the way to proceed would be either consensus or a special vote.

126. The Chairperson summarized that a decision to establish a principle of rotation in appointing the Executive Director could be made by consensus, failing which a special vote would be required. He asked delegates whether there was consensus on this issue and a decision could therefore be made on that basis.
127. The delegate from Papua New Guinea asked whether there would be amendments to the provisions of the Agreement, which would require endorsement from capitals.
128. The Chairperson invited Dr. Moreno to comment.
129. Dr. Moreno said that if the Council wished to adopt such a decision without amending the Agreement, it would need to do so either by consensus or by a special vote. Article 8 referred to the rotation of the Chair and Vice-Chair between Producers and Consumers, but there was no reference to a rotation of the Executive Director. The Agreement could be amended, but this would be very cumbersome.
130. The delegate from Brazil said that while it was proposed to take a decision, Brazil had not seen such a decision and was unfamiliar with the terms of the decision. To decide whether to take the decision, her delegation would need to be familiarized with its terms.
131. The Chairperson said that the Council was having an initial discussion on whether such a decision was something it might wish to consider. If there was some level of consensus, a precise decision could be drafted for the Council's consideration.
132. The delegate from Norway suggested that the legal expert should prepare a draft for discussion the next day.
133. The Chairperson agreed that a decision could be drafted to establish the principle of rotation in appointing the Executive Director, but before this was done there should be more consensus building.
134. The delegate from the European Union said that her delegation would be pleased to see a draft decision, which they would prefer to be taken by consensus, because it needed wide ownership. If necessary, a special vote could be taken. The European Union had not seen a text and would like to do so before the next day to allow time to consult with the 28 member states.
135. The delegate from Brazil indicated that Brazil could agree to have a proposal in writing with a view to coming to a decision on the following day.
136. The Chairperson said that the drafting group would be convened later that day. Given that it should be a relatively simple decision, it should be possible to draft the essential elements. It should be possible to have a draft available for discussion in the Chairperson's Open-ended Drafting Group.
137. The delegate from Togo agreed on the need for a draft before attempting to reach consensus. He recalled that the solution that was being sought was a solution to a crisis and not necessarily a permanent solution. The draft should be developed in the context of a solution to the crisis, and only that.
138. The delegate from Peru said that the terms "rotation" or "alternating" did not appear in the Agreement. His delegation had asked for a definition of what exactly was meant by rotation or alternating. What was needed was a legal definition of the term in order to understand the potential repercussions. When a new term was adopted in a decision-making mechanism, it established a legal precedence, which needed to be analyzed for its future repercussions. Was it to be applied exclusively to the election of the Executive Director, or could it go beyond that and be applied to other mechanisms in the institution? Therefore, the repercussions should be analyzed carefully. The intention, he believed, was to reach a balance of power, a balance of participation between Producers and Consumers within the institution. Was rotation really the solution, or was a more creative solution available?

139. The delegate from Benin said he had some unanswered questions. Would the number of years for the alternation be indicated? What would happen if the Council failed to elect an Executive Director at the current Session? Would current candidates withdraw? It would be important to clarify these aspects to ensure that the decision would be passed easily.
140. The delegate from Brazil said it would be positive to have a draft decision, and delegations would have to consult on it because it was a major issue. She understood that there was no need to amend the Agreement, but it would still have a bearing on the structure and functioning of the Agreement, and there were provisions in the Rules of Procedure. Brazil would be in a position to discuss the draft decision on the following day.
141. The Chairperson said that there had been a fair debate on the issue. To date the Council had failed to reach a decision on the next Executive Director, and now delegates were exploring ideas on how to facilitate the process in reaching a final destination in the appointment of a new Executive Director. The main idea was whether to adopt a principle of rotation. A draft decision would be prepared for consideration at the Chairperson's Open-ended Drafting Group later that day, with the purpose of facilitating the process.
142. The delegate from Brazil said that, given this would be such a major change in the way the Council operated, there was a need to consult with her capital. Given the different time zones, it might not be possible to analyze and consult on the decision on the current day. She said that Rule 21 on proposals and amendments in the Rules of Procedure established the procedure suggested by Brazil. She quoted the rule, which indicated that no proposal should be discussed, or put to vote at any meeting of the Council unless copies of it had been circulated to all Members not later than the day preceding the meeting, although, in the absence of objections, the Chairperson might permit the consideration of proposals or amendments, even if they had not been circulated. However, this was a matter of substance and Brazil would not like to make rushed decisions and would like to abide by the rules.
143. The Chairperson said that what was being proposed was to prepare a draft that evening, make it available to all delegations, and also to discuss it at the Chairperson's Open-ended Drafting Group that evening. He understood the need for delegations to undertake consultations with their capitals but appealed to delegations to show flexibility so the idea could be explored. The discussion that evening would be informal and it was not obligatory for all delegations to be involved. The Chairperson asked whether it was possible to proceed on that basis and, seeing no objection, indicated that the Secretariat would prepare a simple draft based on the discussion.
144. Discussions recommenced the next day when a draft decision on rotation of the ED position had been circulated. The Consumer Spokesperson said that the Producer Spokesperson had asked for clarification on the meaning of rotation, which also addressed the question of how to alternate. The proposal of the Consumer Caucus was to start the discussion with this question.
145. The Producer Spokesperson said there had been a blockage and, in light of that, the Producer Caucus could envision this idea of rotation and alternation between the two caucuses. The Producer Caucus had received useful advice and support from the legal counsel and could indeed work on a draft decision, a draft text of which was now available.
146. The Chairperson asked whether all delegates had copies of the draft decision, which was available in the three languages. He proposed that discussions focused on the draft decision, "Principles for the Appointment of the Executive Director", as contained in Document ITTC(LI)/20.
147. The delegate from Brazil said that he thought everyone would agree that ITTO was in a critical situation and it would be unsuitable if the Organization was to remain without an Executive Director for much longer. Brazil had made several proposals during the week, such as that its candidate would serve only one term of four years, but this was not accepted. Then Brazil had proposed (at a lunch convened by the Chairperson) the idea of upgrading a director to a Deputy Executive Director to accommodate the consumer countries, but this was also discarded. Brazil had spent part of the night consulting with Brasilia, and the government had consulted with governors and senators from the Amazon Basin. Brazil would like to show flexibility and had come to the Producer Caucus that morning with a draft proposal, which had been discussed in the caucus and there was no opposition to it. This draft proposal, consists of "Decides that 1) the terms of office of Executive Directors hence forth will be for six years non-renewable; 2) the Executive Director appointed after the term of the Executive Director elected at the Fifty-first Session of the International Tropical Timber Council will be a national

of the other category of Members; 3) the subsequent criteria for the selection and appointment of future Executive Directors will be assessed and discussed by the Council". Such a decision would involve Brazil to make a huge concession because it was a principle of the Producer countries that the Executive Director should be from a Producer country. Thus, for the first time Brazil was accepting the principle of rotation, which would come with two conditions linked to Brazil: first, that the Executive Director was elected at the current Session of the Council; and that the first Executive Director elected under this principle of rotation should be from a Producer country. Brazil had shown flexibility and presented proposals, but the Consumers had not moved in their positions.

148. In response to a query by the delegate from the European Union, the Chairperson confirmed that the document under discussion was ITTC(LI)/20. The document referred to by the distinguished delegate from Brazil had been circulated in the Producer Caucus, and this could be made available. It was only available in English, and copies would be circulated to all delegations.
149. The delegate from Brazil clarified that theirs was a counter-proposal to the draft resolution that was now under examination under Agenda Item 11. The proposal was linked to two conditions or otherwise would be withdrawn. The first condition was that the Executive Director was elected at the current Session, and the other was that the short-term rotation would commence with an Executive Director from a Producer country, followed by a candidate from a Consumer country. This arrangement could be made on a pilot basis and a decision could be made at a later Session on whether it should be adopted in the long term.
150. The delegate from the U.S.A. said she was pleased to see that progress had been made to get a draft decision tabled. Her delegation had come with multiple concessions and it did have a plan B for a Producer candidate, but it did not want the decision on rotation to be linked to the selection of the Executive Director. Her delegation had understood yesterday that a draft decision on the principle of rotation was a way to move forward collectively. After such a decision, which was neutral in that it would not say who would start first, the Council could go forward with whatever process it needed to select the Executive Director. Her understanding of how to go forward with the decision was that if some parties wanted to discuss the principle of rotation and others did not then the Rules of Procedure could be used to determine whether the issue could be discussed.
151. The Chairperson suggested hearing more interventions before deciding whether to fall back on the Rules of Procedure.
152. The Producer Spokesperson said the question was whether the principle of rotation was accepted. This could be done either by consensus or by special vote. The Chairperson had presented Council with a draft decision. When the Producer Spokesperson had spoken first on this item, he had indicated that the Producer Caucus had accepted the principle of rotation by consensus. The Consumer Spokesperson had proposed this principle, so the Producer Spokesperson assumed that Consumers also accepted it, so both sides had accepted it and perhaps the draft could now be considered. He had heard that the United States had a Plan B, and perhaps the Council should consider that. If there was a Plan B the Council should hear it, and the second step would be to consider the draft.
153. The delegate from the European Union said she understood from the intervention of the Producer Spokesman that there was consensus in the Producer Caucus on the principle of rotation, and there was also consensus on the part of the Consumer Caucus. It was her understanding that the draft Document ITTC(LI)/20 was a light, well-crafted proposal that had come originally from the Senior Legal Advisor but which was now a formal draft because it had been addressed by the Chairperson's Open-ended Drafting Group the previous evening, where it had been modified. She said the outcome of the Chairperson's Open-ended Drafting Group had been delivered to pigeon-holes before midnight the previous evening. It appeared to present a consensus point of view and all that was needed was to clean two words in the text on whether the term should be four or six years, nonrenewable. Then it would seem possible to adopt the text by consensus. Then there would be a vote, the two elements being distinct. She concluded that this was excellent news.
154. The Chairperson said that, following the discussion on the previous day, the Senior Legal Advisor had drafted the decision, which had been subject to correction and amendments at the Chairperson's Open-ended Drafting Group on the previous evening, and the result was contained in Document ITTC(LI)/20.

155. The delegate from Brazil said it was sometimes difficult to express herself adequately because she was never speaking in her mother tongue, and perhaps she had not been very clear, leading to confusion. The idea behind the Brazilian proposal was to achieve consensus on the election of the Executive Director. This was why Brazil had said that the two were linked. Yes, the Producer Caucus had agreed in principle to the principle of rotation but that this would be on a pilot basis, and experience would determine what happened in the future. This was Brazil's way of trying to reach consensus on both issues, because, as she understood it, they were linked, not separate. She did not think there was consensus to consider the document presented on the previous day. If it was to be examined, then the Rules and Procedures of the Organization should be applied to determine whether it would be considered. She proposed a short break for further coordination.
156. The Chairperson announced a short break to facilitate consultations among delegations.
157. On reconvening, the delegate from Brazil reported that consensus had not been reached.
158. The Chairperson reiterated that his understanding was that there was no consensus between Producers and Consumers on the adoption the decision as drafted.
159. The delegate from the European Union said that her understanding was that discussions between the Producer and Consumer Spokespersons were about to start rather than finish. There had been a productive discussion within the European Union and then with colleagues in the Consumer Caucus, and perhaps there was still some elasticity in the situation.
160. The Producer Spokesperson reported that he had nothing to say at this point and was in discussion with his capital on the implications of the draft decision on the Agreement.
161. The Chairperson asked the Producer Spokesperson whether he had a suggestion for amending the draft decision for consideration by other delegations.
162. The delegate from the European Union said her understanding was that Cameroon needed to consult the capital. However, her experience was that if a decision was taken it would not require amending the Agreement, which perhaps the Senior Legal Adviser could confirm.
163. The Chairperson asked Mr. Moreno if he could provide clarity on this issue.
164. Dr. Carlos Moreno, Senior Legal Adviser, UNCTAD, said it was necessary to consider the type of decision to be made, which was to indicate certain criteria for the appointment of the Executive Director. It would not really be an amendment to the Agreement; it would involve "soft" wording without really changing the nature of the Agreement, but it was a subjective issue, not like mathematics. Amending the Agreement would involve a cumbersome procedure involving Article 40. The idea would be to adopt a decision that would not alter the Agreement but would establish flexible criteria for establishing the element of rotation of the Executive Director.
165. The delegate from Togo agreed with the Consumer Spokesperson that an important step forward had been taken, and some wanted to formalize the situation immediately. He suggested that the two caucuses had agreed with the principle and a formal decision was not needed. The Council could move forward on the basis of the in-principle agreement.
166. The delegate from the European Union said the decision was a decision on principles. The European Union and other delegations were clear that this decision did not decide who would be the next Executive Director. She said she was deeply troubled by the idea that a decision could constitute an amendment of the Agreement. She was also deeply troubled by an intervention implying that the Council would be amending a non-existing gentlemen's agreement. She said that in no circumstances whatever was the Council amending the Agreement, which clearly stated that the terms and conditions of appointment of the Executive Director was to be determined by the Council. The Council had taken several decisions over its life on the criteria for selection, and this was similar, and it was clearly stated in the Agreement that it was the Council's prerogative to do so. Nowhere in the Agreement did it say that the Executive Director could come from only one group. Therefore she did not agree with the delegate from Togo that the agreement on the principle of rotation should not be formalized in writing because this could lead to misunderstanding and misinterpretation. A decision was needed.

167. The delegate from the U.S.A. said her understanding was that, although this would be a decision of the Council, it would not be such a serious decision that it would be in any way change the ITTA. The Council could also decide, at another time, to change the terms of any decision that it had made previously. The ITTA did not limit the nationality of the Executive Director and did not specify that he or she should come solely from a Producer country. She said that, in some ways, the old gentleman's agreement was in violation of the ITTA, and this decision would bring parties into alignment. The principle of rotation simply reaffirmed the spirit of ownership shared between Consumers and Producers, and was flexible. Her delegation was open to the suggestion of adding a sentence to the decision to say that it was on a pilot basis.
168. The delegate from Brazil said she understood that the treaty did not state that the Executive Director should come from a Member state of the treaty. On reading the decision, she saw that it was establishing that Executive Directors would alternate between nationals of Producer and Consumer Members and, moreover, that once the terms of one representative of one category ended its mandate, the other category would alternate, which she thought might constitute a change to the Agreement. She sought the view of the Senior Legal Adviser on this point because, in her view, the draft decision might be limiting what was envisaged in the treaty.
169. The delegate from Peru said he agreed with the view just expressed by the delegate from Brazil.
170. The delegate from the U.S.A. said that, if there was general interest in the principle of rotation and having some decision on that, it may be possible to broaden the language in the draft decision to reflect the breadth of the ITTA, which, she thought, said something to the effect that it was preferable, or strongly encouraged, to have a Member state, but not required. The language of the draft decision could be broadened to reflect that general principle.
171. The delegate from the European Union said the European Union would follow the U.S.A. in being willing to look for compromises. She recalled a decision made in 1998 (Decision (XXV)/19) that said candidates should be nationals of ITTO Member countries and should be endorsed by their governments. Only one candidate per country could be endorsed. That decision was amended subsequently or there could not have been two Brazilian candidates, and it was not necessary for candidates to be endorsed. However, being a national of a Member of the Organization had long been part of the decisions of the Organization and was why the Officer in-Charge could not apply for the post.
172. The delegate from Brazil questioned whether a decision of 1998 applied to ITTA, 2006.
173. The Chairperson noted that the differences were still quite wide, and proposed to move to other agenda items first (which was accepted).
174. Upon reconvening on this item, the delegate from Brazil requested to examine the issue regarding the appointment of the Executive Director and to see whether Council could come to a conclusion here, either by consensus or vote.
175. The delegate from the European Union requested clarification on whether Brazil was asking for a vote on the election of the Executive Director rather than more consideration of draft Decision 5(LI). She expressed interest in seeing the wording of the U.S.A.'s proposed amendment, and on hearing whether there was widespread support for going straight to a vote. The European Union would prefer to discuss the decision first.
176. The delegate from Brazil clarified that Brazil was calling for a vote.
177. The Consumer Spokesperson indicated that the Consumer Caucus was happy to vote and called for a special vote.
178. The Chairperson reiterated that delegations had called for a vote and asked the Secretariat to make the necessary provisions for a vote to be taken on Agenda Item 11.
179. The Officer-in-Charge, Dr. Steven Johnson, informed the Council that the Secretariat had been unable to locate the delegation of Myanmar, which was previously present at the meeting. Unless the delegation was to enter the room very soon, it would be unable to participate in the vote, which would mean that Myanmar was abstaining and would be treated in the same category as countries that had

not appeared at the meeting, such as Guyana and Trinidad and Tobago. The total number of votes in the Producer category would be reduced accordingly. Dr. Johnson noted that there had been an additional delegation of votes.

180. The Chairperson invited the Chair of the Credentials Committee to take the floor.
181. Mr. Miguel Roberto Mendieta Duron, Honduras, Co-Chair of the Credentials Committee, informed the Council that the Credentials Committee had recently received two credentials, one from the Government of Costa Rica, giving their votes to the delegation of Mexico, and the other from the Government of Viet Nam, giving their votes to the delegation of Malaysia.
182. The ITTO Secretariat (Mr. Collins Ahadome) explained the voting process for the three candidates.
183. Delegates cast their votes, and the Secretariat informed Council that the results were as follows:

Results of the 2nd round of Special Voting:

| | Name | Group | No. of Countries | No. of Votes |
|----------|----------------------|----------|------------------|------------------|
| Choice 1 | Mr. Gerhard Dieterle | Producer | 5/18 = 27.8% | 197/899 = 21.9% |
| | | Consumer | 32/35 = 91.4% | 656/1000 = 65.6% |
| Choice 2 | Mr. Eduardo Mansur | Producer | 13/18 = 72.2% | 702/899 = 78.1% |
| | | Consumer | 3/35 = 8.6% | 344/1000 = 34.4% |
| Choice 3 | Mr. Ivan Tomaselli | Producer | 0/18 = 0.0% | 0/899 = 0.0% |
| | | Consumer | 0/35 = 0.0% | 0/1000 = 0.0% |

184. The Secretariat reported that the results of the second round of voting indicated that none of the candidates had achieved the necessary number of votes and members required for Council to reach a decision in accordance with the ITTA, 2006 and therefore, no decision was reached.
185. The Chairperson called for a recess, inviting delegates to return with ideas on how to move forward on this issue because the voting had proved inconclusive.
186. Following the recess, the delegate from New Zealand proposed that the Council return to discussion of draft Decision 5(LI), "Principles for the Appointment of Executive Director", with a view to breaking the road block.
187. The delegate from the European Union said it might be worth coming back to this decision as amended by the U.S.A., and she would like to hear the exact proposal. She had listened carefully to Brazil, which had said that, for them, the decision on the appointment, and the decision on the principles, could not be taken apart. The view of the European Union was that there might be some misunderstanding that if the Consumers were asking for a Consumer Executive Director, they might be trying to have a Consumer Executive Director forever. This was not the view of the European Union. She thought it might be useful to insert text to that effect in a decision to clear up a potential misunderstanding.
188. The delegate from the U.S.A. indicated that there was no specific proposal, but the decision should be a standalone decision that was neutral in terms of who would start first. Further language could be included, perhaps as a fourth bullet that would indicate that the principle of rotation as described therein would be implemented on a trial basis and that the Council might wish to review the effectiveness of rotation at a given moment.
189. The delegate from Brazil reported that her delegation had sought advice from the capital on the draft decision. On that basis, she sought clarification from the UNCTAD Senior Legal Advisor on whether adopting a decision on rotation would be against the treaty. She noted that ITTA Article 8 established a rotation between the Chair and the Vice-chair, indicating that they should be elected, one from among the representatives of Producer Members and the other from among the representatives of Consumer Members.

190. Senior Legal Advisor, UNCTAD, Dr. Carlos Moreno, indicated that he had pointed out this possibility in a previous intervention. It was true that Article 8 made very clear the rotation between the Chair and Vice-Chair of the Council, with very specific words, but the same wording was absent with respect to the Executive Director. Up to a point, the proposed decision could be considered as a hidden amendment to the treaty. Soft wording, such as that proposed by the U.S.A., should be used, and it was very difficult to say whether the decision would amend the treaty.
191. The delegate from the European Union suggested that what the Council had just heard was not legal advice, but a political opinion.
192. Dr. Moreno said that, given that he was a legal advisor, he had given legal advice to the best of his ability, but it was not political advice.
193. The delegate from Brazil indicated that, while this issue should be treated cautiously, her delegation was not saying that it was against the decision or that it contravened the treaty and could never be adopted, but perhaps more time was needed to think about it, and further legal advice was required from the capitals. She proposed that analysis of the draft decision be deferred, and she asked the Secretariat to prepare an analysis of this matter, and Member countries would do the same with their legal advisors.
194. The Chairperson sought clarification that Brazil was proposing that Council bring the draft decision to the next Session of the Council.
195. The delegate from Brazil clarified that that was the proposal, along with a request to the Secretariat to prepare an analysis.
196. The delegate from Togo regretted that the Council had failed a second time to conclude this agenda item and suggested that the cause was a decision the Council had taken in Libreville. No doubt it was intended to breathe new life into the Organization, but the effect it had produced was the opposite.
197. The delegate from Peru indicated that his delegation fully agreed with Brazil. The delegation considered that the election of an Executive Director was a major matter that affected the constitution of the Organization. The Council needed to be extremely careful and prudent not to overstep its mandate or the mandates that governments had given their delegations. He supported the delegate from Brazil, and also the delegate from Togo, in saying it would be excessively rushed to take a decision at that moment.
198. The delegate from the U.S.A. said she understood that some delegations might feel rushed, but she wanted to point out that the principle of rotation had been discussed at the previous Session. All delegations had had a year to prepare and to develop positions, and the U.S.A. delegation had come knowing that this would be part of its negotiations. It was also not unusual for the Council to put forward qualifying provisions with regard to the Executive Director. In moving forward, it looked like a new selection committee would be required for the application process to start anew. The U.S.A. delegation would be coming to the next Session with an open mind to consider all candidates for the position of the Executive Director, regardless of their country, or whether they were from a Consumer or Producer country.
199. The delegate from Colombia indicated that his delegation felt it was not a good idea to take a decision now on this draft decision because detailed discussion on the matter was required with its authorities at home. Colombia felt that the matter should be deferred to the next meeting.
200. The Chairperson expressed the view that the time had come to agree to disagree on further consideration of the draft decision on the principles for the appointment of the Executive Director including the principle of rotation. The U.S.A. had indicated that a possible next step would be to reopen the recruitment exercise, and the Council may have to consider the same sort of decision as adopted in Libreville. If no decision was made now, the Council would meet at the next Session with the same situation as at the current Session.
201. The delegate from Malaysia requested clarification on the meaning of such a new process.
202. The Chairperson indicated that the proposal was to start a new recruitment process, in which the Organization would advertise the position, and invite applications and follow the same procedure as

per the previous recruitment exercise. A panel would meet to make a shortlist of applicants, and the Council would meet at the next Session to consider the shortlist. The same decision the Council had taken in Libreville could be used.

203. The delegate from Brazil asked whether the Senior Legal Advisor could say whether the Council was obliged to use the same terms of reference for the candidates as those used in Libreville.
204. Dr. Carlos Moreno, Senior Legal Advisor, UNCTAD, said that the Council could decide to keep the terms of reference as they are, or modify them.
205. The delegate from the U.S.A. suggested re-opening the application process, allowing candidates to apply, including any candidates who applied previously. Hopefully, she said, all participants had learned something in the process about how to talk to each other, and what the concerns were on both sides, and everyone would be older and hopefully wiser in the next selection process.
206. The delegate from Cameroon said he had been a member of the original pre-selection committee, which had realized that certain things needed to be changed in the terms of reference. Some modifications should be made in order to go forward.
207. The Chairperson clarified that the delegate from Cameroon was proposing that the new process require candidates to apply through their governments with the support of their governments.
208. The delegate from Benin agreed with Cameroon and the proposal made but wondered if the Council was headed straight for the wall once again, because two fundamental questions needed to be resolved: the issue of rotation and the issue of which Caucus should start. It was possible the Council could end up with the same stalemate and failure at the next Council Session if the candidates were not supported by countries or their own caucus. Benin proposed that, with respect to the assessment of candidates, the Council take that into account and determine whether there was a possibility for the candidates to come from a single caucus.
209. The Chairperson clarified that there was now a proposal to undertake a fresh process of recruitment, and that Cameroon had suggested that the advertisement be amended to ensure that applications could only be submitted with the support of government.
210. The delegate from Germany asked the Secretariat to inform the Council about the previous selection procedure. She thought that approval by the government was required on a no-objection basis. Governments received applications via the focal point and could reject or accept those applications.
211. The Officer-in-Charge said the exact wording of the previous decision was "Request the Executive Director to inform applicants to submit their applications to the Secretariat by 30 April 2014 by 17:00 hours (Japan time). The Secretariat will thereafter inform the focal point of the country of the applicant's citizenship, and request the focal point to register any objection to the applicants' further consideration to the Executive Director within a period of four weeks".
212. The Chairperson asked the delegate from Cameroon if that wording was sufficient to address his concern.
213. The delegate from Cameroon said that France, for example, had two such candidates that it had objected to.
214. The Chairperson summarized that, under the circumstances, the Council had two options: one was to undertake a new recruitment exercise as suggested by the U.S.A., and the other was to carry the same situation to the next Council Session, for which no decision was required. The Chairperson said that, anticipating that a new recruitment exercise was one option, the Secretariat had prepared a draft, and it then distributed the draft in three languages. The draft Decision 6(LI), said the Chairperson, was similar to that adopted in Libreville, with two minor amendments: one to take into account that the Council was requesting the Officer-in-Charge rather than the Executive Director to undertake the process, and the other to tidy up the dates in the advertisement. The Council would also need the approval to transfer an amount not exceeding \$100,000 from the Working Capital Account to finance the implementation of the decision.
215. The Producer Spokesperson indicated agreement on the draft decision.

216. The Consumer Spokesperson indicated that the draft decision was the only way forward. Several hours had been spent in Libreville drafting the terms of reference. The sincere goal had been to get the best leader for the Organization.

217. The Chairperson indicated that the decision could be adopted as tabled by consensus.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO BIENNIAL WORK PROGRAMME 2015–2016 (AGENDA ITEM 12)

218. The ITTO Secretariat (Dr. Gerhard Breulmann) presented a progress report on the implementation of the ITTO Biennial Work Programme, as contained in Document ITTC(LI)/6 Rev.1. The Biennial Work Programme (BWP) 2015–2016, as approved in Council Decision 2(L), included 51 activities, divided into 30 activities seeking voluntary contributions, six activities funded from core operational costs, and 15 administrative and financial activities with no direct cost implications.

219. Of the 30 activities seeking voluntary contributions, three (10%) had received full funding, 16 activities (53%) had received partial funding, and eleven activities (37%) had received no funding.

220. In total, the Biennial Work Programme was seeking US\$7.65 million, of which US\$2.7 million (35.4%) had been pledged, with the funding received under Strategic Priority 2 for the ITTO–CITES collaboration in the amount of US\$1.43 million accounting for more than half that amount.

221. In terms of the implementation of individual activities that had received funding, reports would be presented to the Council or the associated committees, including on gender equity, on the ITTO–CITES collaboration, and on the conservation, restoration and sustainable management of mangroves. Under Strategic Priority 4, a report would be presented on a study on carbon removals and the emissions associated with the production and the use of tropical wood products.

222. Dr. Breulmann highlighted the implementation status of a number of other activities, including:

- Support for the International Wildland Fire Conference in Korea in October 2015, including a side-event and a special edition of the ITTO *Tropical Forest Update*.
- Publication of three editions of the *Tropical Forest Update*.
- The convening of the Annual Market Discussion, with the Trade Advisory Group, at this Council Session.
- The publication of 19 issues of the Market Information Service, with another four issues expected before the end of 2015.
- A synthesis report on the achievements of the Thematic Programmes on REDDES and TFLET.
- Support for the participation of the Trade Advisory Group and the Civil Society Advisory Group at this Session of the Council.
- Participation in the Collaborative Partnership on Forests and the United Nations Forum on Forests.
- The ITTO Fellowship Programme, which would also be reported separately to the Council.
- The results of a survey on the use of the SFM-related policy guidelines.
- Presentation of a report on the regional ITTO presence and representation, under Agenda Item 16.

223. In summary, all activities that had received full or partial funding under the Biennial Work Programme were being implemented, and six had been completed.

224. The Chairperson thanked Dr. Breulmann for his report.

225. The delegate from Peru congratulated the Secretariat for the precise, concrete and objective report on the progress made in the implementation of the activities scheduled in the Biennial Work Programme, and the conclusions were quite clear. Although the Council had identified very important priority issues for both Producers and Consumers, it had been able to finance only 35% of the proposed budget, with significant differences in some thematic areas. For example, in Strategic Priority 1, on governance, only 8% of the budget had been achieved. In the presentations made on that morning on forest management guidelines, criteria and indicators, etc., it had been shown that governance was a very complicated issue that required much more attention, not only in terms of resources but also in terms of the political decisions that the institutions themselves or individual countries needed to make. He

believed that the percentage of funds allocated to the issue was a good indicator of the progress made on governance in individual countries. The regional Latin American workshop on criteria and indicators that ITTO had organized jointly with FAO the previous June in Lima had highlighted the need to revise the indicators in line with the impacts of political decisions on forest governance. He believed that this was an area that should be addressed with much more intensity – how to measure the impact that policy frameworks, legal frameworks, etc., were having on forest governance.

226. The delegate from Peru said that a substantial percentage of the budget – almost 80% – had been achieved for Strategic Priority 2, which addressed increasing the contribution of tropical forests to national economies. This level of funding was satisfying because it could be seen that efforts were being made to help the forest sectors of Producer countries prosper and thus make greater qualitative and quantitative contributions to their national economies. This was precisely what many countries had been hoping for, even though the total amount of funds allocated to this priority in all Producer countries was limited. Nevertheless, it was a good indicator that an effort was being made in this regard and that the Council should continue to intensify its efforts in ensuing Biennial Work Programmes. The delegate from Peru also said that the percentages achieved for each Strategic Priority seemed to indicate that there was a need to review some priorities in the drafting the Biennial Work Programme for the next two years.
227. The delegate from the European Union supported the points made by the delegate from Peru.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO THEMATIC PROGRAMMES (AGENDA ITEM 13)

228. The Chairperson invited the Secretariat (Dr. Gerhard Breulmann) to present the report on this item.
229. Dr Breulmann said the report was divided into two parts: the first was an overview of the status of the thematic programmes, and the second was an evaluation of the REDDES and TFLET thematic programmes, which would be presented by a consultant, Dr. Markku Simula.
230. Dr. Breulmann said that in 2015, five projects had been approved under the TMT, which was part of a special call conducted together with the ITTO–CITES Programme in which proposals needed to address CITES objectives as well as the objectives of the TMT. In total there were now 79 projects under thematic programmes – 29 under TFLET, 31 under REDDES, five under CFME, and 14 projects under TMT. Forty-three of the 79 projects had been completed, 28 were ongoing, four were pending agreement, and four had gone into the sunset phase due to difficulties in the signing of agreements.
231. In terms of funding, the thematic programmes had received US\$3.1 million under the Strategic Action Plan 2013–2018, of which approximately US\$2.2 million was for TFLET, US\$300,000 was under REDDES, and approximately US\$600,000 was under TMT. The thematic programme on Industry Development and Efficiency had not received any funding to date.
232. Dr. Simula presented his report. He said that the scope of the analysis covered all completed projects and ongoing projects in the REDDES and TFLET thematic programmes. The TFLET programme had broad coverage, with implementation focused on capacity building, governance strengthening, and developing trade based on legally and sustainably produced tropical timber. One of the programme's weak areas was enforcement, which was perhaps not covered to the extent intended. Another gap in the programme was the relatively weak action at the level of international and cross-border cooperation, and there was no action aimed at developing procurement policies in Producer countries. The main targets of the programme were community forest enterprises, indigenous groups, small and medium-sized enterprises, and government agencies. Executing agencies were typically government agencies, civil-society organizations, and knowledge institutions.
233. Dr. Simula said there was a high level of applicability and replicability in the 20 projects in the TFLET programme. There was also a strong element of using adapted new technologies, particularly in the development of tracking systems, as well as innovations. Based on available information, half the projects had a strong expectation of sustainability; only perhaps 20% required continuous financing to be sustainable. Dr. Simula listed some of the achievements made by the projects and described key lessons to be drawn.
234. Dr. Simula said that the analysis had reviewed 29 projects in the REDDES portfolio. Capacity building was a strong focus in this programme, often achieved through piloting and demonstration. Forest

communities, indigenous groups, and small and medium-sized enterprises were the main targets and beneficiaries, together with forest owners and government agencies, and execution was mostly done by government, knowledge institutions, and, to a lesser extent, civil-society organizations. Dr. Simula reported that one-third of the projects had a strong apparent likelihood of sustainability, one-third had some likelihood of sustainability, and the remainder would probably require continued financing. He also outlined key lessons learned from the REDDES projects.

235. Dr. Simula said that his report presented 16 recommendations to the Organization. He said that the programme design – especially the monitoring protocols – needed updating, and there would be benefit in clarifying the theory of change. The approach of relying exclusively on open calls for proposals, with limited proactive measures and internal links, was weak, and Dr. Simula recommended consideration of targeted calls for proposals. He said that the thematic programmes were poorly understood beyond the Organization, resulting in weak synergies and limiting knowledge sharing, and he recommended improving communication, exploiting synergies, and promoting mutual participation in decision-making fora. Finally, sporadic and insufficient funding was a key constraint for the implementation of the thematic programmes. Communicating the outcomes and achievements of the thematic programmes, and being responsive to donor priorities, was required.
236. The Chairperson invited the delegate from China to take the floor.
237. The delegate from China introduced herself as the coordinator of ITTO Project TFL-PD 07/09, which was implemented from 2011 to 2014. The project had a great effect on the timber sector, she said, and its activities and outputs continued today, providing a platform for industry and public-sector dialogue and the exchange of information on all issues relevant to the sector.
238. The project had been presented at a meeting of the U.S.-China Strategic and Economic Dialogue. It had developed the Forest Products Index (FPI) as a mechanism for information exchange involving government agencies, timber and timber-related products associations, research institutes and universities, and timber product enterprises. The FPI enabled periodic information exchange between timber-related enterprises, small and medium-sized enterprises and government officials based on monthly data and policy exchanges. The FPI was the first timber product procurement management index in China. This monthly index was first published in April 2012 and had been updated since for the last 43 months. The index was compiled based on the data provided by enterprises, with around 100 timber enterprises providing data. The index showed a high correlation with developments in China's timber economy. The FPI reports were distributed to the media and made available on many timber product-related websites.
239. The delegate from China said that the Chinese Green Daily newspaper published the FPI, and some timber-related financial organizations cited the index each month. The FPI mobile network, which was public, enabled the direct communication of information and feedback from more than 1070 timber professionals, including timber traders, manufacturers, government officials, and researchers, with the subscribers helping disseminate the information. ITTO's market information report was also translated into Chinese every month through the platform.
240. The delegate from China said that the FPI mechanism was the first non-profit platform to support the contribution of timber enterprises to policies addressing the sector, and the monthly flow of information benefited the whole industry, government agencies, research institutes and associations. It also served as a form of communication between stakeholders for the sharing of information and was widely accepted as an efficient channel for disseminating information on procurement and sustainability to enterprises. Many timber-related industry and trade associations in China wanted to cooperate with the project to tap into the information services arising from it, and it was hoped that the concept and knowledge developed in China would find application in other parts of the world.
241. The Chairperson invited the delegate from Costa Rica to take the floor.
242. The delegate from Costa Rica said that the recommendations made by the two experts were very valuable that could strengthen the development of the thematic programmes for the benefit of Producer Members. He asked what sort of action was to be taken by the Secretariat or the Organization with respect to the conclusions and recommendations made by the experts in their presentations.
243. The Chairperson invited the delegate from the European Union to take the floor.

244. The delegate from the European Union said that the European Union welcomed the introduction of the thematic programmes alongside traditional project activities as a way of helping ITTO achieve greater focus and impact in its activities. Immediately after their launch, the thematic programmes proved to be an effective means for improving resource mobilization in support of core activities of the Organization. The delegate said that the European Union noted with disappointment that no additional pledges had been received since the last Council Session and inquired whether this was a temporary situation, whether donors were not fully satisfied with the current method of implementation, or whether insufficient efforts had been made to mobilize additional funding for the thematic programmes.
245. The European Union remained concerned that the report presented by the Secretariat was essentially a compilation of individual activities funded through the thematic programmes. The delegate reiterated the European Union's call for a more results-oriented report dealing with the various thematic programmes as a coherent set of activities under the Strategic Action Plan in which the whole was greater than the sum of the parts. The European Union welcomed the stocktaking study commissioned by the Secretariat on the achievement to date of the programme, which provided a number of useful suggestions. The European Union supported the recommendations on the design of thematic programmes as well on implementation modalities, monitoring mechanisms, and improved knowledge management and hoped that the Secretariat would consider these recommendations and come back with proposals for consideration by the Council. A more focused approach based on the recommendations was essential for future resource mobilization, and the Secretariat should undertake further consultations with both traditional and emerging donors during this exercise.
246. The Chairperson invited the Secretariat (Dr. Gerhard Breulmann) to respond to the issues raised.
247. In response to the intervention by the delegate from Costa Rica, Dr. Breulmann indicated that the recommendations made by the consultant and published in the report would be considered first internally at the Secretariat level. It was also possible that a working group could be formed during Council Sessions to address the issues or to involve the Thematic Programme Advisory Committees. With respect to the intervention by the European Union, the Secretariat had noted at the previous Council Session that reporting should be more results and program-oriented. In response, the Secretariat had requested the consultant to report on REDDES and TFLET, and the intention was to consider the same for the other thematic programmes, although those had fewer projects, thus limiting the development of such comprehensive reports; for example, only four projects had been implemented under the CFME thematic programme.
248. In closing this agenda item, the Chairperson thanked the presenters for their reports.

DEVELOPMENTS IN THE UNFCCC REGARDING FORESTS AND THEIR POTENTIAL IMPLICATIONS FOR TROPICAL FORESTS AND THE WORLD TROPICAL TIMBER ECONOMY – DECISIONS 2(XXXIX) AND 1(XLI) (AGENDA ITEM 14)

249. The Chairperson invited Dr. Juergen Blaser to present the report on this agenda item.
250. Dr. Blaser presented Document ITTC(LI)/8 on developments in the United Nations Framework Convention on Climate Change (UNFCCC) regarding forests and their potential implications for tropical forests and the tropical timber economy. He said that the report had been written in September 2015 and was already out of date, although the presentation had been updated last week. Dr. Blaser said the presentation would concentrate on a specific issue relating to tropical forests and climate change, REDD+, because most developments in the last 12–14 months had been in that area.
251. Dr. Blaser said that REDD+ was the core element in forests and climate-change mitigation, and he presented a brief history of its evolution. Three elements were still open, and draft decisions had been prepared on further guidance on safeguards, non-common benefits with respect to REDD+, and the specific proposal from the Government of Bolivia on joint mitigation and adaptation approaches for the integral and sustainable management of forests. The three resolutions would be submitted in two weeks to COP21, and it was expected that the COP would approve them; in so doing, the whole REDD+ package would be negotiated and finalized and should go to implementation. After ten years, therefore, the concept had evolved from an idea of avoiding deforestation to a fully-fledged mitigation opportunity. A start had already been made on the implementation of REDD+ in the UNFCCC. Countries could submit reference emission levels and their reference levels for forests, which were subject to technical assessments by the UNFCCC; countries could submit data and information on

results-based actions and they could submit their technical reports and also national strategies or action plans for REDD+.

252. Dr. Blaser addressed technical assessments to develop forest reference levels in various countries, with Brazil the most advanced country in this respect, and other countries, such as Colombia, Ecuador, Guyana, Malaysia and Mexico, also undertaking such technical assessments. The process to develop REDD+ had been supported by the REDD+ Partnership involving more than 75 countries; the Partnership had ceased to exist in 2014.
253. Dr. Blaser reported that 137 countries had submitted their “Intended Nationally Determined Contributions” (INDCs). By COP21 he expected that the great majority of countries would have submitted their INDCs. The various INDCs included many references to forests and to REDD+ – of 119 countries analyzed, 72% mentioned land-use change and forestry as an issue. Forty-one developing countries had identified REDD+ as part of their mitigation contributions in their INDCs; forests, therefore, would have a very prominent role in the overall post-2020 climate-change arrangements. Twelve countries had specified that they might use international offsets to meet their national contributions.
254. Dr. Blaser reported that a total of about US\$10 billion had been committed to REDD+ through private-sector, bilateral public finance and multilateral public finance.
255. Dr. Blaser said there were four major institutional initiatives. The Forest Carbon Partnership Facility (FCPF) was managed by the World Bank and is undergoing an external evaluation. Its Readiness Fund, which had US\$369 million, was assisting 47 countries, nine of which had submitted midterm reports on readiness. The FCPF also had the Carbon Fund, which was for funding the implementation of REDD+, with US\$451 million. Eighteen countries had prepared emission reductions project idea notes for the FCPF.
256. Two countries – Costa Rica and the Democratic Republic of the Congo – were developing emission reduction purchase programmes. Costa Rica’s was a national programme for results-based payments for forest carbon, and the Democratic Republic of the Congo’s was a jurisdictional programme at the level of one province (Mai-Ndombe).
257. The UN-REDD Programme, which had 61 partner countries, concentrated on readiness and specific related activities.
258. The Forest Investment Program dealt with the second phase of REDD+, which a budget of US\$785 million, US\$420 million of which was allocated to eight pilot countries, i.e. Brazil, Burkina Faso, the Democratic Republic of the Congo, Ghana, Indonesia, Lao People’s Democratic Republic, Mexico and Peru. Six new countries were selected in 2015 in the Forest Investment Program, i.e. the Republic of Congo, Cote d’Ivoire, Ecuador, Guatemala, Mozambique and Nepal. These countries would receive major funding from the Forest Investment Program to develop their second phases of REDD+. Nine other countries had received initial support to develop their forest investment programmes.
259. Only one ITTO Producer Member country (Trinidad and Tobago) had no engagement in any of these initiatives. Others were very much engaged, linking their forest development closely to REDD+.
260. As of late 2015, US\$10.2 billion had been pledged to the Green Climate Fund, short of the US\$100 billion required by 2020 and promised by developed countries. Twenty organizations were accredited to manage Green Climate Fund projects, and 185 organizations were in the pipeline. ITTO was interested in becoming an organization that could deal with Green Climate Fund programmes. Thirty-seven funding proposals had been submitted to the Green Climate Fund, and eight projects had been approved in eight developing countries, with a total value of US\$168 million. It was now very clear that REDD+ and sustainable forest management were main topics in the Green Climate Fund.
261. The Chairperson invited interventions from the floor.
262. The delegate from Norway said that the International Climate and Forest initiative remained a high priority for Norway, forming part of its contribution to the global response to climate change. Norway endeavored to work with countries and multilateral organizations to create an environment that supported efforts to reduce deforestation and forest degradation. Another key focus of Norway’s work was to improve governance with respect to criminal activities in the forest sector and the illegal

harvesting of endangered species, a growing area of concern. Last week Interpol had announced that the economic cost of environmental criminal activities amounted to US\$70 billion–213 billion per year. Interpol and the United Nations Environment Programme were meeting in Singapore that week to discuss this issue.

263. Norway was partnering with Interpol and the United Nations Office on Drugs and Crime to strengthen governance as part of its activities to ensure the sustainable management of forest resources. Norway encouraged countries to engage in this work, to identify with organizations that could best help, and to strengthen and improve their governance. Norway acknowledged and commended the efforts ITTO was making to gain accreditation to the Green Climate Fund. Norwegian experts had looked at the draft policy on anti-money laundering and counter terrorism financing, and had comments in this regard. The draft was comprehensive and contained activities that were natural in such a policy. It recognized the need for engagement and the integration of the policy at many levels of the Organization, and it should encompass most functions in the everyday work.
264. Activities that could have been mentioned were whistleblowing, the need to adjust agreement templates to better take into account rights with respect to control and follow-up, and procedures for the appeal of agreements and repayment demands, where this was provided for by agreements. While the overall implementation of an agreement should lie explicitly with the senior management, measures related to compliance should be addressed more independently. While the need to integrate the policy into the activities of the Organization was recognized, this was not well articulated in terms of responsibilities and activities. In light of the complexity and scope of the policy, Norway agreed that evaluation after one year made sense.
265. The delegate from Japan said that REDD+ was one of the most important factors related to the UNFCCC measures and represented an opportunity for new funding from the private sector.
266. The delegate from the U.S.A. said that the U.S.A. supported continued information-sharing on forest-related aspects of climate-change mitigation and adaptation and the conservation and sustainable management, use and trade of forest products. COP21 in Paris was yet to convene, however, and the decisions that may be negotiated there should not be prejudged. References in the document regarding a post-2020 compliance mechanism must be considered in that light. The U.S.A. had a number of specific comments on the papers previously distributed, which it would be happy to share with the Secretariat and others.
267. The delegate from Brazil said the presentation gave a precise view of what was being done concerning REDD+ and other activities. Brazil sought clarification on the last paragraph of Document ITTC(LI/8), which stated that REDD+ was an established financial mechanism and represented an important and rapidly developing component of the sustainable forest management finance equation in tropical countries. Thus, sustainable forest management should not be seen as one of the activities to achieve REDD+. Carbon financing including REDD+, forest NAMAs, and other approaches are mechanisms that should enable the sustainable management of tropical forests in the long run. Brazil understood that sustainable forest management was one of the activities under REDD+ and therefore sought clarification on the paragraph, which might be omitted from the document.
268. The delegate from Malaysia said Malaysia wished to record its appreciation to the Secretariat for the comprehensive updates on developments in the UNFCCC regarding forests and potential implications for tropical forests and the world tropical timber economy. Malaysia recognized the opportunity for exploring comprehensive approaches to mitigate climate change by reducing emissions from deforestation and forest degradation in developing countries – in short, REDD+. This included conservation, the sustainable management of forests, and the enhancement of forest carbon stocks in developing countries through REDD+ policies and mechanisms. REDD+ incentivized emissions reductions in developing economies while conserving forests. Malaysia welcomed the Warsaw Framework indicating that the methodological issues for REDD+ implementation had been resolved and that countries could move forward towards implementing those activities. In this regard, Malaysia had submitted forest reference levels for the sustainable management of forests and had completed the technical assessment, in which sustainable forest management in Malaysia had reduced emissions on average by 20 million tons of carbon dioxide between 2006 and 2011.
269. Malaysia was also completing its REDD+ Safeguard Information System. The Malaysian Criteria and Indicators would be the basis for Malaysia in developing the Safeguard Information System, in line with the UNFCCC decision to build an assisting system. Malaysia recognized ITTO's advantage as the

organization that had actively promoted sustainable forest management for the past 20 years. Thus, Malaysia reiterated that ITTO must take more proactive measures to enhance inclusiveness with engaging countries that had traditionally been implementing sustainable forest management.

270. The delegate from Viet Nam reported that the national REDD+ action programme had been approved in June 2012 and the national REDD+ steering committee and its standing office were put in place in January 2012. Two provinces had developed provincial REDD+ action plans approved by provincial committees. The FCPF had agreed to allocate a grant to Viet Nam for REDD+ for the period 2016–2018. Thus, Viet Nam was developing emission reduction programmes for five central north provinces. Viet Nam would submit forest reference emission levels to the UNFCCC next month. Viet Nam was also working on its MRV system. Benefit sharing was a crucial issue for REDD+, and Viet Nam was working on that.
271. Viet Nam thanked ITTO for its active involvement in the REDD+ activity, and it also thanked the governments of Norway, Japan and the U.S.A. for supporting Viet Nam's implementation of REDD+. Viet Nam wanted to share its experience on REDD+ implementation with other ITTO Members.
272. Dr. Blaser responded to Brazil's request to delete the last paragraph of the conclusions, explaining that "sustainably managing forests" (SMF) in the context of REDD+ differed from the concept of "sustainable forest management" (SFM). SFM was a broad concept promoted by ITTO according to seven thematic areas of the criteria and indicators. In REDD+, the term SMF is used in preference to SFM, and it relates to a component of SFM, the silvicultural management of natural forests. The terminology was the subject of considerable negotiation in an effort to avoid confusion, but it was always confusing. The meaning of the paragraph in question was that the approach ITTO used – SFM – was very close to REDD+ because it included all the elements of REDD+, and it was an attempt to show how close SFM and REDD+ were. If the paragraph posed difficulties, it could be removed.
273. The Chairperson invited the Secretariat (Dr. Ma Hwan Ok) to comment.
274. Dr. Ma reported that Activity 12 of the 2015–2016 Biennial Work Programme was to study the implications of climate change for tropical forests and the contribution of tropical forests to the mitigation of climate change. The Secretariat wished to highlight the need for additional funding to continue the activity. Moreover, the Secretariat would be hosting an official side event at UNFCCC COP21, in collaboration with various partners, to draw attention to the role of tropical forests and REDD+.
275. The delegate from Brazil thanked Dr. Blaser for his explanation and indicated that Brazil withdrew its proposal to delete the concluding paragraph from the report.
276. The Chairperson thanked Dr. Blaser for his comprehensive report and closed the agenda item.

**ITTO/CBD COLLABORATIVE INITIATIVE TO CONSERVE TROPICAL FORESTS – DECISION 6(XLVI)
(AGENDA ITEM 15)**

277. The Chairperson invited the Secretariat (Mr. John Leigh) to present the report on this agenda item.
278. Mr. Leigh recalled that the ITTO Secretariat and the CBD Secretariat had signed a memorandum of understanding (MOU) in 2010 to strengthen collaboration in the pursuit of their common objectives of conserving and sustainably managing tropical forest resources. A key purpose of that MOU was to identify, develop and implement targeted joint activities on forests and biodiversity and the development of an ITTO support programme for the implementation of the CBD programme of work on forest biodiversity in ITTO Producer Member countries. This programme subsequently became known as the joint ITTO/CBD Collaborative Initiative for Tropical Forest Biodiversity, the overall objective of which was to enhance biodiversity conservation in tropical forests with the direct participation of local stakeholders addressing the main drivers of biodiversity loss in tropical forests. More specifically, the initiative provided support to ITTO Producer Member countries to reduce biodiversity loss through the implementation of the CBD programme of work on forest biodiversity, focusing on the common objectives of the Strategic Plan for Biodiversity 2011–2020 and the ITTO Action Plan.
279. Mr. Leigh described the four key planned outputs of the programme, which were to be achieved through the promotion of sustainable forest management, with a particular emphasis on biodiversity protection, forest monitoring and adaptive management. He outlined the several ITTO guidelines that

provided guidance for the field implementation of the initiative, namely the ITTO/IUCN Guidelines for Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests and the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests. Both these guidelines were complimentary tools that fully supported the CBD programme of work on forest biodiversity. The collaborative initiative had an initial budget of US\$15 million for its first phase of four years to December 2014 covering the three tropical regions. To date, eleven projects under the initiative were being implemented, for a total investment of more than US\$15 million, of which US\$12.5 million had been funded by the governments of Japan, Switzerland, the U.S.A., Belgium and the Republic of Korea, among others.

280. Mr. Leigh informed the Council of a special event held at CBD COP12, which met at Pyeongchang, Republic of Korea, in October 2014. The special event was titled, "Achieving Forest-related Aichi Biodiversity Targets on the Ground: ITTO/CBD Collaborative Initiative for Tropical Forest Biodiversity". The occasion also marked the signing of a new MOU between the ITTO and CBD secretariats, extending cooperation between the two organizations to 2020 and initiating a second phase of the Collaborative Initiative, with an estimated additional target budget of US\$20 million–30 million.
281. Mr. Leigh said that ITTO was leading the implementation of the initiative, in close consultation with the CBD Secretariat, donors, other partners and especially beneficiary countries. Interested countries were able to submit concept notes to the ITTO Secretariat, indicating their intention to develop a project or specific activity in the framework of the initiative. Donors were able to allocate funds to specific projects or as unearmarked contributions. Projects were implemented in the three tropical regions and were at the regional, national or local scale; of the eleven projects, three were implemented in Africa, including two at a regional scale. Of the five projects in tropical Asia, three were transboundary conservation projects, and the other two were at a local scale. Of the three projects in Latin America, one was regional, one was a transboundary conservation initiative between Mexico and Guatemala, and the other aimed to strengthening mangrove ecosystem conservation in a biosphere reserve in northwestern Peru. Mr. Leigh provided brief descriptions of some of those projects. Ten or more additional projects in Asia, Africa and Latin America were in the pipeline and under consideration for funding. ITTO had participated in several forest-related workshops organized by the CBD, such as regional capacity-building workshops on ecosystem restoration and conservation to support achievement of the Aichi Biodiversity Targets, and capacity-building workshops on the links between REDD+ and the Aichi Biodiversity Targets.
282. The Chairperson invited interventions from the floor.
283. The delegate from Cameroon thanked the donor community for funding a project under this initiative in Cameroon. The project provided "training of trainers" in biodiversity monitoring at three schools, part of a network of schools in charge of training forest-sector agents in the subregion. In Cameroon the school in Mbalmayo ("School of Water and Forests Management") received practical capacity building through the teaching of staff, and Cameroon considered that the programme was beneficial to the country.
284. The delegate from the European Union said that the European Union welcomed the Secretariat's report and the renewal of the MOU in the margins of the Pyeongchang CBD COP. The European Union supported the focus on identifying, developing and implementing targeted joint activities on tropical forests and tropical forest biodiversity. The effective partnership between the two secretariats could go a long way towards delivering concrete results on the ground.
285. The delegate from Indonesia said that the Indonesian delegation was thankful to ITTO and the CBD for supporting ITTO Project PD 617/11 on transboundary biodiversity conservation between Indonesia and Sarawak State of Malaysia. The project was on track to achieve its objective, and was being implemented in a collaborative manner with local stakeholders, the Sarawak Forest Department and international donors.
286. The delegate from Malaysia thanked the Secretariat for the comprehensive update of the development of the ITTO/CBD Collaborative Initiative, which Malaysia fully supported because its objectives aligned with the CBD Strategic Plan for Biodiversity 2011–2020 and contributed to the achievement of Aichi Targets 5, 12, 14 and 18. Malaysia was in the final stages of revising its national policy on biological diversity; this updated policy would closely mirror the Aichi Biodiversity Targets and would include the conservation of forest biodiversity as one of its priorities.

287. Malaysia wished to emphasize the role of scientific information in guiding policies and decision-making, and it believed that other organizations, particularly the Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES), could play relevant roles in supporting the work conducted under ITTO. Malaysia would be hosting the fourth preliminary IPBES meeting in February 2016 in Kuala Lumpur and would like to welcome all IPBES members, observers and partner organizations.
288. The delegate from Benin commended the Collaborative Initiative between ITTO and the CBD. Benin had had opportunities to benefit from the support of the Collaborative Initiative, focused on sacred forests, which were small forest areas of 1–10 hectares each. Sacred forests had been neglected, but, through the support of the Collaborative Initiative, it had been shown that sacred forests were very rich in biodiversity and played a major role for local people. Benin encouraged ITTO to continue this collaboration. Moreover, another collaborative initiative – cooperation between ITTO and the Satoyama Initiative – was also important, and Benin encouraged ITTO to continue that collaboration as well.
289. The Chairperson gave the floor to Mr. Charles Besancon, representative of the Convention on Biological Diversity (CBD) to make a statement on the ITTO–CBD Collaborative Programme.
290. Mr Besancon read a statement of behalf of the CBD Executive Secretary, Mr. Braulio Dias. He noted that during the twelve Conference of the Parties to the CBD, held in October 2014 in Pyeongchang, Republic of Korea, the secretariats of the CBD and ITTO renewed an agreement to collaborate for a six-year period from 2015 to 2020 to enhance biodiversity conservation in tropical forests. Focusing on common objectives in the CBD's Strategic Plan for Biodiversity 2011–2020 and the ITTO Strategic Action Plan, the joint ITTO–CBD collaborative initiative supported countries' efforts to address the main drivers of biodiversity loss in tropical forests, with the direct participation of local stakeholders. The eleven projects funded by the joint initiative covering 26 countries in the three tropical forest regions provided an example of an aligned interinstitutional effort.
291. With support from the Korea Forest Service of the Government of the Republic of Korea, the Forest Ecosystem Restoration Initiative would contribute an amount of US\$100 000 to Project PD 765/14 Rev.2 (F) for the development of a forest landscape restoration programme in Guatemala. The project would require an additional US\$500 000 to become fully operational.
292. The Chairperson thanked Mr. Besancon and the CBD for the welcome news of this pledge.

CONSIDERATION OF REGIONAL ITTO PRESENCE AND REPRESENTATION – DECISIONS 7(XLIX) AND 2(L) (AGENDA ITEM 16)

293. The consultant, Dr. Hosny El-Lakany, presented a study on the possible role and objectives, feasibility and budgetary implications of strengthening regional representation of the ITTO through regional offices (Document ITTC(L)/10). He reviewed the activities of current regional officers and presented two options of increasing regional presence through regional offices by either appointing new staff or relocating staff from headquarters. He said the establishment of regional offices is technically feasible and would serve ITTO and its member countries better than the current regional officers system, but that financial implications would need to be examined carefully. He underscored key benefits of establishing regional offices, including: increasing services to Producer countries; the budget implication of each option; and the administrative and legal aspects of regional offices, including whether legally binding Host Country Agreements are required or whether it would be feasible to attach ITTO presence to existing regional offices of other international organizations.
294. The delegate from Costa Rica supported the establishment of regional offices, emphasizing the need for greater decentralization of work, and a closer association with projects implemented in Producer countries.
295. The delegate from Peru supported the statement made by the delegate from Costa Rica and added that the Secretariat should draw up terms of reference for regional offices and the obligations necessary for countries seeking to host the proposed office.
296. The delegate from Indonesia also supported the statement made by the delegate from Costa Rica and suggested, as a compromise position, that only two officers be appointed to each region rather than three (as indicated by the consultant).

297. The delegate of the EU opposed the creation of regional offices, citing the recent decrease in ITTO's project portfolio, challenges associated with donor confidence and sensitivity associated with the impairment of ITTO funds.
298. The delegate from the U.S.A. supported the statement made by the delegate of the EU.
299. The delegate from Japan also supported the statement made by the delegate of the EU.

**ADMISSION AND ACTIVITIES OF OBSERVERS DURING COUNCIL SESSIONS – DECISION 3(L)
(AGENDA ITEM 17)**

300. The report contained in Document ITTC(LI)/11 was presented by Mr. Enzo Barratini, who said that the aim of the report was to explore ways in which the Council could avoid sometimes overly long discussions and difficulties in the admission of observers during Council Sessions. He noted that observer status was a privilege granted in some organizations to non-members to give them the ability to participate in the organization's activities. In the UN system, this privilege was granted only to those people or entities that fulfilled the conditions established by the organization. Mr. Barratini said that status was normally granted by the supreme authority of the organization concerned, such as the director general or executive director. Most organizations had similar approaches to the granting of observer status; most had introduced special rules to serve as guidance for codified transparent procedures. A common problem was that the process might take two or more years to be completed. Of the UN organizations of various types examined, a common denominator was that legal provision was made for admission based on resolutions adopted by the supreme bodies of the organization.
301. Mr. Barratini reported that ITTO had relatively minimal legal provisions for the admission of observers, based on Article 16 of the ITTA, 2006, supplemented by Rule 4 of the Rules of Procedure regarding observers. In ITTO, observers had no vote, but they could make oral or written statements. Their admission was by consensus, but if any Member objected, a decision could be taken by simple majority vote. Except for voting, no provision existed in the case of disagreement. In ITTO, Members had been unable to reach consensus on the admission of particular observers on several occasions, but the Council had never voted on the admission of observers.
302. Although the procedures for granting observer status were quite similar among UN and other international organizations, a single formula did not exist. Some organizations had rigid rules, and others had "softer" rules. A few did not have any procedure but rather they had very open approaches, with criteria aimed at achieving as wide a participation as possible. Procedures were similar between ITTO and its sister organizations in the commodities family.
303. Mr. Barratini said that, in regard to voting, some organizations, such as the International Olive Council, required a two-thirds majority. Some organizations had assigned the role to a responsible officer, such as the secretary general, executive director or director general, who had the power to propose the granting or not of observer status. This might simplify and shorten debate – on the condition that members accepted the proposal of the official. An alternative mode was assigning the responsibility for observers to a bureau, in which a small set of members of the organization were represented.
304. Observers had always been important in ITTO, said Mr. Barratini. Their contribution had been significant, and it had been further strengthened with the creation of the Trade Advisory Group and the Civil Society Advisory Group, as well as through the convening of side-events.
305. In ITTO, assigning the full process to the highest responsible officer, the Executive Director, might represent a viable, sustainable, suitable solution for avoiding voting, although not for avoiding differences of views. In this case, the Executive Director would examine applications in conformity with ITTO rules and propose to the Council whether or not to refuse observer status, explaining the reasons for such a proposal in order to ensure transparency. In developing such proposals, the Executive Director should consult with national focal points. Such a process could help avoid lengthy discussions and voting if, according to these procedures, the Council Members accepted the reasons given by the Executive Director, and it had the advantage of transparency. It would also be legally consistent with Article 14 of the ITTA, 2006 and Rule 5 of the ITTO Rules of Procedures.
306. Mr. Barratini further discussed the merits and disadvantages of such a procedure, as well as of other options, such as assigning the responsibility for the admission of observers to the IAG.

307. The Chairperson thanked Mr. Barratini for his presentation and work and noted that the background paper provided the elements needed to facilitate the development of guidelines on the admission of observers, which was urgently needed to avoid future difficulties and controversies, also considering the discussions earlier that day under Agenda Item 7. The Chairperson noted that ITTO had always valued the inputs and contributions of civil-society and timber trade organizations and had proactively established the Civil Society Advisory Group and the Trade Advisory Group to provide inputs and contributions in all major activities of the Organization.
308. The Consumer Spokesperson requested clarification of the process for discussing observer status and activities and for drafting any new rules concerning observers and the working group. She said that more time was required for the presentation of recommendations to the working group to allow Members to comment on those recommendations, with the objective that comments and recommendations would be prepared as requested in Document ITTC(L)/21. Results could be presented to the next Session of the Council.
309. The delegate from Malaysia stated that Malaysia was generally in agreement with the procedures and principles outlined in paragraph 5.2 and the listed bullet points. He flagged the need for the inclusion of the following issues: 1) To separate the consideration of applications seeking observer status in general, and those only for side-events, for which different guidelines should be developed. 2) Consultation with Members was a necessity in this process. 3) ITTO was not a forum for non-Members to make allegations and launch complaints against Members; it was a forum for the development of tropical timber trade. The Executive Director may reject applications by non-government organizations for which there was a clear evidence of disruption and divisiveness and that would not result in maintaining positive and mutually respectful relationships. The Executive Director should compile other applications for admission as observers, with all necessary information. Requests for side-events (except those by Members and the Secretariat) on important activities should be assessed by the Executive Director, taking time and other constraints into account. In the event of admission as observers, provision should be made for the temporary suspension or eviction of observers showing disrespect.
310. The delegate from the European Union pointed out that the Council was already part way through a process of developing guidelines, with a decision made to form a working group. That working group had been unable to meet in person due to financial constraints and, when it held a telephone conference, only one Consumer Member was present. Although the background paper called for in the first part of the decision had been prepared, the recommendations made were those of the consultant, not the Executive Director. The recommendations in the background paper were very sensible, but at this stage they did not engage anyone else. The European Union had been unable to widen the governance or ownership of the recommendations. The decision asked for recommendations from a working group, working together with the consultant. The European Union therefore believed it was important for the working group to convene. The delegate indicated that the European Union did not see the need for strong rules about the behaviour of observers; this was up to the Chairperson, and any delegation feeling offended by the behaviour of an observer during a Session could make points of order and if necessary request observers to leave the room or be quiet. She re-emphasized that it was important for a group of experienced Council Members to come together to make recommendations on this matter to obtain a sense of ownership within the Organization on what would be considered at the next Session.
311. The Producer Spokesperson said that, as indicated by the consultant, ITTO was no exception to what was found in other international organizations and that applying rigid rules did not seem appropriate to the admission of observers. In all organizations, observers were a source of enrichment because they perceived the organization with eyes that were not those of states or those who were parties to the Agreement. They had different outlooks on issues and highlighted the otherwise dull debates that would be taking place. The Producer Caucus had had insufficient time to consider the issue and believed that, following the current discussion, the Council should allow further time, perhaps within a group set up to discuss the matter. The Producers believed that the relevance of observers was not the issue, but issues might arise in what they might say. Important proposals had been made regarding the bearing and the role that might be granted to the Executive Director and the bearing the Council might allow the focal points to have on the matter. In his experience as Spokesperson, and having for a year or two attempted to reach focal points by letter, it might be appropriate to include the IAG in the process. The IAG could review the matter a few days in advance, appraise applications for observer status, and release its report; this would provide several alternative views that would inform the Council on who were those applying for observer status. The Producer Spokesperson agreed with

the proposal for a “brainstorming” session now and to entrust the matter to a group that, if it could not complete its work at the present Session, could submit its report at the next Session.

312. The Chairperson noted that a great deal more work needed to be done to achieve a balance in terms of the participation, rights and responsibilities of observers at Council Sessions. He suggested the formation of an open-ended working group to be led by a representative from each caucus to look at the matter in greater detail. Nominations should come from the caucuses.
313. The Producer Spokesperson nominated Ghana to be the co-chair of the working group.
314. The Consumer Spokesperson nominated the delegate from Austria to co-chair the working group.

DEVELOPMENT OF ITTO GUIDELINES TO INCORPORATE GENDER EQUITY IN THE ORGANIZATION’S ACTIVITIES, PROGRAMMES AND PROJECTS IN MEMBER COUNTRIES – DECISION 2(L) (AGENDA ITEM 18)

315. The consultant, Dr. James Gasana, presented an overview of draft guidelines on gender equality and the empowerment of women (Document ITTC(LI)/12). He emphasized that ITTO lacks tools and assessments that are specifically designed to promote gender equality, and that most Thematic Programmes are gender-blind. He recommended gender issues be considered in ITTO work at all levels, including: equal representation in decision-making processes; a focus on programmes to empower women, including the advancement of women’s forest tenure rights and promotion of women’s small enterprises; time-appropriate gender balancing of staff; and the allocation of resources to implement this work in each BWP.
316. The delegate from Mexico highlighted the development of national forest guidelines that aim to address the institutional and social barriers women face.
317. The delegate from Norway, supported by the EU, proposed that the draft guidelines be revised into more accessible language to facilitate their implementation.
318. The delegate from Indonesia noted the necessity for gender analyses at the project design stage, given that customary and traditional law varies from region to region.
319. The delegate from Costa Rica urged the ITTO to be a leader in gender equity.
320. The delegate from Papua New Guinea proposed the establishment of a working group to take this issue further.
321. The delegate from the EU noted that all countries are committed to gender equality, not just equity, as enshrined in the 2030 Agenda for Sustainable Development, and proposed clearer mention of the roles and responsibilities of relevant actors, human rights, the work of UN Women, and adequate outreach and training to accompany the guidelines.
322. The delegate from Benin suggested that implementation of the guidelines include integration into future ITTO Action Plans.
323. The delegate from the U.S.A highlighted that almost all ITTO members have ratified the Convention on the Elimination of all Forms of Discrimination against Women and so proposed the gender-disaggregated monitoring of employment in timber-related high-level positions.
324. The Chairperson closed discussion on this item by concluding that further work was required before the Council could adopt gender guidelines.

ITTO FELLOWSHIP PROGRAMME – DECISION 4(XXVII) (AGENDA ITEM 19)

(a) Progress Report on the ITTO Fellowship Programme

325. The ITTO Secretariat (Ramon Carrillo) presented a progress report on the ITTO Fellowship Programme (Document ITTC(LI)/13). Mr. Carrillo reported that prior to the current Council Session there had been a total of 1322 fellowships granted, 30% of which had been awarded to women applicants. On average, 50–60 fellowships were granted per year. The maximum fellowship award

was US\$10,000 per person, the average was US\$5,711, and the average total awards per year was US\$300,000. The total amount awarded this year was US\$200,000.

326. Ten percent of fellowships were to produce technical documents; 29% were for short training courses or internships; 13% were for participation in conferences or workshops; and 45% were for postgraduate studies. Eighty percent of the fellowships had been completed, 11% were operational, and the remainder was either pending or terminated. Total funding to date was US\$7.9 million, including voluntary contributions from the governments of Japan, the U.S.A., the Netherlands, Australia, Sweden and the United Kingdom, as well as from the Bali Partnership Fund.
327. Funding was requested in the amount of US\$400,000 for 2016 so as to maintain the level of 50–60 fellowship awards per year. An assessment of the Fellowship Programme conducted in 2010 found that 59% of respondents were able to obtain a job or a promotion immediately after completion of the fellowship, and 80% of those respondents reported that this was directly related to the fellowship. Mr. Carrillo finished his presentation by highlighting and appreciating the work of the former Fellowship Coordinator, Dr. Chisato Aoki, who had left ITTO in June 2015 for personal reasons. She had served the Programme for more than 22 years, assisting more than 1300 fellows in 45 Member countries. Dr. Aoki was also responsible for the creation of the Fellowship Network to facilitate knowledge-sharing and collaboration among fellows.
328. The Chairperson invited interventions from the floor.
329. The delegate from the U.S.A. said that the United States had been a long-time significant contributor to the Fellowship Programme and considered it to be an important programme that had produced some very meaningful and powerful results.

(b) Report of the Fellowship Selection Panel

330. Ms. Jennifer Conje, Vice-Chairperson of Council, presented the report of the ITTO Fellowship Selection Panel (Document ITTC(LI)/14). She reported that the Fellowship Selection Panel had worked electronically, although it had met once during the Fifty-first Session of the Council to finalize its selection. The Panel had considered 52 applications made up of 24 applications from Africa, 14 from Asia and the Pacific, 12 from Latin America and the Caribbean, and two from Europe. Four percent of the applications were in the field of economic information and market intelligence, 8% were in the field of forest industry, and 88% were in the field of reforestation and forest management; 35% of the applications were submitted by female applicants.
331. In reviewing the applications, the Panel had used the selection criteria outlined in Document ITTC(LI)/14 and had taken into consideration the Strategic Action Plan, balance among the three subject areas and regions, and the opportunity to promote the participation of women. The Panel recommended that the Council award 18 fellowships, subject to the availability of funds, at a total cost of US\$100 000. Women accounted for 56% of the recommended applicants. Thirty-three percent of the recommended applicants were from Africa, 33% were from Asia and the Pacific, 28% were from Latin America and Caribbean, and 6% were from a Consumer country working on a project in Latin America. Ms. Conje indicated that the list of recommended applicants was attached to the Fellowship Report.

ANNUAL REPORT FOR 2014 (AGENDA ITEM 20)

332. The Secretariat (Mr. Ramon Carrillo) presented the 2014 Annual Report. He said that the report included the following items: a message from the Executive Director; a timeline of key achievements of the Organization; the Fiftieth Session of the International Tropical Timber Council; field results of projects completed in 2014; and field results of projects in the ITTO Thematic Programmes completed in 2014. The annual report also highlighted activities conducted under the Committee of Economics, Statistics and Markets; the Committee on Forest Industry; the Committee on Reforestation and Forest Management; the ITTO Thematic Programmes; the Fellowship Programme; ITTO's involvement in international cooperation and collaboration; knowledge management; publication and outreach; financial highlights; and Member states and votes.
333. The report indicated that the funding made available at the Fiftieth Session of the Council Session, which was US\$8.3 million, was used to fund seven new projects, several activities in the Biennial Work Programme for 2015–2016, the Freezailah Fellowship Fund, and the TMT Thematic Programme.

Mr. Carrillo concluded by reporting that, as at the end of 2014, the Organization had 70 Members, of which 33 were Producers and 37 were Consumers; in that year, the Central African Republic, Suriname and Viet Nam had all joined the Organization.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (AGENDA ITEM 21)

(a) Pledges to the Special Account (Thematic Programme Sub-Account and Project Sub-Account) and the Bali Partnership Fund

334. The Chairperson invited Members and observers to announce any new contributions they might wish to pledge to the Special Account and the Bali Partnership Fund.
335. The delegate from the U.S.A. indicated that the U.S.A. would make allocations of its voluntary contribution of \$750,000 in support of important elements of the Work Plan for 2016, particularly in the areas of the ITTO–CITES and Fellowship programmes and support for international C&I meetings and Collaborative Partnership on Forests coordination. He also indicated that the U.S.A. would dedicate funding in support of the Trade Advisory Group, the Civil Society Advisory Group, and the Earth Negotiations Bulletin coverage of Council Sessions. The delegate said the U.S.A. would not make specific allocations to technical projects at that time, reserving a final decision on this to a later date to allow greater coordination with other donors and to increase the positive impacts of that funding.
336. The delegate from Germany indicated that Germany would also contribute to the work of the Organization and would continue initiatives started at the previous Session. He re-assured delegates of Germany's willingness and readiness to provide full support to a future German Executive Director, should he be elected. Germany was ready to start work with him immediately and in due course to determine the best possible way for Germany to support his work and his vision, to strengthen the Organization and its impact in the international forest-related policy arena, and this would include an increased financial contribution to the Organization.
337. The delegate from Japan said that his government had supported various projects for maintaining sustainable forest management in Producer countries and this year had prepared in advance an amount of funds necessary to make new project pledges at the present Council Session. The issue of the loss of ITTO funds, however, made it difficult to make new pledges until concrete steps to address the problem had been taken. He said it was necessary for his delegation to act in accordance with the interests of Japan's taxpayers. Therefore, his delegation strongly wished to see further investigation carried out in a thorough and expeditious manner and corrective measures taken as necessary so that it would become possible for Japan to make new project pledges.

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

338. Mr. Rob Busink (Netherlands), Vice-Chairperson of the CFA, presented the report of the Panel on Sub-Account B of the Bali Partnership Fund, as contained in ITTC(LI)/15. He said the Panel, bearing in mind the loss of investment that had been discussed in the CFA and during the Council Session, had examined the possibility of allocating no funds from Sub-Account B of the Bali Partnership Fund or the Unearmarked Funds at the Session and that allocations could be made after a satisfactory report of the investigation into the loss of investment had been made available to Council Members. However, there had been strong concern among Panel members that funding for the Freezaliah Fellowship Programme for the budget year 2016 was insufficient to carry out its activities at an adequate level. The Panel had noted that it was highly important to continue the implementation of that Programme, which would also contribute to the Organization's outreach, which was needed during this very difficult period for the Organization. The Panel had decided, by consensus, to propose to the Council that US\$150,000 would be allocated for funding from Sub-Account B of the Bali Partnership Fund to Activity 28 [PD 99/99(1)] "Decide on eligible fellowship applications in 2016 based on the recommendations of the Fellowship Selection Panel " which was approved under the Biennial Work Programme 2015–2016. Mr. Busink said he hoped that, with this amount, together with the generous pledge announced by the U.S.A. during the Session, the Fellowship Programme would be able to fulfill its important work in the coming year.

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 22)**Committee on Economics, Statistics and Markets**

339. Dr. Teguh Rahardja (Indonesia), Chairperson of the Committee on Economics, Statistics and Markets presented the report of the Committee on Economics, Statistics and Markets (CEM), at its Forty-ninth Session, as contained in Document CEM-CFI(XLIX)/4 dated 20 November 2015. Dr. Rahardja said the CEM and the Committee on Forest Industry (CFI) had met jointly, co-chaired by himself and Mr. Miguel Roberto Mendieta Duron, and he summarized the highlights of the report pertaining to the CEM. The CEM reviewed progress in the implementation of nine ongoing projects and pre-projects and three projects pending financing. It also considered four issues and activities under its policy work, which were subject to substantive discussion: market access; forest and timber certification; selected data analysis from the ITTO Biennial Review and Assessment of the World Timber Situation; and independent market monitoring of FLEGT-licensed timber. The CEM decided to include four items in its policy work in 2016, namely the first three of the items of the present Session and a new policy item on strengthening the participation of the private sector in the work of ITTO.
340. Dr. Teguh reported that the CEM had unanimously elected Ms. Alicia Grimes of the U.S.A. and Mr. Jorge Malleux of Peru as the Chairperson and Vice-Chairperson, respectively, of the CEM for 2016.
341. Dr. Teguh reported that a very lively ITTO Annual Market Discussion had been convened on the theme "Raising the Profile of Tropical Timber in the Market Place", co-chaired by Mr. Barney Chan of Malaysia, Coordinator of the Trade Advisory Group, and Dr. Manoel Sobral Filho, Director of the UNFF Secretariat. The Trade Advisory Group had tentatively proposed the topic "Free Trade Agreements – Challenges and Opportunities for the Tropical Timber Trade" for the Annual Market Discussion in 2016.
342. The CEM recommended to the Council one new project proposal submitted for approval and immediate financing. It also recommended that ITTO should redouble its efforts to attract major non-member importing countries such as Middle Eastern countries to become ITTO Members in consideration of their significant involvement in the tropical timber trade. Finally, the CEM recommended that reports on the activity on Independent Market Monitoring of FLEGT-licensed Timber (Activity 25b of the ITTO Biennial Work Programme 2013–2014) be moved to the agenda of the Joint Session of all Committees at future Sessions.
343. The Chairperson thanked Dr. Teguh for tabling the CEM report for the consideration of Council and thanked him for his hard work; he also congratulated the incoming CEM Chairperson and Vice-chairperson. The Council duly adopted the CEM report.

Committee on Reforestation and Forest Management

344. Dr. Mohammed Nurudeen Iddrisu (Ghana), Vice-Chairperson of the Committee on Reforestation and Forest Management (CRF) presented the report of the Forty-ninth Session of the CRF, as contained in Document CRF(XLIX)/15. The CRF had reviewed the work of eleven completed projects and one completed pre-project, and Dr. Iddrisu informed the Council that all those projects and the pre-project had contributed to the achievement of ITTO objectives in the area of reforestation and forest management. Under the agenda item on ex-post evaluation, the CRF had taken note of the important recommendations on completed projects related to community participation in sustainable forest management, forest fire, and forest governance. For ex-post evaluations to be conducted in 2016–2017, the CRF had select 12 projects in five thematic groups.
345. Dr. Iddrisu reported that the CRF had undertaken productive deliberations on nine projects, and he listed those. He informed the Council that he had accepted the nomination to serve as Chairperson for the Fiftieth Session of the CRF in 2016, and Ms. Marjukka Mähönen (Finland) had been elected as Vice-Chairperson for 2016. He congratulated Mr. John Leigh from the ITTO Secretariat for his retirement after 23 years of dedicated service to the Organization.
346. The Chairperson thanked Dr. Iddrisu for his report and for continuing on as CRF Chairperson for the following year, and he also thanked the incoming Vice-Chairperson. The Council duly adopted the report.

Committee on Forest Industry

347. Mr. Miguel Roberto Mendieta Duron (Honduras), Chairperson of the Committee on Forest Industry (CFI) presented the CFI report, as contained in Document CEM-CFI(XLIX)/4. The CFI had met jointly with the CEM, chaired jointly with Dr. Teguh. The CFI had noted the lessons and conclusions to be drawn from the ex-post evaluation of the project on the management of non-wood forest products in Indonesia. The CFI had studied the progress achieved in the implementation of ten projects under implementation related to technological innovation and forest industry and seven other forestry projects awaiting financing. The CFI had reviewed two activities on the development of environmental declarations for three tropical timber products and on the needs of the forestry industry with respect to technical innovation and knowledge management through ITTO projects.
348. The CFI had recommended that the Council provide additional funding so as to make it possible to continue carrying out those activities for the benefit of all Member countries. During the Session the CFI also recommended two new projects for approval and for funding. Mr. Duron reported that Ms. Akiko Nakano (Japan) had been elected as CFI Chairperson for 2016, and Mr. Lokossou Achille Orphée (Benin) had been elected as CFI Vice-Chair.
349. The Chairperson thanked Mr. Duron for chairing the committee and congratulated the incoming Chairperson and Vice-Chairperson. The Council duly adopted the report.

Committee on Finance and Administration

350. Mr. Rob Busink (Netherlands), Vice-Chairperson of the CFA presented the report of the Committee, as contained in Document CFA(XXX)/10. He reported that the CFA had had a heavy and responsible task to fulfill. The situation regarding the loss of investment had received the full attention and was given the highest priority of the CFA, and all members were aware that the situation urgently needed solutions. A working group on investment had been created, as recommended by the Informal Advisory Group. The working group had finished its work with a draft decision, which, due to a lack of time, had been submitted directly to the Chairperson's Open-ended Drafting Group. Mr. Busink thanked the working group for its hard work. The CFA had decided to defer the item on ITTO Staff Regulations and Rules to the next Session, but it had agreed on the issue of new healthcare coverage for locally hired employees. Other main issues discussed were the biennial administrative budget for 2016–2017, the auditor's report for the financial year, and the request of the Central African Republic concerning the cancellation of arrears in its contribution. The recommendations on these issues were reflected in the CFA report. The CFA had met that morning and made significant changes to its report, which were reflected in the document that had just been distributed. Mr. Busink requested the Council to adopt the report, as agreed in the CFA.
351. The Chairperson thanked Mr. Busink for presenting the CFA report, and he also thanked the Chair and Vice-Chair of the CFA for their hard work and also for co-chairing the working group on the impairment of investment. There being no further interventions, the report was adopted as presented.

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2016 (AGENDA ITEM 23)

352. The Producer Spokesperson proposed the election, by acclamation, of Ms. Jennifer Conje as the incoming Chairperson of the Council.
353. Jennifer Conje (U.S.A), Vice-Chairperson of Council, said she was honored to be entrusted as the Chairperson of the Council for the upcoming year, and she would endeavor to serve the Council to the best of her ability. It was a daunting task, given the challenge posed by the impairment of investment situation, which would need to be dealt with swiftly and appropriately to maintain ITTO's credibility and to restore donor confidence. Nor could ITTO remain in the current impasse on the selection of the Executive Director, she said. If it did, it would be in jeopardy of collapsing. The principle of rotation offered a way forward and should be seriously considered. ITTO had weathered difficult storms in its past and she remained hopeful that the Council would successfully navigate these stormy waters if delegates were willing to work together.
354. Ms. Conje said it had been a privilege to serve as the Vice-Chair under the present Chair and was humbled to follow in the footsteps of such a distinguished person. As the first and longest standing Executive Director of ITTO, she said, Dr. Freezailah had helped put ITTO on the map of international

organizations. Many of the foundations of the Organization were developed under his leadership and he had also invested his time and energy in mentoring many of those who later went on to lead ITTO and other prominent forest organizations.

355. Despite Dr. Freezailah's numerous achievements, said Ms. Conje, he remained an incredibly humble and down-to-earth person. Ms. Conje said she might not have agreed with Dr. Freezailah on every issue over the years but she had always admired the eloquence and conviction with which he had presented his case. On behalf of the Council, Ms. Conje presented Dr. Freezailah with a plaque in gratitude for his patient leadership of a very challenging Council Session and for his dedication to the Organization for more than three decades.
356. The Chairperson thanked Ms. Conje for her kind words.
357. The Consumer Spokesperson proposed Mr. Tabi Agyarko (Ghana) as the nomination for the Vice-Chair of the Producer Caucus.
358. The delegate from Ghana thanked the Council for the nomination on behalf of Ghana, and he said he would extend the good news to Mr. Agyarko in Ghana.

DATES AND VENUES FOR THE FIFTY-SECOND AND FIFTY-THIRD SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 24)

359. The delegate from Japan confirmed that Japan would host the Fifty-second Session of the Council in Yokohama, and that the government and the people of the City of Yokohama were well prepared to welcome all delegates.
360. The Chairperson thanked Japan and invited interventions or proposals on the hosting of the Fifty-third Session of Council in Latin America.
361. The delegate from Peru repeated the interest of the Government of the Republic of Peru in hosting the Fifty-third Session of the Council, most likely in early November 2017.
362. The Chairperson thanked Peru for its offer to host the Council in 2017.

OTHER BUSINESS (AGENDA ITEM 25)

363. There were no interventions under Agenda Item 25.

DECISIONS AND REPORT OF THE SESSION (AGENDA ITEM 26)

364. The Chairperson introduced draft Decision 1(LI) on projects, pre-projects and activities. Receiving no comments, he indicated that the Council thereby adopted the decision.
365. The Chairperson introduced draft Decision 2(LI) on the Informal Advisory Group. Receiving no comments, he indicated the Council thereby adopted the decision.
366. The Chairperson introduced draft Decision 3(LI), titled "Matters Related to Admission of Observers" and thanked the co-chairs of the working group that had developed it, Dr. M Nurudeen Iddrisu (Ghana) and Ms. Katharina Kuehmayer (Austria).
367. The delegate from the European Union proposed that in operative paragraph 3, which started with "request the Executive Director", the text could be changed to "request the Executive Director to publish the result of the initial review on the ITTO website two weeks prior to Council Session". He said the European Union proposed this amendment not only because of the work in the working group with other members, but also because, in the working group, it was the European Union's understanding that the suggestion to publish the result on the website would be a clear demonstration of transparency in the Organization.
368. The delegate from Malaysia recalled that it had been suggested in the working group to request the Executive Director to publish the results on the website, but when the draft text went to the drafting group, members of the European Union delegation were not fully agreeable to the concept that such

interim documents be published, and this was why the text had been changed to indicate that the results should be made available prior to being submitted to Council for final decision.

369. The delegate from the European Union thanked the Malaysian colleague for the clarification and informed the Council that, after coordination had taken the place, the European Union would like to suggest the change, as previously mentioned.
370. The Chairperson sought clarity on whether this mean a reversion to the original version, but the European Union indicated it preferred the change.
371. Dr. Kwame Asumadu, Asumadu Pty Ltd., Australia, observer, asked whether the decision would impact on existing observers.
372. The Chairperson said that, yes, all observers would be subject to the decision, which was an attempt to enhance the participation of civil society in the Organization. Seeing no further interventions, the Chairperson indicated that the proposed amendment by the European Union would be made.
373. The Chairperson introduced draft Decision 4(LI), titled "ITTO Investments and Financial Management", which, he said, was an important decision with detailed terms of reference in the annex. He thanked the co-chairs of the working group for the discussions and deliberations, which led to the drafting of the decision, especially the hard work done by Mr. Gilbert Kaya and Mr. Rob Busink, the Chair and Vice-Chair of the CFA, respectively.
374. The Chairperson introduced each page of the draft decision.
375. The Producer Spokesperson said that the Producer Caucus had had difficulty finding four people to sit on the Oversight Committee; it could find five, but none of the subregions had wanted to take out a candidate and it would be easier to create a committee comprising one member from each region, so three, or six members, taking into consideration the subregions within the Producer Caucus.
376. The Chairperson clarified that the Producer Spokesperson was proposing to increase the participation of Producers from four to six.
377. The delegate from the European Union indicated that the Consumers would try to accommodate what was needed and sought clarity on whether this meant six Producer members, six Consumer members, and the co-chairs, or a committee of 12, including the co-chairs. The Consumers were prepared to have four representatives, in addition to the co-chairs, and the numbers would have to be equal. The Consumers would try to find five names, but it might be a stretch to find six names. She asked whether the make-up could be five Producers and five Consumers, plus the co-chairs.
378. The Producer Spokesperson agreed with the proposal.
379. The Chairperson indicated that the Oversight Committee would comprise five Producer and five Consumer Members in addition to the Chair and Vice-Chair of the CFA, and he requested the Secretariat to enter into urgent consultations to obtain the names.
380. The delegate from the European Union informed the Chair that the Consumer Caucus had nominated the European Union, Japan, Switzerland, the U.S.A., and the Republic of Korea, and the names of individuals would come later.
381. The Chairperson requested the Secretariat to enter into urgent consultations to obtain the names of the countries and the persons who would be in the Oversight Committee from the Producers.
382. The delegate from Togo asked for clarification on text in paragraph 3 on whether it was a loss or impairment of \$6 million, the latter of which was not a definitive loss. If it was a complete loss, the point might need to be reviewed.
383. The Chairperson asked the delegate from Togo if he could clarify his proposal.
384. The delegate from Togo replied that, according to his understanding, it was not certain that the \$6 million had been lost. If it was not a definitive loss, the text should be changed.

385. The Chairperson responded that it was clearly stated as a loss in the audited financial statement. The text therefore followed what was written in the audited financial statement.
386. The delegate from Togo indicated that he accepted this explanation.
387. The Chairperson suggested focusing attention on page 2 of the draft decision, which comprised the four other operative paragraphs of the draft. There were no comments. Turning to the annex, the Chairperson invited observations on the terms of reference for the investigative panel, contained in pages 3 and 4 of the draft decision.
388. The delegate from the European Union proposed striking out the Secretariat from the fourth paragraph of the preamble, indicating instead that the Council was not made explicitly aware of the loss of the funds by the auditors.
389. The Chairperson invited further comments and, seeing none, the Council adopted the draft decision with the amendments as stated in preambular paragraph 4 and the naming of the Consumer countries in operative paragraph 1. This decision was adopted.
390. The Chairperson introduced draft Decision 5(LI), titled "Principles for the Appointment of the Executive Director".
391. The Consumer Spokesperson said that the decision was based on the work done in Libreville where several hours and lots of effort had been spent drafting the terms of reference with the goal to get the best leader for the organization.
392. In the absence of further comments the Chairperson concluded that the decision was adopted.

CLOSING OF THE SESSION (AGENDA ITEM 27)

393. The following are transcriptions of the closing statements made.

Statement by the European Union

394. "Mr. Chairman, colleagues, friends, the EU and its member states would like to thank you Mr. Chairman and the Government of Malaysia for doing more than could have been imagined to make this meeting a success. You Mr. Chairman have had the patience of a true leader and philosopher, and you have been rewarded with a gavel. I would notice that of the new symbols of the sustainable development goals of the United Nations as adopted by the world leaders at a Summit in September, the gavel is a powerful symbol in the 17 pictograms. You have to lead on that sustainable development goal now. The people and Government of Malaysia have showered us with hospitality, and they have impressed us with their culture. The members of the Secretariat of the ITTO and especially the Officer-in-Charge have worked virtually without sleep for a whole week. We need to remember that sleep deprivation is a recognized form of torture. Our interpreters, our conference room staff have made it possible for us to speak to each other and to have documents. We have had our successes, we have had very useful sessions of the committees, we have had dialogue, and we have discussed and approved a number of projects. We have made progress on the admission of observers. We have also dealt well with one issue that causes us sadness, and that is the question of the financial losses. I think we have turned a page there. We have taken a decision that will allow us to understand what happened and will allow us to restore the credibility, the financial credibility of this Organization. With our constructive partners from many parts of the world we have tried and tried and tried to have a new ED appointed who would be able to re-dynamize this organization and bring it to its potential. Unfortunately a handful, if that, of delegations have not shared our objectives on the question of electing a new ED. We have all been forced to fail in that endeavor. We are all I'm sure sad about that, and we have lost an opportunity to have new leadership behind which everybody could have rallied. We hope that by next year all delegations will be in the full constructive mood to make the progress we need to make and to raise the profile of the ITTO to a level that matches its objectives. We look forward to meeting everybody in Yokohama. We wish every good luck and good counsel, to our new Chair whom we promise to work with to the best of our abilities. Thank you, Mr. Chairman."

Statement by Brazil

395. "Thank you Mr. Chairman. Thank you for your patience and your wisdom leading with us during this meeting. The Brazilian delegation would also like to express its gratitude to the people and the Government of Malaysia who really received us as with all the warmth and benefits that one wouldn't even expect. This was my first time in Malaysia, and I'm coming back next year, and I will do so really with much pleasure. I would also like to thank the Secretariat and our interpreters and translators. I think that they did manage to do a remarkable job and we are all thankful to them. I think that we made progress in several issues here as pointed out by the delegate of EU. I think that we handled very wisely the issue of financial losses, and now we have a way to move forward regarding this regretful issue and that we would try to reestablish the credibility of this Organization and to strengthen it even further. As my head of delegation pointed out, Brazil came to this meeting with a true wish to move forward in regarding the election of the Executive Director. This particular issue I would like to publicly thank the Government of Malaysia that managed to in order to maintain the Producers' unity to support us as well. We will be forever grateful for your Government. I think that now it's the time to look into the future and I think that we should not neglect the lessons that we all should have learned here, and that we will try to reach a very constructive way to negotiate on the next Session. I close my remarks, my short remarks I hope, by also wishing all delegates here a very fair return to home and I hope to see you all, thank you. Thank you, Mr. Chair."

Statement by U.S.A.

396. "Thank you Chair, we would be very brief, we just wanted to warmly and sincerely join others in thanking the Government of Malaysia for hosting us. I think we've had the best food I may have ever had on any trip much less during a conference. We also thank the Chair and the interpreters and the ITTO Secretariat, and we'll look forward to working with everyone next year in Yokohama as well as inter-sessionally. Thank you."

Statement by Japan

397. "Thank you very much, Mr. Chairman. I would just like to echo the previous speakers in appreciating first of all your prominent conduct of this Council meeting and also we would like to again extend gratitude to the host country Malaysia, and people who are involved in this Council Session and have worked very hard to bring about the necessary decisions in this Session. On behalf of our Government, we are very pleased to continue working in consultation with all Member countries in this forum, within this Organization to further enhance its activities. Thank you very much, sir."

Statement by the Consumer Spokesperson

398. "Thank you Chair, thank you Dr. Freezailah. Certainly, Sir, I would wish to take the floor. It is an honor to follow your wish and I am speaking for my entire group, for our Consumer caucus. First of all just like all the others we would like to thank the Government of Malaysia and the people out here in Malaysia, we also would like to thank the Ministry of Plantation Industry and Commodities. Chair I don't know how to have enough words of thanks for your very, very wise leadership and the warm heart for the forests. I would also like to thank the Committees, Secretariat for organizing this, interpreters, stuff we have been provided, photocopies, coffee, drinks, so in order to facilitate the process. I also would like to thank Adrian for his good collaboration in this interesting negotiation situation, and we all have been working very hard to very, very late hours, once again in order to get results and indeed we did get some good results and we did make some progress. Unfortunately in some areas maybe not enough, but we really did try as hard as we can. We have been working as partners, forests, tropical forests, this organization is not the organization of one partner, it's the organization of all partners and we have been closely collaborating, Consumers and Producers in our caucuses and between us. It has been a joint exercise in many areas, and I do believe that through collaboration and partnership we will be able to make some further positive good results. Just like some others have already expressed that the organization of this Council Session has been really, really extraordinary good. Everything has been so smoothly and splendidly organized, it has been really a pleasure and honor to be here as your guest, so thank you for that. I am very much looking forward to the next Council and whatever we do before the next Council and looking forward to meet you all in Yokohama next year. Thank you."

Statement by the Producer Spokesperson

399. "Thank you Chair, Excellencies, the distinguished ambassadors who have assisted us throughout this Session who are still in the room, ladies and gentlemen, allow me on behalf of the Producers to thank the Government of Malaysia for the respect and care with which the delegations were treated throughout our stay. Mr. Chairperson, Madam President, I have particularly appreciated the manner in which you have conducted our discussions and I have learned a great deal at your side throughout this week, and we have some result in spite of our differences or stumbling blocks which we met along the way, everything wasn't great but then everything wasn't negative. Of all the decisions, some of those that needed to be taken have successfully been taken. It is my turn again to thank Ms. Marjukka, my counterpart in the Consumer group. I think that since Yokohama we have had cordial relations and perfect level of relationship. I wish particularly to thank the translators and interpreters for being available and for enabling us to reduce distances particularly the distance separating us because of languages and I must say that for once, the interpreters were giving us support in the working groups for one member who was not able to follow in the other language, the interpreters were there, and stayed with us. The members of the delegations, well I must say I have learnt a great deal by our side, and my wish is that the cycle of negotiations on Article 14 will come to an end in Yokohama next year, so that the International Tropical Timber Organization may continue to exist beyond that point. Thank you for your attention, thank you again for everything."

Statement by Malaysia

400. "Honorable Chairman, madam Vice-Chair, distinguished delegates of Council and colleagues from Secretariat and various related agencies, ladies and gentlemen. Malaysia is greatly honoured to have had the privilege of hosting the esteemed 51st International Tropical Timber Council meeting in our vibrant capital city of Kuala Lumpur. On behalf of the Ministry of Plantation Industries and Commodities, Malaysia, I wish to extend our gratitude especially to Dato' Dr. Freezailah for his excellent chairmanship of the Council's deliberations. We also wish to thank all the Chairmen and Chairladies and participants of the various Committees, for all the hard work and contributions towards enhancing the contribution of ITTO to all its Members. We also extend our thank you to all of you for the compliments and kind words that we received through this Session. I truly hope all of you very much enjoyed our warm hospitality and all arrangements made. We wish you all a safe trip home, safe journey, and very much look forward to seeing all of you in Yokohama at the invitation of the Government of Japan in November 2016 for the 52nd International Tropical Timber Council Session. With that, thank you."

Closing Statement by the Chairperson of Council

401. "Thank you Malaysia. Ms. Jennifer Conje, Chairperson designate of the International Tropical Timber Council, distinguished Members of Council, friends and colleagues, ladies and gentlemen. After those statements by various delegations, allow me the privilege of making my concluding remarks from the Chair, as this Fifty-first Session of the ITTC comes to a close. Working for the whole of this week with all of you, friends and colleagues, whom I've known all these years, and new friends at the Session, has been the most rewarding and satisfying experience for me.
402. All of you have enriched me with friendship, hope and optimism for the future of the ITTO, no matter how challenging that future may be. Involved as I have been with the ITTO in the early years in the first agreement, the ITTO of 1993 was negotiated, various thoughts and emotions, cascade to my mind, and I wish to share some of this with you but in a rather disorganized manner as my statement was finalized in the early hours of the morning and updated during the course of the day.
403. First I need to thank you all, for the gracious statements and kind words made by so many delegations, for the manner I have conducted this Session of Council. Likewise I wish to reciprocate your kind sentiments in full measure. If we have been successful at the Session, the credit must go to you all, honourable Members of Council, for the spirit of compromise and always thinking about the larger and longer-term interest of the Organization. If there's been any failing and I know there has been some, I as your Chairperson must take responsibility.
404. I can only seek your kind understanding and forgivingness. I'm personally delighted and proud that my motherland has welcomed and treated us in her best traditions of hospitality and kindness. Numerous officials in several committees toiled long hours to make sure all logistical arrangements and facilities were in place to ensure the smooth conduct of all various meetings at this Session. All of them have

gone the extra mile working closely with a team from Yokohama ably lead by Dr. Steven Johnson, the Officer-in-Charge of the ITTO Secretariat. It is also my pleasure to pay tribute to Datuk Nagarajan, the Deputy Secretary General of the Ministry of Plantation Industries and Commodities and his two officers, Mr. Zaidi and Mrs. Kanagadevi, who led the large Malaysian team, too numerous for me to name. I must also not fail to thank the team of interpreters and translators, whose devotion to the ITTO in spite of our lack of discipline in time management defies logic. I thought also it's hard to forget the cooperation, understanding and hard work of the Vice-Chair of Council, the Chairs and Vice-Chairs of the Committees and our two energetic spokespersons, Ms. Marjukka from Finland and Adrian Ngo'o Bitomo from Cameroon.

405. Assistance and support came from so many, some are heard but not seen like our interpreters, some are seen but not heard like the many conference assistants, but many more are neither seen nor heard, but all of them collectively contributed to the success of this 51st Session of Council. To all of them we owe a huge debt of gratitude, may I invite you all to give them a hearty round of applause.
406. Ladies and gentlemen, we have had all together a good Session with its mixture of intensive negotiations, among individual delegations, bureau members and various informal working groups, some in the early hours of the day whereas others into the late hours of the night. We also took two rounds of voting on Agenda Item 11 to elect a new Executive Director for our Organization. We have successfully and fully addressed certain agenda items, partially resolved some while others have to be deferred to the next Session, which will be held in Yokohama next year.
407. All these developments have generated their fair share of high spirits, good cheer, strains and stresses and at times, low moods and morale. To me this is no disorderly procedure under the circumstances, but you must be aware that all times, the need for streamlining, transparency, inclusiveness and democratization. These are the essentials of our unique forum for consultation and cooperation. If you all can stand back and see what goes on, we can see an array of proposals, reviews, assessments and more importantly, decisions made together with an outpouring of enthusiasm and put to will to achieve consensus.
408. This is the basis and foundation of the confidence building which in turn generates that collective stance of shared interest, common cause and solidarity. Ladies and gentlemen, we started the Session with all of us most hopeful and indeed united and committed to elect a new Executive Director for our Organization. We have excellent candidates, but the election of a new ED eluded us in spite of our best efforts. Let me ladies and gentlemen, pay special tribute to Ms. Sheamala Sakturu for graciously withdrawing her candidature to pave the way for the election of a new ED, for such an honourable act and sacrifice, let us give her a hearty round of applause.
409. Under the circumstances the Council has adopted a decision to start another process of recruitment. Apparently the next Executive Director will have to be elected at ITTO's Headquarters in Yokohama, Japan, the land of the rising sun. We had lengthy discussions regarding the formulation of guidelines on the admission of observers at this Council Session. With flexibility and good will on the part of all delegations we were able to adopt a decision on this important matter. Ladies and gentlemen, we are living in a world, apparently increasingly divided and unequal, fueled by extremism and radicalism.
410. This is also a cultural dimension and differences in values although some of them are universal. I'm therefore most delighted you were able to take Decision 3, to promote moderation on the admission of observers to avoid extremism which I fear, may if unchecked, undermine the solidarity of our organization. Malaysia is seriously concerned about these dangers, and has launched a global movement of moderates at the United Nations General Assembly in 2010, by our Honorable Prime Minister.
411. The loss of funds, which has been generously contributed by donors to facilitate implementation of projects is most regretful. It has the potential to destroy the credibility of our organization. I'm therefore delighted that Council has adopted a decision to address these serious issues speedily and in the most comprehensive manner to make sure that such financial mismanagement will never again occur. The measures and actions taken hopefully will restore donor confidence in our organization.
412. Ladies and gentlemen, at this juncture, let me just devote some words to the wisdom of Council in your choice of the Chairperson who will succeed me, Ms. Jennifer Conje from the United States. For me handing over the mantle of office to Jennifer has some significance to me personally. It brings back memories of my student days at Edinburgh University, where I studied forestry under Professor Mark

Anderson. Professor Anderson had some strong views, one of which was on the admission of students into the forestry faculty. He had two strict guidelines and criteria, or the criteria and indicators, presumably to ensure the sustainable management of the forestry faculty.

413. His first criterion is no smokers. If you are known to be a smoker, you're rejected outright, on this criterion, the learned professor was more than prophetic. In view of the devastating forest fires which contribute to global warming and affecting lives, livelihoods and health of countless people. The professor's second criterion for the admission of students was simply no women, no females and no girls. Of course, all of us students knew the professor was entirely wrong, but perhaps for quite different reasons from ours.
414. You see ladies and gentlemen, for us forestry students then the most important event was our annual wood choppers' ball. Which at times developed into a wood choppers' brawl. Since there were no female students in the forestry faculty, it was very difficult for us to have gender balance during our own important wood choppers' ball. All because of the professions second criteria. Ladies and gentleman, as Chair of Council next year, Jennifer joins the other great ladies of our organization, Stephanie Caswell and Jan McAlpine, both from the United States, the Dr. Josefina Takahashi from Peru, and Mrs. Katharina Kuehmayer from Austria, who have served as Chairs of Council with distinction.
415. With such proven leadership of Council, my case with Professor Anderson is truly and clearly over. To all our female colleagues at this Council, past and present, may I invite all the men present to show our appreciation to them, with a hearty round of applause ... Ladies and gentlemen, gender balance in our organization should no longer be on our agenda ... I have a few pages more. I have already passed seven. Ladies and gentlemen, the ITTO commenced operational activities in Yokohama in late 1986 and its earliest important initiative was to commission the London based International Institute for Environment and Development under the leadership of Professor Duncan Poore to undertake a study and establish a baseline on the status and extent of sustainable forest management in its Member countries.
416. This study resulted in the publication, the book 'No Timber Without Trees' in 1998, which independently verified that only an estimated one million hectares of tropical forest could be said to be under sustainable management. Since then, there has been some progress in the implementation of SFM of tropical forests in Producer Member countries, totaling some 1.4 billion hectares. Out of this total only a small area of 37 million hectares had been certified for sustainably.
417. Obviously, implementation of SFM and certification of the complex natural tropical forest is most challenging, requiring knowledge, skills and resources with human and financial which are all in short supply in many developing countries. In this context, I wish to note the wave of green consumerism, demanding legal and sustainable timber, in certain important markets through the legislation especially in the US, the EU and Australia.
418. Though well intentioned, the proliferation of legislation with varying requirements is most worrisome. Understanding the schemes is difficult enough, let alone complying with them, understandably there is much confusion in the market place. This issue was also raised at the Market Discussion held at the Session, may I ladies and gentlemen be so bold as to suggest that ITTO play a coordinating and harmonizing role under its thematic programs in its works on TFLET. The ITTO can for example make a study and develop a common timber legality assurance scheme, embracing the essentials of the various schemes now being implemented in ITTO Consumer countries.
419. Ladies and gentlemen, I have often been accused of making long and boring speeches and therefore, and before I become more unpopular, let me quickly conclude. We are now at that time of the year when we shall bid farewell to 2015, and welcome the New Year. It is a time of giving and forgiving and seeking forgiveness. It is also a time for reflection on what we have achieved and what we have not been able to achieve and why? So that we can do better in the New Year. From this rostrum, I wish to convey my heartfelt best wishes to you all and may you all be rewarded with success in your endeavors. On that note, I formally adjourn this 51st Session of the Council."
420. Following his statement, the Chairperson officially closed the Fifty-first Session of the International Tropical Timber Council.

ANNEX I

LIST OF PARTICIPANTS

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- ** Dr. Elizabeth Philip Head of Climate Change and Forestry Programme, FRIM, Selangor
- ** Dr. Lillian Chua Swee Lian Senior Research Officer, FRIM, Selangor
- ** Dato' Dr. Freezailah Che Yeom Chairman, Malaysian Timber Certification Council (MTCC), Kuala Lumpur
- ** Mr. Yong Teng Koon Chief Executive Officer, MTCC, Kuala Lumpur
- ** Ms. Siti Syaliza Mustapha Manager, Forest Management, MTCC, Kuala Lumpur
- ** Datuk Dr Abdul Rahim Nik Chief Executive Officer, Malaysian Timber Council (MTC), Kuala Lumpur
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Assistant General Manager, Harwood Timber Sdn. Bhd., Kuching
- *** Mr. Abu Hassan Yusuf
Senior Manager, Endorsement and Shipping, Harwood Timber Sdn Bhd., Kuching
- *** Dr. Melvin Gumal
Director of Program, Wildlife Conservation Society
- *** Mr. Balu Perumal
Head of Conservation, Malaysian Nature Society
- *** Mr. Amha Bin Buang
Former ITTO Secretariat

MEXICO

- * Mr. Jorge Pedro Flores Marker
Gerente de Desarrollo de Plantaciones Forestales Comerciales, CONAFOR, Zapopan
- ** Mr. Gerardo Arturo García Tenorio
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MYANMAR

- * Mr. Bo Ni
Director, Forest Department

NEW ZEALAND

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NORWAY

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Ambassador of Norway, the Royal Norwegian Embassy, Kuala Lumpur
- ** Mr. Constantin Nicolaysen Karame
First Secretary and Deputy, Head of Mission, Royal Norwegian Embassy in Kuala Lumpur

PAPUA NEW GUINEA

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Ambassador of Embassy of Papua New Guinea, Tokyo
- *** Mr. Dambis Kaip
Manager Policy & Aid Coordination, PNG Forest Authority, Boroko
- *** Mr. Axel Stefan Wilhelm
Vice President, PNG Forest Industries Association
- *** Mr. Robert Edward Tate
Executive Officer, PNG Forest Industries Association

*** Mr. Stanley Arua First Secretary, PNG High Commission, Malaysia

PERU

* H.E. Mr. Guido Loayza Devescovi Ambassador, Embassy of Peru, Kuala Lumpur
** Mr. José Bustinza Soto Minister, Embassy of Peru, Kuala Lumpur
*** Mr. Jorge Malleux Presidente, APAIC, Lima

PHILIPPINES

* Mr. Ricardo L. Calderon Director, DENR, Forest Management Bureau, Quezon City
** Mr. Nonito M. Tamayo Regional Director, DENR, Forest Management Bureau, Butuan City
** Mr. Alejandrino R. Sibucan JR. Economist IV, DENR, Forest Management Bureau, Quezon City
** Mr. Ray Thomas F. Kabigting Forest Management Specialist I, DENR, Forest Management Bureau, Quezon City

REP. OF KOREA

* Mr. Young Tae Choi Director, Korea Forest Service
** Ms. Yea Lim Chae Deputy Director, Korea Forest Service
** Dr. Kug Bo Shim Senior Research Scientist, Korea Forest Research Institute

SWITZERLAND

* Ms. Anne Schick Program Manager, State Secretariat for Economic Affairs SECO, Bern
** Mr. Rolf Ott Deputy Head of Mission/Counsellor, Embassy of Switzerland, Kuala Lumpur

THAILAND

* Mr. Pralong Dumrongthai Deputy Director General, Royal Forest Department, Bangkok
** Mr. Sapol Boonsermsuk Director of International Forestry Cooperation Office, Royal Forest Department, Bangkok
** Mr. Montri Intasen Forest Technical Officer, Practitioner level, International Forestry Cooperation Office, Royal Forest Department, Bangkok

TOGO

* Mr. Richard Gbadoe Edjidomele Directeur Général, Office de Développement et d'Exploitation des Forêts, Lome

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** Mr. Thompson Luke Foreign Affairs Officer, US Department of State, Washington, D.C.

- | | |
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| *** Ms. Jennifer Conje | Senior Policy Advisor, US Forest Service, United States Department of Agriculture, Washington, D.C. |
| *** Ms. Aysha Ghadiali | Policy Analyst, US Forest Service, United States Department of Agriculture, Washington, D.C |

VIETNAM

- | | |
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| * Ms. Nguyen Tuong Van | Deputy Director, ITTO National focal point, , Department of the Science, Technology and International Cooperation, Vietnam Administration of Forestry (VNFOREST) Hanoi |
| ** Mr. Vu Minh Tam | Official, Agency of Foreign Trade, Ministry of Industry and Trade, Hanoi |
| ** Mr. Tran Hieu Minh | Senior Officer, Department of the Science, Technology and International Cooperation, Vietnam Administration of Forestry (VNFOREST) Hanoi |

OBSERVERS

Potential Member

NIGERIA

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| Mr. John K. Auta | Deputy Director, Federal Ministry of Environment |
| Mr. Anyalebechi L. Njoku | Assistant Director, Federal Ministry of Environment |

Permanent Observers

CITES (UNEP)

| | |
|-------------------------|-----------------------------------|
| Ms. Milena Sosa Schmidt | Senior Scientific Officer (Flora) |
|-------------------------|-----------------------------------|

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD)

| | |
|-------------------|----------------------|
| Dr. Carlos Moreno | Senior Legal Adviser |
|-------------------|----------------------|

UNITED NATIONS CONVENTION ON BIOLOGICAL DIVERSITY (CBD)

Mr. Charles Besancon

UNITED NATIONS FORUM ON FORESTS SECRETARIAT (UNFFS)

| | |
|------------------------------|--------------------------|
| Dr. Manoel Sobral Filho | Director |
| Ms. Afsa Kemitale-Rothschild | Senior Programme Officer |

UNITED NATIONS UNIVERSITY IIGH

| | |
|------------------------|--------------------------|
| Mr. Oliveira Jose A.P. | Visiting Research Fellow |
|------------------------|--------------------------|

Non-Governmental Organizations

APF NET, MALAYSIA

| | |
|-------------------------|--------------------|
| Mr. Morris Kapong Senap | Project Manager |
| Mr. Derek Paran | Project Consultant |

COMMUNICATION FORUM OF COMMUNITY FORESTRY (FKKM), INDONESIA

| | |
|-------------------------|-------------------------------------|
| Dr. Christine Wulandari | Head of National Steering Committee |
|-------------------------|-------------------------------------|

eSFM Tropics

Mr. Barney Chan

FAIRWILD FOUNDATION, ECUADOR

| | |
|-----------------------------|--|
| Ms. Ximena Buitron Cisneros | Trustee and Chair of the Technical Committee |
|-----------------------------|--|

FOREST STEWARDSHIP COUNCIL

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|--------------------------------------|-----|
| Mr. Marcellinus Bin Frederick Lamhai | CEO |
|--------------------------------------|-----|

Ms. Shizuka Yasui

Smallholder Support/ Network Liaison
Officer, FSC Asia Pacific

GLOBAL FIRE MONITORING CENTER (GFMC), GERMANY

Dr. Johann G. Goldammer

Director

INSTITUT RIMBAWAN MALAYSIA (IRIM) (INSTITUTE OF FORESTERS MALAYSIA)

Dr. David Chin Tuck Yuan

President

Dr. Raja Barizan Raja Sulaiman

Council Member

INSTITUTE FOR ENVIRONMENT AND DEVELOPMENT (LESTARI) UNIVERSITI KEBANGSAAN MALAYSIA

Mr. Dato Shahrudin Mohamad Ismail

Senior Fellow, Head Core Group on Water,
Forest and Natural Resources

Dr. Sarah Aziz Abdul Ghani Aziz

Associate Professor

INTERNATIONAL FORESTRY STUDENTS' ASSOCIATION (IFSA), GERMANY

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IFSA President

Mr. Sekar Ayu Woro Yunita

IFSA Liaison Officer to ITTO, Indonesia

Mr. Dwi Graha Pangestu

IFSA member, Indonesia

Ms. Mutiah Marhamah

IFSA member, Indonesia

INTERNATIONAL SOCIETY FOR MANGROVE ECOSYSTEMS (ISME), JAPAN

Prof. Shigeyuki Baba

Executive Director

Dr. Chan Hung Tuck

Treasurer

INTERNATIONAL UNION OF FOREST RESEARCH ORGANIZATION (IUFRO), AUSTRIA

Dr. Michael Kleine

Deputy Executive Director

PROTEM SECRETARIAT FOR MALAYSIA-EU FLEGT VPA, MALAYSIAN TIMBER INDUSTRY BOARD

Ms. Loke Sim Wah

Coordinator

REFACOF, CAMEROON

Ms. Ndjebet Cecile

Director

Ms. Rose Pélagie Masso

Regional Administrative & Financial Officer

Ms. Hortense Spouse Nga Onana Ngono

Regional Program Officer

Ms. Jacqueline Gwogon Ngwet

Member

Ms. Chimene Musanga Timani

DRC Focal Point

SARAWAK DAYAK IBAN ASSOCIATION (SADIA), Malaysia

Mr. Sia Ngedau

Penan Representative, Sarawak Dayak Iban
Association (SADIA)

Mr. Bilong Oyau

Penan Representative, Sarawak Dayak Iban
Association (SADIA)

Mr. Hennison Bujang

Penan Representative, Sarawak Dayak Iban
Association (SADIA)

Mr. James Lalo Kesom

Penan Representative, Sarawak Dayak Iban
Association (SADIA)

Mr. Eseng Pege

Penan Representative, Sarawak Dayak Iban
Association (SADIA)

SARAWAK TIMBER INDUSTRY DEVELOPMENT CORPORATION (STIDC), Malaysia

| | |
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SHINSHU UNIVERSITY

| | |
|----------------------|---------------------|
| Mr. Kentaro Kanazawa | Associate Professor |
|----------------------|---------------------|

TRAFFIC INTERNATIONAL, MALAYSIA

| | |
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| Mr. Hin Keong Chen | Global Forest Trade Programme Leader |
|--------------------|--------------------------------------|

UNIVERSITI PUTRA MALAYSIA

| | |
|-------------------|--|
| Dr. Rasmina Halis | Head Department of Forest Production, Faculty of Forestry |
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WORLD RESOURCES INSTITUTE

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| Dr. Charles Barber | Director, Forest Legality Initiative, Forests Program |
| Dr. Kathleen Buckingham | Research Associate |
| Ms. Tina Schneider | Associate, Forest Legality Initiative, Forests Program |

Private Sector

ASUMADU PTY LTD, AUSTRALIA

| | |
|-------------------|----------|
| Dr. Kwame Asumadu | Director |
|-------------------|----------|

DOUBLE HELIX TRACKING TECHNOLOGIES

| | |
|-------------------|-----|
| Mr. Darren Thomas | CEO |
|-------------------|-----|

McCARTHY & ASSOCIATES (FORESTRY), U.S.A.

| | |
|----------------------|-------------------|
| Mr. Richard McCarthy | Managing Director |
|----------------------|-------------------|

AUTHORIZED INVITEES

| | |
|-----------------------------|---------------------------|
| Dr. Muh.Yusram Massijaya | |
| Dr. Florence Soriano | |
| Dr. Carlos Marx R. Carneiro | |
| Dr. Hosny El-Lakany | |
| Dr. Markku Simula | |
| Ms. Sarah Storck | |
| Dr. Michael Adams | |
| Mr. Gustav Alexander Adu | |
| Dr. James K. Gasana | |
| Mr. Thang Hooi Chiew | |
| Mr. Eduardo Mansur | |
| Mrs.Carla Pereira | |
| Mr. Jürgen Blaser | |
| Mr. Rupert Oliver | |
| Mr. Enzo Barattini | |
| Mr. Barber Cho | Market Discussion Speaker |
| Mr. Vanden Berk | Market Discussion Speaker |
| Ms. Aimi Abdullah | Market Discussion Speaker |
| Mr. Tom Horst | Market Discussion Speaker |
| Mr. Tim Dawson | Market Discussion Speaker |
| Ms. Gan Ling | Market Discussion Speaker |
| Mr. Ahmad Shah Bin Mohamad | Market Discussion Speaker |
| Ms.Cindy Squires | Market Discussion Speaker |
| Mr. Shengfu Wu | Market Discussion Speaker |
| Mr. Jussi Viitanen | Market Discussion Speaker |

Earth Negotiations Bulletin - Reporting Staff

Mr. Peter Wood
Mr. Bo-Alex Fredvik
Ms. Lynn Finnegan
Mr. Vijay Kolinjivadi
Mr. Herman Njoroge Chege

LANGUAGE TEAM

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Mr. Jean-Pierre Allain

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Ms. Susana Hovell

Mr. Tyrone Carbone

Translators

Mr. Francis Marche

Ms. Claudia Adan

OFFICERS OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL AND ASSOCIATED COMMITTEES

Council

| | |
|------------------|-----------------------------|
| Chairperson | Dato' Dr. B.C.Y. Freezailah |
| Vice-Chairperson | Ms. Jennifer Conje |

Economic Information and Market Intelligence

| | |
|------------------|-------------------|
| Chairperson | Dr. Teguh Raharja |
| Vice-Chairperson | Ms. Alicia Grimes |

Reforestation and Forest Management

| | |
|------------------|-------------------------------|
| Chairperson | (did not attend the session) |
| Vice-Chairperson | Dr. Mohammed Nurudeen Iddrisu |

Forest Industry

| | |
|------------------|-----------------------------------|
| Chairperson | Mr. Miguel Roberto Mendieta Duron |
| Vice-Chairperson | Ms. Akiko Nakano |

Finance and Administration

| | |
|------------------|------------------|
| Chairperson | Dr. Gilbert Kaya |
| Vice-Chairperson | Mr. Rob Busink |

Spokespersons

| | |
|-----------|-------------------------|
| Producers | Mr. Adrian Ngo'o Bitomo |
| Consumers | Ms. Marjukka Mähönen |

ITTO SECRETARIAT

Dr. Steven E. Johnson
Officer-in-Charge
Assistant Director, Trade and Industry

Mr. Edmond Collins Ahadome
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Mr. Takeshi Goto
Assistant Director, Forest Management

Mr. John J. Leigh
Conservation Officer, Forest Management

Dr. Gerhard Breulmann
Planning, Monitoring and Evaluation Officer

Dr. Tetra Yanuariadi
Projects Manager, Trade and Industry

Dr. Hwan Ok Ma
Projects Manager, Forest Management

Mr. Li Qiang
Systems Analyst

Mr. Polycarpe Masupa-Kambale
Projects Manager, Forest Management

Mr. R. M. Manohar
Finance/Administrative Officer

Mr. Ramon Carrillo Arellano
Outreach and Communication Officer

Ms. Kanako Ishii
Secretary / Program Assistant

Ms. Maiko Suzuki
Senior Finance/Administrative Assistant

Mr. Jean-Christophe Claudon
Statistical Assistant

Ms. Naho Tamura
Secretary

Ms. Manako Hanawa
Secretary

Mr. Simon Kawaguchi
Finance Assistant

Ms. Adriana Sugihara
Secretary / Program Assistant

Ms. Kumiko Tanaka
Fellowship Assistant

Ms. Junko Nagasaka
Secretary

Ms. Shoko Suzuki
Assistant

* * *

ANNEX II

AGENDA

DOCUMENT: ITTC(LI)/1 Rev.1

Distr.
GENERAL

ITTC(LI)/1 Rev.1
10 September 2015

Original: ENGLISH

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

PROVISIONAL AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Report of the Credentials Committee
6. Proposed Distribution of Votes for 2015 – 2016 Biennium
7. Admission of Observers
8. Statement by the Officer-in-Charge
9. Report of the Informal Advisory Group (IAG) – Decisions 3(XXII), 5(XXVI) and 2(XLIX)
10. Enhancing Cooperation between ITTO and CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)
 - (a) CITES Listing Proposals by Members – Decision 3(XVI)
 - (b) Report on the Implementation of the CITES Programme
11. Matters Related to Article 14 of the ITTA, 2006 – Decisions 3(XXV), 5(XLII), 2(XLVI) and 3(XLIX)
12. Progress Report on the Implementation of the ITTO Biennial Work Programme 2015 – 2016
13. Progress Report on the Implementation of the ITTO Thematic Programmes
14. Developments in the UNFCCC regarding Forests and their Potential Implications for Tropical Forests and the World Tropical Timber Economy – Decisions 2(XXXIX) and 1(XLI)
15. ITTO/CBD Collaborative Initiative to Conserve Tropical Forests – Decision 6(XLVI)
16. Consideration of Regional ITTO Presence and Representation – Decisions 7(XLIX) and 2(L)
17. Admission and Activities of Observers during Council Sessions – Decision 3(L)
18. Development of ITTO Guidelines to Incorporate Gender Equity in the Organization's Activities, Programmes and Projects in Member Countries – Decision 2(L)
19. ITTO Fellowship Programme – Decision 4(XXVII)

- (a) Progress Report on the ITTO Fellowship Programme
 - (b) Report of the Chairperson of the Fellowship Selection Panel
20. Annual Report for 2014
21. Special Account and Bali Partnership Fund
- (a) Pledges to the Special Account (Thematic Programme Sub-Account and Project Sub-Account) and the Bali Partnership Fund
 - (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)
22. Reports of the Associated Sessions of the Committees
23. Election of Chairperson and Vice-Chairperson of the Council for 2016
24. Dates and Venues of the Fifty-second and Fifty-third Sessions of the Council and the Associated Sessions of the Committees
25. Other Business
26. Decisions and Report of the Session
27. Closing of the Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 - Opening of the Session

The Fifty-first Session of the Council will be opened by the Chairperson of the Council.

Item 2 - Ascertainment of the Quorum

The Officer-in-Charge will report to the Council on the state of the quorum requirement for the start of the Session.

Item 3 - Adoption of Agenda and Organization of Work

[Document ITTC(LI)/1]

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

Item 4 - Report on Membership of the Council

[Document ITTC(LI)/3]

The Officer-in-Charge will report on the status of membership of the Council.

Item 5 - Report of the Credentials Committee

[Document ITTC(LI)/4]

The Council may consider and adopt the Report of the Credentials Committee and approve the credentials of delegations.

Item 6 - Proposed Distribution of Votes for 2015 – 2016 Biennium

[Document ITTC(LI)/1 Annex]

The proposed distribution of votes for the 2015 – 2016 biennium, in accordance with Article 10(7) of the ITTA, 2006, is shown in the Annex of the Provisional Agenda (Document ITTC(LI)/1). The distribution of votes shall remain in effect for the rest of the biennium, except whenever the membership of the Organization changes or when any member has its voting rights suspended or restored, in which case the Council shall redistribute the votes within the affected category or categories.

In accordance with Article 19(4) of the ITTA, 2006, the approved distribution of votes will be used for the assessment of the contribution of each Member to the Administrative Budget for the 2016 – 2017 biennium.

Item 7 - Admission of Observers

[Document ITTC(LI)/Info.3]

The Council may decide to admit those States and Organizations which request admission to the Session as Observers. Two lists of such applicants will be submitted at the Session for consideration and decision. The first such list shall contain the names of all States and Organizations which have previously been admitted to the Council Sessions and the second those States and Organizations who are applying for admission on the first occasion at this Session.

Item 8 - Statement by the Officer-in-Charge

The Officer-in-charge will address the Council and report on activities of the Organization and other developments of relevance to the Organization.

Item 9 - Report of the Informal Advisory Group (IAG) – Decisions 3(XXII), 5(XXVI) and 2(XLIX)

[Document ITTC(LI)/2]

Pursuant to Decisions 3(XXII), 5(XXVI) and 2(XLIX), and in order to organize its work for the Session, the Council may consider the report of the Twenty-ninth Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 15 November 2015.

The report of the Twenty-ninth Meeting of the IAG will be presented to the Council by the Chairperson.

Item 10 - Enhancing Cooperation between ITTO and CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)
[Document ITTC(LI)/5]

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

Item 11 - Matters Related to Article 14 of the ITTA, 2006– Decision 3(XLIX)

Pursuant to its Decision 3(XLIX), the Council will resume discussions on Matters Related to Article 14 of the ITTA, 2006 and proceed to select the next Executive Director, if not by consensus, by Special vote in accordance with Articles 12 and 14 of the ITTA, 2006.

Item 12 - Progress Report on the Implementation of the ITTO Biennial Work Programme 2015 -2016 – Decision 9(XXXIV)
[Documents ITTC(LI)/6]

The Council will receive the progress report on the implementation of the ITTO Biennial Work Programme for 2015 – 2016 as contained in Document ITTC(LI)/6

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

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

Item 14 - Developments in the UNFCCC Regarding Forests and their Potential Implications for Tropical Forests and the World Tropical Timber Economy – Decisions 2(XXXIX), 1(XLI) and 2(XLIII)
[Document ITTC(LI)/8]

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

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

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

Item 16 - Consideration of Regional ITTO Presence and Representation – Decisions 7(XLIX) and 2(L)
[Document ITTC(LI)/10]

Pursuant to its Decisions 7(XLIX) and 2(L), the Council will receive a report by the consultant on a study to consider the possible role and objectives, feasibility and budgetary implications of strengthening ITTO regional presence and representation (Document ITTC(LI)/10).

Item 17 - Admission and Activities of Observers during Council Sessions – Decision 3(L)
[Document ITTC(LI)/11]

Pursuant to its Decision 3(L), the Council will receive a background paper prepared by the consultant on the procedures of relevant international organizations regarding the admission, the rights and

responsibilities of, and the activities undertaken by observers at official Sessions and side-events. The background paper was reviewed by the Working Group established through Decision 3(L).

Item 18 - Development of ITTO Guidelines to Incorporate Gender Equity in the Organization's Activities, Programmes and Projects in Member Countries – Decision 2(L)
[Document ITTC(LI)/12]

The Council will receive the draft ITTO Guidelines for Achieving Gender Equality and Empowering Women prepared by the consultant.

Item 19 - ITTO Fellowship Programme – Decision 4(XXVII)
[Documents ITTC(LI)/13 and ITTC(LI)/14]

The Council may consider: (a) the progress report prepared by the Secretariat on the implementation of the ITTO Fellowship Programme, as called for in Decision 4(XXVII) [Document ITTC(LI)/13]; and (b) the report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(LI)/14]. The Council will announce the final selection of awards based on the Chairperson's report.

Item 20 - Draft Annual Report for 2014

The Secretariat will present to the Council the draft Annual Report for 2014.

Item 21 - Special Account and Bali Partnership Fund
[Document ITTC(LI)/15]

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

The Chairperson may invite Members and Observers to announce any new contributions they may wish to pledge to the Special Account and the Bali Partnership Fund.

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

The Council will have before it the report of the Panel on Sub-Account B of the Bali Partnership Fund established under Decision 4(XXX) to consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B. The Council may consider and adopt the recommendations contained in the report [Document ITTC(LI)/15].

Item 22 - Reports of the Associated Sessions of the Committees

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

Item 23 - Election of Chairperson and Vice-Chairperson of the Council for 2016

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2016. Under Article 8 of the ITTA, 2006, the Council is required to elect a Chairperson and Vice-Chairperson for each calendar year. Under Article 8, paragraph 2, the Chairperson and the Vice-Chairperson, one from among the representatives of producer countries, and the other from among the representatives of the consumer countries, are required to alternate each year between the two categories of Members, provided, however, that this shall not prohibit the re-election to either or both under exceptional circumstances by Special Vote of the Council.

Item 24 - Dates and Venues of the Fifty-second and Fifty-third Sessions of the Council and the Associated Sessions of the Committees

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

At its Fiftieth Session convened in Yokohama, Japan, at the invitation of the Government of Japan, the Council decided that its Fifty-second Session would be convened in Yokohama, Japan on 7 – 12 November 2016. The Council also received an invitation from the government of Peru to host the Fifty-third Session in Lima, Peru. The Council may wish to confirm the dates and venue of the Fifty-second Session and set the dates and venue for its Fifty-third Session to be convened in 2017.

Item 25 - Other Business

The Council may consider any matters brought under this item.

Item 26 - Decisions and Report of the Session

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

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

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

The Council may wish to review the above procedures.

Item 27 - Closing of the Session

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

Annex

PROPOSED DISTRIBUTION OF VOTES FOR 2015-2016 BIENNIEUM

PRODUCER MEMBERS

| | <u>2014</u> <u>No. of Votes</u> | <u>2015/2016 Biennium</u> <u>No. of Votes</u> |
|----------------------------------|--|--|
| Africa | | |
| Benin | 23 | 23 |
| Cameroon | 24 | 23 |
| Central African Republic | 23 | 23 |
| Congo | 24 | 23 |
| Côte d'Ivoire | 24 | 23 |
| Democratic Republic of the Congo | 24 | 23 |
| Gabon | 24 | 23 |
| Ghana | 24 | 23 |
| Liberia | 23 | 23 |
| Mali | 23 | 23 |
| Mozambique | 24 | 23 |
| Togo | 23 | 22 |
| Asia & Pacific | | |
| Cambodia | 19 | 18 |
| Fiji | 16 | 14 |
| India | 30 | 28 |
| Indonesia | 80 | 94 |
| Malaysia | 123 | 97 |
| Myanmar | 50 | 55 |
| Papua New Guinea | 39 | 39 |
| Philippines | 16 | 16 |
| Thailand | - | 30 |
| Vietnam | 18 | 16 |
| Latin America/Caribbean | | |
| Brazil | 138 | 131 |
| Colombia | 25 | 25 |
| Costa Rica | 12 | 12 |
| Ecuador | 18 | 18 |
| Guatemala | 12 | 12 |
| Guyana | 16 | 16 |
| Honduras | 12 | 12 |
| México | 25 | 25 |
| Panamá | 12 | 13 |
| Peru | 30 | 28 |
| Suriname | 15 | 15 |
| Trinidad and Tobago | 11 | 11 |
| TOTAL: | 1,000 | 1,000 |

CONSUMER MEMBERS

| | 2014 <u>No. of Votes</u> | 2015/2016 Biennium <u>No. of Votes</u> |
|--------------------------|-------------------------------------|---|
| Albania | 10 | 10 |
| Australia | 16 | 16 |
| China | 253 | 265 |
| European Union | 395 | 382 |
| Austria | 11 | 10 |
| Belgium | 15 | 15 |
| Bulgaria | 11 | 10 |
| Croatia | | 10 |
| Cyprus | 10 | 10 |
| Czech Republic | 12 | 11 |
| Denmark | 12 | 11 |
| Estonia | 10 | 10 |
| Finland | 10 | 10 |
| France | 32 | 33 |
| Germany | 19 | 19 |
| Greece | 11 | 11 |
| Hungary | 10 | 10 |
| Ireland | 14 | 13 |
| Italy | 28 | 22 |
| Latvia | 10 | 10 |
| Lithuania | 10 | 10 |
| Luxembourg | 10 | 10 |
| Malta | 11 | 10 |
| Netherlands | 32 | 30 |
| Poland | 11 | 11 |
| Portugal | 15 | 13 |
| Romania | 10 | 10 |
| Slovakia | 11 | 10 |
| Slovenia | 10 | 10 |
| Spain | 23 | 15 |
| Sweden | 11 | 11 |
| United Kingdom | 26 | 27 |
| Japan | 157 | 164 |
| New Zealand | 11 | 11 |
| Norway | 10 | 10 |
| Republic of Korea | 66 | 58 |
| Switzerland | 12 | 11 |
| United States of America | 70 | 73 |
| TOTAL: | 1,000 | 1,000 |

ANNEX III

TEXT OF THE DECISIONS

ADOPTED BY THE COUNCIL AT ITS FIFTY-FIRST SESSION

DOCUMENT: ITTC(LI)/16
DOCUMENT: ITTC(LI)/17
DOCUMENT: ITTC(LI)/18
DOCUMENT: ITTC(LI)/19
DOCUMENT: ITTC(LI)/20

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21 November 2015

Original: ENGLISH

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

DECISION 1(LI)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Fifty-first Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM-CFI(XLIX)/4 and CRF(XLIX)/15; and the report of the Twenty-first Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(LI)/15;

Noting that the time-bound electronic no objection procedures to accept Expert Panel Ratings for Projects and Pre-Projects and requests for their funding were conducted during the project cycle for Spring and Autumn 2015;

Also noting that sound and prudent management of funds by the Secretariat is indispensable to successful implementation of projects;

1. Decides to:

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

(a) Spring project cycle for 2015:

| | |
|----------------------|---|
| PPD 178/14 Rev.2 (F) | Support to the Creation of Green Belts around the Waza, Benoué, Faro and Boubou National Parks (Cameroon) ITTO Budget \$86,240.00 |
| PD 732/14 Rev.2 (M) | Improve Forest Governance in Mozambique (Mozambique) ITTO Budget \$321,138.00 |
| PD 748/14 Rev.3 (F) | Building capacities and meaningful stakeholder participation in forest governance, to contribute toward sustainable forest management and improved livelihoods of forest dependent communities in Honduras and Guatemala (Honduras / Guatemala) ITTO Budget \$587,961.00 |
| PD 754/14 Rev.2 (F) | Rehabilitation and Sustainable Management of Sacred Forests on Ramsar Sites 1017 and 1018 in Benin (Benin) ITTO Budget \$591,618.00 |
| PD 762/14 Rev.2 (F) | Developing and Implementing Improved Management Practices that Maintain and Enhance Forests and Biodiversity Protection, to Support SFM within the Context of Multiple Use in Guyana's Forest Dependent Communities (Guyana) ITTO Budget \$601,552.00 |
| PD 765/14 Rev.2 (F) | Development of a Forest Landscape Restoration Program for Guatemala Based |

| | |
|---|---|
| | on ITTO Guidelines (Guatemala) ITTO Budget \$601,994.00 |
| PD 770/15 Rev.1 (I) | Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras (Honduras) ITTO Budget \$196,224.00 |
| PD 772/15 Rev.1 (F) | Improved Application of Growth and Yield Models to Forest Management Planning in the Amazon Basin (Brazil) ITTO Budget \$143,920.00 |
| PD 773/15 Rev.1 (F) | Restoration and Maintenance of Environmental Services in Moist Tropical Pasture Lands - Criteria and Techniques for the Introduction and Use of Native Trees (Mexico) ITTO Budget \$151,200.00 |
| PD 778/15 Rev.1 (F) | Sustainable Forest Management, Conservation of Biological Diversity and Promotion of Landscapes for Socio-Ecologic Production in Indigenous Territories of the Uwalcox Micro-Watershed in Guatemala's Western Altiplano (Guatemala) ITTO Budget \$699,581.00 |
| PD 700/13 Rev.2 (I) Phase I Stage 1 Stage 2 | Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products - Phase I Stage 1 & Stage 2 (ITTO) ITTO Budget Stage 1 \$1,399,989.00 Stage 2 \$3,759,256.00 |
| PD 723/13 Rev.2 (F) Phase I Phase II | Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar (Myanmar) ITTO Budget Phase I \$599,962.00 Phase II \$1,339,083.00 |
| (b) Autumn project cycle for 2015: | |
| PPD 182/15 Rev.1 (F) | Supporting Protected Area Communities in Afram Plains to Engage in Integrated Management of Economic Timber Species in Community Lands (Ghana) ITTO Budget \$79,072.00 |
| PD 771/15 Rev.2 (I) | Genetic Conservation, Utilization and Management of Gall Rust Resistant Strains of <i>Falcataria moluccana</i> Growing in the Philippines (Philippines) ITTO Budget \$1,248,913.00 |
| PD 774/15 Rev.2 (F) | Implementation of the Forest Management Plan of the Chepigana Forest Reserve, Choco-Darién Eco-Region, as a Conservation and Sustainable Development Alternative for a Protected Area (Panama) ITTO Budget \$655,213.44 |
| PD 775/15 Rev.2 (F) | Management and Restoration of the Forest Landscape in San Marcos, Guatemala and Chiapas, Mexico (Guatemala and Mexico) ITTO Budget \$899,461.00 |
| PD 777/15 Rev.2 (F) | Accelerating the Restoration of Cibodas Biosphere Reserve Functions through Proper Management of Landscapes Involving Local Stakeholders (Indonesia) ITTO Budget \$564,491.00 |
| PD 785/15 Rev.1 (F) | Phytosanitary Management of Commercial Forest Plantations in the Moist Tropics (Mexico) ITTO Budget \$1,497,321.61 |

- PD 794/15 Rev.1 (F) Conservation and Sustainable Use of Mangrove Forest Resources in the Province of El Oro, Southern Ecuador (Ecuador)
ITTO Budget \$724,391.00
- PD 124/01 Rev.5 (M) Promotion of Sustainable Management of African Forests (ITTO)
Phase III Stage 3 *[Budget revised at Autumn 2015 cycle]*
ITTO Budget \$673,325.00
- PD 554/09 Rev.4 (F) Pilot Sustainable Management Systems for Secondary Forests in the Collective Afro-Descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia)
[Revised at Autumn 2015 cycle - no change to budget]
ITTO Budget \$529,034.00

- (ii) Authorize the financing for immediate implementation of the Projects, Pre-projects and Activities as listed in Annex 1 to this Decision; and
 - (iii) Authorize the financing for immediate implementation of the Projects, Pre-projects and Activities as listed in Annex 2 to this Decision, as soon as earmarked funds are available in the Special Account or in the Bali Partnership Fund Account.
2. Urges Members to consider financing those approved Projects, Pre-projects and Activities for which funds are not immediately available;
 3. Appeals to Members to make unearmarked contributions to the Thematic Programmes Account and the Special Account;
 4. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-projects and Activities to assist Members in achieving the Year 2000 Objective of ITTO;
 5. Requests the Executive Director to continue consultations with potential donors and in order to secure financing for those Projects, Pre-projects and Activities for which funds are not immediately available; and
 6. Requests the Executive Director to carry out necessary corrective measures promptly, pursuant to Decision 4(LI), to minimize possible impacts on the funding of projects.

ANNEX 1

**Financing during 2015 for the immediate implementation
of Projects, Pre-projects and Activities**

| | | |
|-------|--|-----------------|
| (i) | Approved during the 2015 project cycles: | |
| | PD 700/13 Rev.2 (I) Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products - Phase I Stage 1 | \$1,399,989.00 |
| (ii) | Activities approved in the Biennial Work Programme for the Years 2015-2016 (see Decision 2(L) for the full title of the Activities): | |
| | PP-A/48-274 International C&I Meetings: 2016 (ITTO Biennial Work Programme 2015-2016 Activity: 6(b)) | \$40,000.00 |
| | PP-A/39-162A ITTO CITES Programme Additional funding for Year 2015 (ITTO Biennial Work Programme 2015-2016 Activity: 8) | \$1, 570,468.10 |
| | PP-A/50-301 Outreach activities – ENB coverage at ITTC (ITTO Biennial Work Programme 2015-2016 Activity: 19(c)) | \$5,000.00 |
| | PP-A/50-304 CSAG – TAG assistance to ITTC: 2016 (ITTO Biennial Work Programme 2015-2016 Activity: 26) | \$30,000.00 |
| | PP-A/50-305 Involvement in CPF (ITTO Biennial Work Programme 2015-2016 Activity: 27) | \$25,000.00 |
| | PD 99/99 (M,F,I) ITTO Freezailah Fellowship Programme: 2016 (ITTO Biennial Work Programme 2015-2016 Activity: 28) | \$235,000.00 |
| (iii) | Activity approved through Decision 4(LI): | |
| | PP-A/51-313 ITTO Investments and Financial Management | \$250,000.00 |

Note: Total financing during 2015 amounts to US\$3,695,457.10. This total includes partial funding of \$100,000 for PD 765/14 Rev.2 (F) and \$40,000 for PD 723/13 Rev.2 (F) Phase I. These projects, which are included in Annex 2, will commence when additional funds are pledged by other donors to allow implementation to begin.

ANNEX 2

Projects and Pre-projects Approved During 2015 Pending Full or Partial Financing

(a) Spring project cycle for 2015:

| | |
|--|---|
| PPD 178/14 Rev.2 (F) | Support to the Creation of Green Belts around the Waza, Benoué, Faro and Bouba Ndjidda National Parks (Cameroon) ITTO Budget \$86,240.00 |
| PD 732/14 Rev.2 (M) | Improve Forest Governance in Mozambique (Mozambique) ITTO Budget \$321,138.00 |
| PD 748/14 Rev.3 (F) | Building capacities and meaningful stakeholder participation in forest governance, to contribute toward sustainable forest management and improved livelihoods of forest dependent communities in Honduras and Guatemala (Honduras / Guatemala) ITTO Budget \$587,961.00 |
| PD 754/14 Rev.2 (F) | Rehabilitation and Sustainable Management of Sacred Forests on Ramsar Sites 1017 and 1018 in Benin (Benin) ITTO Budget \$591,618.00 |
| PD 762/14 Rev.2 (F) | Developing and Implementing Improved Management Practices that Maintain and Enhance Forests and Biodiversity Protection, to Support SFM within the Context of Multiple Use in Guyana's Forest Dependent Communities (Guyana) ITTO Budget \$601,552.00 |
| PD 765/14 Rev.2 (F) | Development of a Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines (Guatemala) ITTO Budget \$601,994.00 (Funded \$100,000.00 / Outstanding pledge \$501,994.00) |
| PD 770/15 Rev.1 (I) | Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras (Honduras) ITTO Budget \$196,224.00 |
| PD 772/15 Rev.1 (F) | Improved Application of Growth and Yield Models to Forest Management Planning in the Amazon Basin (Brazil) ITTO Budget \$143,920.00 |
| PD 773/15 Rev.1 (F) | Restoration and Maintenance of Environmental Services in Moist Tropical Pasture Lands - Criteria and Techniques for the Introduction and Use of Native Trees (Mexico) ITTO Budget \$151,200.00 |
| PD 778/15 Rev.1 (F) | Sustainable Forest Management, Conservation of Biological Diversity and Promotion of Landscapes for Socio-Ecologic Production in Indigenous Territories of the Uwalcox Micro-Watershed in Guatemala's Western Altiplano (Guatemala) ITTO Budget \$699,581.00 |
| PD 700/13 Rev.2 (I) Phase I Stage 2 | Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products - Phase I Stage 2 (ITTO) ITTO Budget Stage 2 \$3,759,256.00 (Stage 1 fully funded) |
| PD 723/13 Rev.2 (F) Phase I Phase II | Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar (Myanmar) ITTO Budget Phase I \$599,962.00 (Funded \$40,000.00 / Outstanding pledge \$559,962.00) Phase II \$1,339,083.00 |

(b) Autumn project cycle for 2015:

- PPD 182/15 Rev.1 (F) Supporting Protected Area Communities in Afram Plains to Engage in Integrated Management of Economic Timber Species in Community Lands (Ghana)
ITTO Budget \$79,072.00
- PD 771/15 Rev.2 (I) Genetic Conservation, Utilization and Management of Gall Rust Resistant Strains of *Falcataria moluccana* Growing in the Philippines (Philippines)
ITTO Budget \$1,248,913.00
- PD 774/15 Rev.2 (F) Implementation of the Forest Management Plan of the Chepigana Forest Reserve, Choco-Darién Eco-Region, as a Conservation and Sustainable Development Alternative for a Protected Area (Panama)
ITTO Budget \$655,213.44
- PD 775/15 Rev.2 (F) Management and Restoration of the Forest Landscape in San Marcos, Guatemala and Chiapas, Mexico (Guatemala and Mexico)
ITTO Budget \$899,461.00
- PD 777/15 Rev.2 (F) Accelerating the Restoration of Cibodas Biosphere Reserve Functions through Proper Management of Landscapes Involving Local Stakeholders (Indonesia)
ITTO Budget \$564,491.00
- PD 785/15 Rev.1 (F) Phytosanitary Management of Commercial Forest Plantations in the Moist Tropics (Mexico)
ITTO Budget \$1,497,321.61
- PD 794/15 Rev.1 (F) Conservation and Sustainable Use of Mangrove Forest Resources in the Province of El Oro, Southern Ecuador (Ecuador)
ITTO Budget \$724,391.00
- PD 124/01 Rev.5 (M) Promotion of Sustainable Management of African Forests (ITTO)
Phase III Stage 3
[Budget revised at Autumn 2015 cycle]
ITTO Budget \$673,325.00
(Funded \$100,000.00 / Outstanding pledge \$573,325.00)
- PD 554/09 Rev.4 (F) Pilot Sustainable Management Systems for Secondary Forests in the Collective Afro-Descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia)
[Revised at Autumn 2015 cycle - no change to budget]
ITTO Budget \$529,034.00

* * *

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

DECISION 2(LI)
INFORMAL ADVISORY GROUP (IAG)

The International Tropical Timber Council,

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

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

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

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

Decides to:

1. Renew the mandate of the IAG until such time as Council decides to reassess its role and continued existence; and
2. Apply the Terms of Reference as attached to this Decision.

TERMS OF REFERENCE FOR THE INFORMAL ADVISORY GROUP (IAG) ON ORGANIZATION OF WORK UNDER THE ITTA, 2006

Composition of the IAG

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

Roles and Responsibilities of the IAG

Under the direction of the Council, the IAG shall:

1. Receive, generate, synthesize and provide advice to Council, and in this context, review previous Council decisions, assess and advise Council on the need to sunset or further examine previous Council decisions in the light of ITTA, 2006;
2. Consider, in the context of the overall policy and strategic priorities of the Council, priorities related to public relations and public education of the ITTO;
3. Advise Council on ITTO's coordination and cooperation priorities with external agencies and organizations; for further decision and implementation of appropriate action by the Council;

Mode of Operation

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

Relationship to other ITTO Organizational Entities

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

Financial Implications

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

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21 November 2015

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

DECISION 3(LI)

MATTERS RELATED TO ADMISSION OF OBSERVERS

The International Tropical Timber Council,

Recalling Decision 9(XXVIII) on 'Enhancing Participation of Members of Civil Society in the Relevant Activities of the ITTO', which invited the establishment of open-ended Advisory Groups to contribute to the work of the Council and led to the formation of ITTO's Trade Advisory Group (TAG) and Civil Society Advisory Group (CSAG);

Further recalling Decision 3(L) on 'Admission and Activities of Observers during Council Sessions', which established a working group to produce a report on improved procedures to be applied in the admission of observers governing activities to be undertaken by them;

Noting that the Council considered the background paper on the Admission, Rights and Responsibilities of Observers at Official Sessions and Side-events of the International Tropical Timber Council;

Noting further on a few occasions the Council was unable to reach consensus regarding the admission of observers;

Recognizing the important role that observers play in bringing new issues, perspectives and concerns regarding tropical forests to the attention of ITTO members to promote cooperation among stakeholders;

Emphasizing its desire to maintain mutually positive and respectful relationships with all observers;

Confirming its intention to ensure that sessions are transparent and that its work continues to be disseminated to all stakeholders;

Decides to:

1. Request the Executive Director to amend the application form entitled *Information relevant for Admission to Sessions of the International Tropical Timber Council and Associated Committees as "Observers"* by including the following elements:
 - Description on relevance of the applicants to the objectives of the ITTA, 2006; and
 - Declaration of acceptance of the Guidelines as set out in the Annex.
2. Authorize the Executive Director to review applications for compliance with the requirements indicated above;
3. Request the Executive Director to publish the result of the initial review on the ITTO website two weeks prior to Council Session; and
4. Consider the admission of Observers in accordance with Article 16 of ITTA, 2006 taking into consideration the initial review.

The Rules of Procedure shall apply.

Annex

Guidelines for the Participation of Observers at Sessions of the International Tropical Timber Council

1. Observers are responsible for the conduct of each of their representatives. Any behavior not consistent with these guidelines may have an impact on the participation of the organization and/or of the individual.
2. No participant shall harass or threaten any other participant.
3. Meetings opened to Members only should be closed to Observers.
4. Posters, documents and any other materials may be displayed only at designated locations, and only with prior permission from the secretariat.
5. The posting of notices for authorized events does not require prior permission from the secretariat, provided that they are posted only in designated locations.

* * *

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

DECISION 4(LI)

ITTO INVESTMENTS AND FINANCIAL MANAGEMENT

The International Tropical Timber Council,

Recalling Decision 6(XLVIII), which establishes the Financial Rules governing the Organization under the ITTA, 2006;

Further recalling the reports of the CFA during its Thirteenth session (Thirty-fourth session of the Council) and Twenty-fourth session (Forty-fifth session of the Council), expanding the scope of financial investment options provided that such investments carried no “credit risk”;

Recognizing that the liquidation of the LM Managed Performance Fund led to the write-off of US\$6 million of ITTO investments as reported in the 2013 audited financial statements and that this investment was possibly in contravention of ITTO’s Financial Rules and/or the provisions laid out by the CFA;

Further recognizing that additional investments of approximately US\$12million may also have contravened ITTO’s Financial Rules and/or the provisions laid out by the CFA;

Recognizing that this had escaped the attention of both the CFA and the Council which had not been made explicitly aware of the loss of the funds by the auditors;

Noting that the issues related to the above-mentioned investments must be fully investigated as soon as possible and the results made transparent;

Further noting that corrective and preventative measures must be taken promptly with regard to ensuring the credibility of the Organization and the uninterrupted funding of its projects/activities;

Decides to:

1. Establish an Oversight Committee made up of 5 experts from producer members and 5 experts from consumer members (EU, Japan, Republic of Korea, Switzerland and USA), working in their personal capacity, to oversee the implementation of this decision. The Oversight Committee is to be co-chaired by the 2016 Chair and Vice-chair of CFA;
2. Take measures as deemed appropriate to amend the ITTO Whistleblower policy to encourage staff members to alert the Council regarding any serious irregularities that may occur within the Secretariat;
3. Request the Executive Director in liaison with the Oversight Committee to commission an independent investigation, to be carried out under the attached terms of reference. The consultant(s) retained to carry out the independent investigation should have appropriate legal/accounting/auditing expertise including IPSAS;

4. Request the Executive Director to take immediate steps to liquidate any investments which are not in line with the Financial Rules of the Organization and to refrain from making any further such investments;
5. Request the Executive Director to take all available steps to minimize any losses to the Organization, including taking any relevant immediate measures in line with the applicable Staff Rules of the Organization and the contract with the provident fund, and other measures in the light of the investigation;
6. Request the Executive Director to immediately take all necessary measures deemed appropriate in accordance with ITTO Staff Rules, such as suspension of involved staff members to allow the efficient and independent conduct of the investigation. The Executive Director should also take necessary measures to ensure the continuity of the work of the Secretariat;
7. Request the Oversight Committee to submit a preliminary report on the investigation to the chairperson of the Council as soon as possible and no later than 31 January 2016, and a final report no later than 15 April 2016. The final report and its recommendations will be considered by the CFA either meeting electronically or in person and the recommendations of the CFA will be submitted for decision by the Council; and
8. Authorize the Executive Director to utilize an amount not exceeding US\$250,000 from the Working Capital Account to meet the expenses related to the above activities. The required resources could be reviewed by the chair and vice-chair of the Council as necessary.

ANNEX

Terms of Reference for Investigative Panel

Introduction

The ITTC through the financial regulations and its decisions has instructed the Secretariat of the Organization to make all investments at no credit risk. However, in 2012 an amount of US\$6million was invested in LM Managed Performance Fund. This company went into liquidation in 2013 and the amount was written off in the Financial Statements 2013 and noted in a description of the accounting practices. No other explicit mention of the write-off was made in the audit report.

In 2013 two sums of US\$6million each were invested in Ardent 365 fund at a rate of interest of 9%. Some insurance was provided with this investment to cover loss of capital.

The Officer-in-Charge of the ITTO Secretariat made a report on this situation to the Chair of the ITTC on 6 November 2015, his first day in office. The Council was informed during its 51st session on 16 November 2015 and took action through this decision.

Scope of work

Deliverables

This assignment addresses operative paragraph 3 of this decision whereby an independent investigation is to be undertaken to:

1. Generate an independent timeline of the entire affair.
2. Uncover all relevant facts in the case so that ITTO members are in possession of the full facts concerning the sequence of events and how decisions were made that led to the failed investment in LM Managed Performance Fund and the Ardent 365 fund placement.

Specifically the consultant(s) will:

1. Substantiate the information contained in relevant documents to be provided by ITTO and any other documents the investigation wishes to use and write a clear history of what happened.
2. Assess whether the investments made in LM Managed Performance Fund and Ardent 365 fund were compatible with a no credit risk policy and whether they breached ITTO rules.
3. Assess the decision-making process within the Secretariat with respect to:
 - a) adequacy of policies and guidelines in effect;
 - b) ITTO officials' compliance with policies and guidelines; and
 - c) the extent to which key individuals involved in the investment decisions acted appropriately within their respective levels of authority.
4. Determine the amounts and recipients of any commissions paid to the investment advisor and any subsequent flow of funds.
5. Assess whether the audit procedure and Terms of Reference for the last 4 years were sufficient to allow the Council to understand whether the financial statements presented a true and fair view of the financial position and performance as well as the cash flows of all ITTO accounts.
6. Assess whether the current procedure by which the Council reviews and takes decisions on the budget as well as the financial statements and audit opinion are in line with best practices of international organizations with similar membership and staffing levels.
7. Provide an assessment, based on review of most recent audited and unaudited financial statements, of the liquidity/solvency of ITTO over the short and medium term, and make recommendations for procedures and contractual undertakings to provide appropriate protection for any future flows of assessed contributions and donor funds.
8. To the extent possible determine the origin of the ITTO funds lost in the investments, and specifically to examine if assessed contributions or donor funds were involved, and if so which donors are affected.
9. Make recommendations as appropriate on:
 - a) strengthening ITTO's Financial Rules, internal control and auditing procedures;
 - b) possible changes in management procedures, staff training and qualifications as well as staff conduct guidelines which could have averted the difficulties;
 - c) possible need for involvement of the Council or its representatives in individual investment decisions;
 - d) further measures (including legal) to be taken by the Executive Director, the Council, the host country authorities, or other authorities;
 - e) corrective measures to offset the existing and potential shortfalls arising from the loss of investments; and

- f) any other matters the investigation and its Oversight Committee consider pertinent.

Activities

The investigators will be required to:

1. Thoroughly review all relevant documentation provided by ITTO and others for consistency and compliance with good governance practices.
2. Conduct a series of key-informant interviews to generate a validated, coherent and complete record of the affair focusing on ITTO governance. At a minimum the following should be interviewed in person or by phone:
 - a) current staff of ITTO in Yokohama (Executive Director/Officer in Charge, Assistant Director of Operations, Finance Officer and any others involved in the investment decisions)
 - b) former ITTO Executive Director and relevant previous staff in post in 2011-15
 - c) all other relevant parties including the investment advisor (Pinnacle Wealth Management), the receivers of the LM Managed Performance Fund (KordaMentha) and
 - d) staff of ITTO external auditors (Ernst and Young in Tokyo and BDO Toyo who worked on the ITTO 2011 - 2014 audits)
3. Maintain regular contact with the Oversight Committee through the secretariat.
4. Undertake any other duties or task relevant to this assignment under the direction of the Executive Director or Oversight Committee.

Travel

A site visit of 2 weeks to the secretariat and participation in any face to face meetings of the Oversight Committee and the governing bodies of ITTO.

Contracting

The work will be contracted by ITTO for up to one work month including travel. All travel, accommodation costs and per-diems will be covered using ITTO standard rates. The work will be supervised by the Oversight Committee.

Reporting

A preliminary report will be submitted to the Oversight Committee by 15 January 2016 and a final report by 1 April 2016.

* * *

Distr.
GENERAL

ITTC(LI)/20
21 November 2015

Original: ENGLISH

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

DECISION 5(LI)

MATTERS RELATED TO ARTICLE 14 OF THE ITTA, 2006

The International Tropical Timber Council,

Recalling Article 14 of the ITTA, 2006;

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

Decides to:

1. Request the Officer-in-Charge to take action to advertise the position, using the text in the Annex to this Decision, in the ITTO Tropical Forest Update and websites of the ITTO, the Collaborative Partnership on Forests and other relevant international organizations and through notification to national governments and international organizations including the United Nations. The advertisement shall be placed by 30 December 2015;
2. Request the Officer-in-Charge to inform applicants to submit their applications to the Secretariat by 30 April 2016 by 17:00 hours (Japan Time). The Secretariat will thereafter inform the focal point of the applicant's country of citizenship, and request the focal point to register any objection to the applicant's further consideration to the Officer-in-Charge within a period of 4 weeks;
3. Establish a panel composed of 6 producer members, and 6 consumer members, to examine the applications and verify the information therein, and agree on an indicative short list of no more than six names. The panel shall meet in Yokohama and finalize its work before 30 June 2016 and shall circulate its report to members by 7 July 2016. The two caucuses shall indicate their respective nominations for the panel by 29 February 2016, taking into account gender balance and geographic representation;
4. Request the Officer-in-Charge to invite all short-listed candidates to the Council at its Fifty-Second Session to make a presentation and be available for informal consultations with Council members;
5. Request the Council to discuss the indicative short list of candidates prepared by the panel and to select the Executive Director at its Fifty-Second Session;
6. Authorize the Officer-in-Charge to transfer an amount not exceeding US\$ 100,000.00 from the Working Capital Account to the Administrative Account to meet the costs of advertising the position of Executive Director, the work of the Panel, and travel costs for short-listed candidates invited to present at the Council in the most efficient and cost-effective manner.

ANNEX FOR DECISION 5(LI) VACANCY FOR THE POSITION OF THE EXECUTIVE DIRECTOR OF ITTO

The International Tropical Timber Organization (ITTO), a commodity organization headquartered in Yokohama, Japan is in the process of appointing a new Executive Director. The ITTO mission is to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber producing forests.

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

The ITTO explicitly encourages applications from qualified female candidates.

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

1. Competencies

Demonstrates:

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

2. Professional Experience

- (i) Managerial experience: a proven track record and at least 15 years of experience in managing programs, staff and finances, in matters relevant to forestry, trade, environment or other equivalent field with proven experience in strategic planning;
- (ii) Specific experience: demonstrated experience in the field of sustainable forest management and timber trade would be a distinct advantage;
- (iii) International experience: previous work at the international level and experience in dealing with international organizations; and
- (iv) Partnership building and fundraising experience: Demonstrated experience in creating strategic partnerships/networks and promoting initiatives with partner organizations. Demonstrated experience in mobilization of financial resources would be a distinct advantage.

3. Education

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

4. Language

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

Salary and Emoluments

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

Conflict of Interest

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

Applications

Written applications including a cover letter explaining how the candidate meets the required qualifications, a completed United Nations Personal History form (form P.11), a curriculum vitae and additional supporting materials related to the job qualifications and a recent photo should be received at ITTO headquarters by 30 April 2016 by 17:00 hours (Japan Time). Applications may be submitted electronically or by mail or fax and should be sent to:

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

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES

**Documents: CEM-CFI(XLIX)/4
CRF(XLIX)/15
CFA(XXX)/10**

Distr.
GENERAL

CEM-CFI(XLIX)/4
20 November 2015

Original: ENGLISH

FORTY-NINTH SESSION
16-21 November 2015
Kuala Lumpur, Malaysia

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

FORTY-NINTH SESSION OF THE

COMMITTEE ON ECONOMICS, STATISTICS AND MARKETS

AND THE COMMITTEE ON FOREST INDUSTRY

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Report

Appendix A: Report on the ITTO Annual Market Discussion – 2015

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

REPORT

1. Opening of the Session

The Forty-ninth Session of the Committees was opened on 17 November 2015 at the Joint Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), co-chaired by Dr. Teguh Rahardjo (Indonesia), Chairperson of CEM and Mr. Miguel Roberto Mendieta Duron (Honduras), Chairperson of CFI. Ms. Jennifer Conje (U.S.A.), Vice-Chairperson of the Council chaired the Joint Session of All Committees. The list of participants is presented in document ITTC(LI)/Info. 2.

2. Adoption of Agenda and Organization of Work

The Agenda for the Joint Session of the CEM and the CFI as contained in document CEM-CFI(XLIX)/1 was duly adopted. The Joint Session of the CEM and the CFI met on 17, 18, 19 and 20 November 2015 which considered items 1, 2, 3, 5, 7B, 8, 9, 10, 11, 12, 13 and 14 of the Agenda. The Joint Session of All Committees met on 17, 18 and 20 November 2015 which considered items 4, 6 and 7A of the Agenda.

3. Admission of Observers

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

4. Report of the Expert Panel for Technical Appraisal of Project Proposals

The Joint Session of All Committees considered the reports of the Expert Panel for Technical Appraisal of Project Proposals presented by its Chairperson, Ms. Marjukka Mähönen (Finland), as contained in documents ITTC/EP-49 and ITTC/EP-50, respectively.

The presentation highlighted the following:

- A total of fifty-seven proposals were appraised in 2015, including 54 project proposals and 3 pre-project proposals;
- The great majority of proposals (70%) were submitted under RFM, 19% under ESM and 11% under FI;
- Eighteen (18) proposals were accorded category 1, twenty-two (22) proposals were category 2, and seventeen (17) proposals were accorded category 4;
- Proposals were mainly foreseen to be executed by government agencies, but also to a lesser extent by NGO, and local community organizations addressing the various needs of the countries at the national, regional, and local levels;
- Most project proposals dealt with rather conventional themes for ITTO. The panel noted the submission of a few transnational proposals; and
- The Panel noticed that gender issues are generally not being incorporated in project proposals.

The presentation also highlighted general findings and recommendations of the Expert Panel at its Forty-ninth and Fiftieth Meetings, particularly regarding proposal preparation and project design to be addressed by the proponents.

Many of the delegates expressed concern over the lack of capacity of proponents in formulating good project proposals. They also questioned the apparent lack of effort by Focal Points and ITTO Regional Representatives in many member countries to guide the proponents. There is a need for additional training of countries on proposal preparation by the Secretariat. Several delegates from producer member countries noted the need for increased funds to be made available in order to undertake project formulation training.

5. New Projects and Pre-projects

The Committees noted the projects that were approved under the time-bound electronic no objection procedures to accept Expert Panel ratings and circulated to member countries pursuant to Decision 6(XLIII), following the recommendations of the Expert Panel at its Forty-ninth and Fiftieth Meetings as follows:

| Committee on Economics, Statistics and Markets | | |
|---|---|--------------------|
| PD/PPD NUMBER | TITLE | SUBMITTING COUNTRY |
| PD 732/14 Rev.2 (M) | Improve Forest Governance in Mozambique | Mozambique |

| Committee on Forest Industry | | |
|-------------------------------------|--|--------------------|
| PD/PPD NUMBER | TITLE | SUBMITTING COUNTRY |
| PD 770/15 Rev.1 (I) | Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras | Honduras |
| PD 771/15 Rev.2 (I) | Genetic Conservation, Utilization and Management of Gall Rust Resistant Strains of <i>Falcataria moluccana</i> Growing in the Philippines | Philippines |

6. ITTO Annual Market Discussion – 2015

The Committees noted the summary of the ITTO Annual Market Discussion – 2015, held in the Joint Session of All Committees on 18 November 2015, as contained in Appendix A. The theme of the Market Discussion was “Raising the Profile of Tropical Timber in the Market Place”. Mr. Barney Chan (TAG Coordinator) and Dr. Manoel Sobral Filho (Director, UNFF Secretariat) co-chaired the Market Discussion.

The following feature presentations were made during the Market Discussion:

| | |
|--|---|
| Dr. Wu Shengfu Vice President China National Forest Product Industry Association | “Expanding Green Consumerism in China – An Opportunity to Raise the Profile of Legal and Sustainable Tropical Timber” |
| Ms. Cindy Squires Esq. Executive Director International Wood Products Association (IWPA) | “Trends Affecting Acceptance and Demand for Tropical Timber in North America” |
| Mr. Ahmad Shah Programme Director CTCS (Certified Timbers and Credible Suppliers) | “Raising the Profile of Tropical Timber in the Malaysian Domestic Market” |
| Mr. Barber Cho Advisor Myanmar Forest Products Merchants Federation | “A New Chapter Opens for the Myanmar Timber Industry” |
| Mr. André de Boer Secretary General European Timber Trade Federation | “Raising the Profile – A One-Stop Website for the Tropical Timber Trade” |

A special presentation on “Strengthening the Participation of the Private Sector in Advancing ITTO’s Objectives” was made by Dr. James Gasana.

The Committees further noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B.

7. Ex-post Evaluation

(A) Ex-post Evaluation Reports

To facilitate the sharing of experiences and lessons learned from ex-post evaluation of projects among members, the consideration of ex-post evaluation reports was undertaken in a Joint Session of All

Committees. The Committees considered the executive summary of the following ex-post evaluation report as contained in document CEM-CFI(XLIX)/2.

Committee on Forest Industry

PD 521/08 Rev.3 (I)

Participatory Forest Management for Sustainable Utilization of Non Timber Forest Products (NTFP) Surrounding the Protected Area of Rinjani and Mutis Timau, Mt. Nusa Tenggara Indonesia

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

The project addressed the problem of the very limited participation of forest-dependent communities living in the vicinities of Mount Rinjani and Mount Mutis in the sustainable utilization of NTFPs and the conservation of protected forests. The project specifically aimed to:

- improve the capacity of forest-dependent communities to obtain permits to utilize the NTFPs in the protected forests; and
- develop a management plan for economically viable extraction of NTFPs through a community participatory process.

The project team completed all planned activities with some deviations approved by the PSC. The project outputs are described as follows:

- Forest communities in North and Central Lombok successfully set up cooperatives and were able to acquire permits to utilize NTFPs from designated areas in protected forests. In terms of additional forest area managed sustainably by communities in Nusa Tenggara, the new permits cover an additional 3385 hectares, i.e. 1516 hectares in North Lombok, and 1869 hectares in Central Lombok.
- A management plan for the sustainable development of priority NTFPs was completed. The plan highlights the importance of building a shared vision and mission for NTFP management, formulating development direction, objectives and strategies for the community, the institutions and businesses. It includes a matrix of responsibilities of all key agencies involved in the sustainable utilization of NTFPs. Using the management plan as a template, the project assisted the North Lombok and Central Lombok communities to draft management plans for their priority NTFPs.

A key project accomplishment was the conduct of a detailed study on the policy options that local governments can implement to support sustainable utilization of NTFPs. Within the project duration, the districts of North Lombok and Central Lombok were able to implement three (out of six) recommended policy options:

- Establishment of a district NTFP working group;
- Identification of priority NTFPs on a district level; and
- Implementation of guidelines for the sustainable utilization of NTFPs.

The priority NTFPs identified were honey, bamboo, candlenut, durian, sugar palm, jackfruit, areca nut, avocado, and various medicinal plants. With the assistance of the Provincial Extension Coordinating Agency, North and Central Lombok NTFP business groups successfully acquired all required product certifications, were issued business permits and registered with the Provincial Trade and Industry Service.

Following the presentation, the representative of Indonesia expressed his gratitude to donors (Switzerland, Japan and USA) and ITTO for funding the project, and for the excellent work of the consultant, Dr. Florence P. Soriano. He welcomed further support from donor countries for the development of the NTFPs enabling increased contributions to the forestry sector and local incomes. He informed that the results of the project had been followed up by the Government of Indonesia through the issuance of related regulations and involvement of an NGO to support communities in the project sites through the Plan Vivo scheme.

The Joint Session of All Committees commended the consultant for her report and presentation.

(B) Selection of Projects for Ex-post Evaluation

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

Committee on Economics, Statistics and Markets

The Committees noted that there were no projects for consideration for ex-post evaluation at this Session.

Committee on Forest Industry

The Committees noted that there were no projects for consideration for ex-post evaluation at this Session.

In view of a proposal being discussed in the CRF to undertake an ex-post evaluation on the thematic area related to teak projects, the Committees approved a proposal from the Secretariat to include Forest Industry's teak related projects in this proposed work pending agreement on the issue of funding ex-post evaluations at the Committee on Finance and Administration (CFA).

8. Policy Work

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

Committee on Economics, Statistics and Markets

(i) Market Access

The Secretariat reported on recent developments relating to market access for tropical timber in 2014-2015. In 2014, a number of factors continued to have effects on tropical timber market access, such as the development of timber legality requirements, the progress of international environmental regimes, the existence of trade measures on timber products, and progress in certification, etc.

The legislative and policy initiatives for timber legality continued to attract considerable attention of tropical timber countries as these requirements might have implications for the tropical timber market. Among others, the EU Timber Regulation, the Lacey Act Amendments of the USA, and the Illegal Logging Prohibition Act of Australia, are becoming the main concerns of producers and consumers.

After the EUTR entered into force in March 2013, attention was given to its implementation across Europe. In 2014, a number of member states (9) introduced laws implementing the EUTR, so that the total member countries that had laws in place had reached 20. In the meantime, the EU Commission recognised 2 new monitoring organisations which offer due diligence systems to operators, in particular small and medium enterprises. In August 2014, the EU Commission also published a scoreboard presenting the progress of the 28 member states in implementing the EUTR.

As of 2014, there are six countries that have concluded a FLEGT VPA with the EU: Ghana, Cameroon, Republic of Congo, Liberia, Central African Republic and Indonesia. Indonesia signed a VPA with the EU in September 2013, and it came into force in May 2014. With the aim of improving the quality of information available for VPA processes, the Independent Market Monitoring (IMM) initiative was implemented by ITTO in 2014 to provide information that address questions on EU market acceptance.

The implementation of Lacey Act 2008 Amendments in the USA has also created changes in the practices of importers, manufacturers, and timber companies to avoid the imports of illegally sourced timber. The Act makes it unlawful to import certain plants and plant products without an import declaration, which must contain the scientific name of the plant, value of the importation, quantity of the plant, and name of the country from where the plant was harvested. Currently, enforcement of the declaration requirement is being phased in by US Department of Agriculture Animal and Plant Health Inspection Service (APHIS). The phased-in enforcement schedule began in April 2009, and Phase V of the enforcement schedule started from August 2015.

The Australian Illegal Logging Prohibition Act 2012 which was adopted in 2012 prohibits both the import of illegally logged timber and the processing of illegally logged raw logs. The Australian Government also adopted the Illegal Logging Prohibition Amendment Regulation in 2013, which defined the timber products to which the Act applies and the due diligence requirements for importers and processors. These requirements came into effect on 30 November 2014.

The representative of Malaysia asked if the ITTO Secretariat carried out studies on public procurement policy (PPP) which unilaterally affected the tropical timber trade including the exports to EU markets. The Secretariat responded that the draft and revised reports on "Analyze the Economic Impact of Governmental Procurement Policies on Tropical Timber Markets" were presented in the previous two Committee Sessions, which incorporated the comments and suggestions of member countries. This report is available on the ITTO website. The representative of Malaysia further requested an overall analysis on the future impact of FLEGT/VPAs with its full implementation impact on tropical timber exports to EU market. The Secretariat noted the request and responded that as the FLEGT/VPA programme is under implementation, relevant assessment on its impact could be proposed in future.

The representative of Papua New Guinea noted the side event on the Independent Market Monitoring (IMM) of FLEGT-licensed Timber. He recognized the importance of the FLEGT for exporting timber products to EU markets, but felt the process is quite long. He further requested the possible advice from the ITTO Secretariat to shorten the process. The Secretariat responded that the process of FLEGT/VPA depends on the implementation of the programme by related parties and ITTO is not in the position to provide assistance in shortening the process. However, the IMM initiative will provide information that addresses questions on EU market acceptance in order to improve the quality of information available for VPA processes.

(ii) Forest and Timber Certification

The Secretariat reported on recent developments of forest certification in ITTO producing member countries.

In 2014, according to the statistics collected, the total area of certified forests in ITTO producing member countries was 25.6 million hectares, which accounted for 5.7% of the world's total area of certified forests of about 451 million hectares. The number of Chain of Custody certificates (CoCs) in ITTO producing member countries was 2806, which accounted for 7.2% of the total number of CoCs in the world.

The two main international certification systems, namely FSC and PEFC, continued to be the main schemes being implemented in ITTO producing member countries. The situation in 2014 for ITTO producing member countries in FSC and PEFC was as follows:

Forest Stewardship Council (FSC): The FSC certified forest area reached 16 million hectares in ITTO producing countries by the end of 2014, which accounted for about 8.8% of the total FSC certified forest areas in the world. Meanwhile, the number of CoC certificates reached 2339 in ITTO producing countries, accounting for 8.3% of the total in the world. The top three countries with the highest FSC certified forest area in ITTO producing member countries are Brazil, Gabon and Indonesia. Brazil remained as the number one with 6.5 million hectares of FSC certificated forest and 1038 FSC-CoC certificates, while Gabon kept the second position with 2.1 million hectares and Indonesia increased to 2 million hectares. Vietnam, as the new ITTO member, was in second position for CoCs with 384 FSC-CoC certificates while India held 261 certificates.

Programme for the Endorsement of Forest Certification (PEFC): The PEFC certified forest area in ITTO producing countries reached 7.7 million hectares by the end of 2014, accounting for about 2.7% of the total PEFC certified forest areas in the world. Three countries, namely Malaysia, Brazil and Indonesia had PEFC certified forest area in ITTO producing member countries. Malaysia maintained its 4.7 million hectares of PEFC certificated forest and Brazil increased to 2.5 million hectares, while Indonesia increased to 0.6 million hectares. Regarding PEFC-CoC certification, the number of CoC certificates reached 461 in ITTO producing countries, accounting for 4.3% of the total in the world. Malaysia was also the number one in this regard with 338 CoC certificates.

In addition, there were three national certification systems in ITTO producing member countries in 2014 as follows:

Brazil: Brazilian Forest Certification Programme (CERFLOR);

Malaysia: Malaysian Timber Certification Scheme (MTCS);
Indonesia: Indonesian Forestry Certification Cooperation (IFCC)

These three certification systems (CERFLOR, MTCS and IFCC) had been endorsed by PEFC, and their certification statistics had been covered by PEFC. An important development in ITTO producing countries was that IFCC was endorsed by PEFC in October 2014, which contributed 0.6 million hectares of PEFC certified forest area. Additionally, the Indonesian Ecolabelling Institute (LEI) is also a national certification system with 1.9 million hectares of certified forest as of today.

Like previous years, PEFC continues to be the largest certification scheme in the world, with two-thirds of all certified forests globally. However, FSC held the biggest share of certified forests in ITTO producing member countries in 2014.

The representative of Indonesia requested that the future update for forest and timber certification should include another national scheme, the Indonesian Timber Legality Assurance System (the SVLK) in addition to the FSC and PEFC schemes in Indonesia. The Secretariat noted this request and will include the update under this item for its next Committee Session.

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

The Secretariat made a presentation on the selected data from the *ITTO Biennial Review and Assessment of the World Timber Situation 2013-2014*. He first presented the quality of the data pointing out that only 40% of the production data for the period 2010-2014 was drawn from the Joint Forest Sector Questionnaire (JFSQ). Over the same period, 37% of the production data was repeated while 21% was estimated. The quality of the data of the trade was much more satisfactory due to complementary data coming from COMTRADE.

The Secretariat presented the long-term evolution (1990-2014) of the production and trade in primary wood products (PWP), indicating that in 1990, the supply of primary wood products (PWP) was relatively concentrated within a few key players (Malaysia represented 48% of the exports of PWP in roundwood equivalent) while the demand was more widespread from numerous buyers. The situation has completely inverted 24 years later, with demand for PWP being much more dependent on a few key players (China imported 59% of the total tropical industrial roundwood and 43% of the total tropical sawnwood in 2014). At the same time, the share of Malaysia in the trade of PWP decreased significantly over this period of time, leaving room for the other ITTO member countries and non-ITTO member countries to supply the international markets. The Secretariat also reported that unlike the exports of secondary processed wood products, the trade in PWP was extremely sensitive to the economic cycle, itself being dependent on the housing and construction situation in many countries. In addition, the Secretariat highlighted the decrease of the share of the production and trade in the tropical PWP in the total production and trade of PWP, stressing the fact that the production and trade of non-tropical PWP had increased strikingly over the last 24 years.

Finally, the Secretariat presented 2015 forecasts, suggesting that the preliminary data was showing a decrease in demand for tropical PWP primarily due to stagnating housing starts in the United States and Japan and a strong economic slow down in China.

To the question of Dr. Teguh Raharjo, the Chair of the CEM, on whether these trade changes had been taken into account in the member votes distribution, the Secretariat answered in the affirmative. To the question of the Indonesian delegation whether surveys had been undertaken on substitute materials, the Secretariat pointed out that a chapter of the *Annual Review and Assessment of the World Timber Situation 2009* presented information on the competitiveness of tropical timber. The Indonesian delegation suggested that substitute materials be included in the next *Biennial Review and Assessment of the World Timber Situation*. The Malaysian delegation queried the reasons for the trend of the trade in tropical PWP. The Secretariat reported that it was difficult to answer as several factors needed to be taken into account on the future evolution of the demand for the tropical PWP. As a relatively large share of the PWP trade involves non-ITTO members countries (the Middle East countries on the demand side and Solomon Islands and Equatorial Guinea on the supply side), the PNG delegation queried if the Secretariat had sought new membership in these important countries. The Secretariat reported that ITTO had approached these countries without success so far. The Peru Delegation enquired whether it was possible to know the breakdown of trade in timber from plantation and natural forests. The Secretariat answered that such distribution was not reported in the international trade.

Finally, ITTO was asked if it had information on internal timber markets in the developing countries which could support the production of PWP in a context of a declining trade. The Secretariat pointed out that such a study could be conducted in the future but at present, statistics were produced within the framework of the ITTA, focussing mainly on the international trade and production of PWP.

(iv) Independent Market Monitoring of FLEGT-licensed Timber

Mr. Rupert Oliver (Lead IMM Consultant) made a presentation on the implementation of the FLEGT Independent Market Monitoring (IMM) mechanism, covering its background, objectives, methodology and the progress of the implementation. He outlined one of the Activity's outputs: Technical Series 45 'Europe's Changing Tropical Timber Trade' consisted of market position of timber products from VPA Partners prior to issue of licenses; EU's share of exports from VPA Partners; market share within the EU; all products within scope of existing and potential future VPAs; and 17 tropical timber supplying countries at various stages of VPA process.

Following the consultant's presentation, the delegation of Indonesia sought clarification on Indonesian log export data as presented, explaining that the country has banned the exports of logs since the 1980s. The Consultant acknowledged the intervention and would further liaise with the authorities in Indonesia to consolidate the data.

The Malaysian delegation appreciated the work of the consultant and sought support from consumer countries for capacity building in implementing the Malaysian TLAS. He further informed the Committees of the progress of work to ensure the legality of tropical timber exports from Malaysia. Noting the relevance of the IMM initiative to all members, the Committees recommended this item be shifted to the agenda of the Joint Session of All Committees at future Sessions.

(v) Items on Policy Work for 2016

The Committees considered and agreed on the following items for policy work in 2016:

- Market access (including tax aspects of free trade agreements related to tropical timber);
- Forest and timber certification;
- Selected data and analysis from the ITTO Biennial Review and Assessment of the World Timber Situation; and
- Strengthening the participation of the private sector in the work of ITTO.

Committee on Forest Industry

(i) Development of Environmental Product Declaration (EPD) for Three Tropical Wood Products

Dr. Gan Kee Seng (consultant) made a presentation on the Development of Environmental Product Declaration (EPD) for Three Tropical Wood Products [Activity 33, ITTO Biennial Work Programme 2013-2014]. This Activity is to establish the EPD of three tropical timber products: meranti plywood (Indonesia/Malaysia), khaya lumber (Ghana) and ipe and cumaru decking (Brazil).

Dr. Gan mentioned that the EPDs were gaining market momentum as a tool which communicates the environmental performance of a product. He informed that the study was the first serious attempt at EPDs for tropical timber products. As such, the work was pioneering and challenging involving methodological and fundamental issues. He shared some of the significant lessons learnt:

- There is need to have more data collected under this Activity to improve the validity of the results on meranti plywood, khaya sawntimber and ipe and cumaru decking.
- The work carried out under this Activity was all within a mill, based on gate-to-gate. All raw materials were assumed to be within the mill entry gate. The potential elements to the EPD were captured up to the exit gate of the mill.
- The nature of timber industry worldwide is that the logging sites are typically located away from the mill sites. Transportation of input logs obviously contribute negatively to EPD ratings and can be substantial if the distance is great (as exemplified in the Brazil work on ipe decking).
- Except for one study in Malaysia, there is no work done elsewhere on the LCA of acquisition of raw material (ie. logging and transportation of logs to the mills).

Dr. Gan further indicated that this Activity on tropical timber products has clearly shown the vital and pivotal role which ITTO can play globally, e.g.: promote and encourage more EPD work amongst ITTO members, including work on raw material like logs; and Product Category Rules (PCR) need to be defined and clarified homogeneously for tropical timber products. ITTO is well placed to take a leading role in this. ITTO can be a neutral and credible depository of EPD information for tropical timber products internationally and should therefore assume this important role.

The Committees took note of the request of the TAG representative to take up the Consultant's recommendations and requested ITTO to further discuss the issue of PCR so that all members in the three regions can adopt the same rules. The US delegate appreciated the ITTO's work and noted the important information that the EPD study provided, but emphasized that investments in this work should be led by the private sector rather than ITTO. The delegation of Indonesia congratulated ITTO, TAG and the Consultants for the work on EPD and seconded the TAG intervention that further work on LCA for wood in producing countries be undertaken.

(ii) Improving Market Perceptions of Tropical Timber

The Secretariat informed that this policy issue was taken up in the ITTO Annual Market Discussion 2015.

(iii) Matching the Needs of Forest Industry with the Innovations, Technologies and Know-how Developed through ITTO Projects

The Secretariat made a presentation on the progress of Activity 31 under the BWP 2015-2016 on matching the needs of forest industry with the innovations, technologies and know-how developed through ITTO projects. This activity is aimed at disseminating the achievements of ITTO projects and promoting south-south cooperation through identifying country needs, relevant technology and outreach mechanisms among producer member countries. The web-based database on lesser used species developed as the output of this activity is accessible from the ITTO website.

The Secretariat made a demonstration of a dedicated and scalable web platform to disseminate silvicultural, technical and market information about lesser used tropical timber species (LUS). The dedicated website is now available under the domain www.tropicaltimber.info, containing information of 984 tropical timber species. For 60 of them, from the Latin American region, it provides additional information on their availability and suppliers.

The website allows users to conduct simple and advanced searches of LUS, and search for LUS that can serve as replacements for more popular timbers. The website also contains a reference section that conducts searches of technical information on ITTO projects as well as relevant outside sources and libraries. The website is available in English, French, Portuguese and Spanish.

The Secretariat informed the Committees that activity 31 under BWP 2015-2016, which is currently unfunded, has the purpose to further expand the developed website and encouraged donors to provide the necessary funding.

(iv) Items on Policy Work for 2016

The Committees considered and agreed on the following items for policy work in 2016:

- Development of Environmental Product Declaration (EPD) for three tropical wood products; and
- Demonstration and adoption of credit schemes for small-medium forest enterprises.

9. Review of Projects and Pre-projects in Progress

The Committees considered the Report of Projects and Pre-projects in Progress as contained in documents CEM-CFI(XLIX)/3 and took note of progress in the implementation of the following projects and pre-projects:

(A) Projects and Pre-projects under implementation

Committee on Economics, Statistics and Markets

1. PD 124/01 Rev.4 (M)
Phase III Stage 2 Promotion of Sustainable Management of African Forests (Africa)
2. PD 449/07 Rev.2 (M) Enhancing Forest Law Enforcement in Papua New Guinea
3. PD 599/11 Rev.1 (M) Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration (Philippines)
4. PD 620/11 Rev.1 (M) Development and Implementation of a Species Identification and Timber Tracking System in Africa with DNA Fingerprints and Stable Isotopes (Germany)
5. PD 621/11 Rev.3 (M) Traceability of Timber Produced by Forest Concessions and Native Communities in Madre de Dios and Ucayali (Peru)
6. PD 678/12 Rev.1 (M) Establishment of a National Forest Statistics Information Management System in Benin
7. PD 692/13 Rev.1 (M) Implementation and Operationalization of a National Information System for the Sustainable Management of Forest Resources (Côte d'Ivoire)
8. PD 756/14 Rev.1 (M) Development of a Business Management Services Program of Forest MSMEs (Micro, Small and Medium Enterprises) in Guatemala
9. PPD 167/13 Rev.1 (M) Feasibility Study on the Certification of ONAB's National Plantation Estates (Benin)

Committee on Forest Industry

1. PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (Global)
2. PD 364/05 Rev.4 (I) Providing Village Communities with Basic Technological Training for Extracting Valuable Essential Oils from *Eucalyptus citriodora* Plantations in Rural Areas of Congo (Rep. of Congo)
3. PD 433/06 Rev.3 (I) Sustainable Model for the Brazilian Wood Flooring Production Chain
4. PD 457/07 Rev.5 (I) Operational Supportive System for Promoting the Further Processing of Timber in Five Countries of the Congo Basin (Gabon)
5. PD 506/08 Rev.1 (I) Reviving Forestry Education in Liberia
6. PD 540/09 Rev.2 (I) Support to Improve the Productivity of the Peruvian Timber Industry for the Production of Higher Value-added Products
7. PD 600/11 Rev.1 (I) Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia
8. PD 687/13 Rev.1 (I) Strengthening the Performance of the Wood Processing Sector in Guyana, through Building Local Capacity and Enhancing National Systems that Promote Forest Products Trade and Sustainable Utilization of Forest Resources
9. PD 700/13 Rev.2 (I)
Phase I Stage 1 Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products – Phase I Stage 1

10. PD 722/13 Rev.1 (I) Capacity Building and Reduced Impact Logging (RIL) in Dry Inland Forest in the Permanent Forest on Peninsular Malaysia

(B) Projects and Pre-projects pending financing

Committee on Economics, Statistics and Markets

1. PD 124/01 Rev.4 (M) Phase III Stage 3 Promotion of Sustainable Management of African Forests (Africa)
2. PD 732/14 Rev.2 (M) Improve Forest Governance in Mozambique
3. PD 746/14 Rev.2 (M) Strengthening the Production, Marketing and Conservation of Pinabete in Guatemala

Committee on Forest Industry

1. PD 608/11 Rev.2 (I) Life Cycle Assessment-Based Initiative for Carbon Foot Print Reduction and Improved Utilization of Tropical Timber Products from Malaysia
2. PD 700/13 Rev.2 (I) Phase I Stage 2 Development of Intra-African Trade and Further Processing of Tropical Timber and Timber Products – Phase I Stage 2 (ITTO)
3. PD 709/13 Rev.2 (I) Enhancing Bali Wooden Handicraft Industry by Improving the Quality of Planted-Wood Raw Materials and Complying to Legality Standard (Indonesia)
4. PD 719/13 Rev.2 (I) Competitiveness and Business Strengthening for a Carpenter Group in Region VII (Huehuetenango-Quiché), Guatemala
5. PD 720/13 Rev.3 (I) Strengthening of Two Community Associations to Improve the Forest Industry in the Department of Huehuetenango, Guatemala
6. PD 737/14 Rev.1 (I) Developing Supply Capacity of Wood-based Biomass Energy through Improved Enabling Conditions and Efficient Utilization of Degraded Forest Lands Involving Local Communities in North Sumatra Province of Indonesia
7. PD 770/15 Rev.1 (I) Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras

The Committees held discussions on the following projects:

Committee on Economics, Statistics and Markets

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

The Secretariat reported that the project has experienced considerable delay in implementation due to the replacement of project personnel and delay in the preparation of the completion report, final financial audit and technical reports. The Executing Agency has finalized and submitted the project completion report and the technical reports, but the final financial audit report was still pending. Following the report by the Secretariat, the representative of PNG explained that this project has been completed with the completion report and the various technical reports submitted to ITTO except the final audit report. There has been misunderstanding between the executing agency, the PNG Forest Authority (PNGFA) and the external auditor. PNGFA was undertaking intense discussion with the external auditor to finalize the financial audit. PNGFA needed time to complete the audit report. The project was very important to PNG as the tools and processes developed will strengthen its monitoring capabilities and SFM efforts. The Committees requested PNG to submit the audit report as early as possible before its next Session.

Committee on Forest Industry

PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (ITTO)

The Committees noted that the project budget had again been exhausted and agreed to recommend this issue to be raised in the CFA at its next Session.

PD 364/05 Rev.4 (I) Development of Marketing Chains for *Eucalyptus citriodora* Essential Oils 'A Non-Timber Forest Product with High Added Value' by Village Communities in the Congo

The Committees noted the information provided by the Secretariat on severe delay in completing this project. Considering its recommendation at the last Session, the Committees declared the project duly terminated.

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

Following the decision taken by the project donor (Common Fund for Commodities – CFC) to suspend their funding to the Executing Agency, and the changes of the CFC's funding framework, the Committees declared the project duly terminated.

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

The Secretariat informed the Committees that the Executing Agency is working on the project final reports (completion, technical and financial audit reports). The Committees decided that in the event that the outstanding final reports are submitted and deemed satisfactory prior to its next Session, the Committees may wish to declare this project completed.

The Committees also noted that from Part C of the list presented at the start of the report on this agenda item, PD 746/14 Rev.2 (M), PD 608/11 Rev.2 (I), PD 709/13 Rev.2 (I), PD 719/13 Rev.2 (I), PD 720/13 Rev.3 (I) and PD 737/14 Rev.1 (I) would lose their status as approved projects and pre-projects under the sunset clause if they were not funded before the next Session of the Committees.

The delegation of Malaysia made an intervention on PD 608/11 Rev.2 (I), highlighted the importance of the project to fill in the gaps on carbon foot-print related information and sought funding for the project.

The delegation of Malaysia also expressed their concern over lack of attention from the Consumer members to the work of the Committees, proven by the lack of their representative presence in the Session. The delegate of Honduras supported the intervention of the Malaysian delegate on the importance of increasing project funding. He further explained on the importance of PD 770/15 Rev.1 (I) to promote and sustain the lesser use species in the moist forests of Honduras.

10. Election of Chairpersons and Vice-Chairpersons for 2016

Following the usual consultations undertaken by the producer and consumer groups, Ms. Alicia Grimes (U.S.A.) was elected Chairperson of the CEM and Mr. Jorge Malleux (Peru) was elected Vice-chair for 2016. Ms. Akiko Nakano (Japan) was elected Chairperson of the CFI and Mr. Lokossou Achille Orphée (Benin) was elected Vice-chair for 2016.

11. Dates and Venues of the Fiftieth and Fifty-first Sessions of the Committees

The Fiftieth Session of the Committees will be held in conjunction with the Fifty-second Session of the International Tropical Timber Council in 2016.

The Fifty-first Session of the Committees will be held in conjunction with the Fifty-third Session of the International Tropical Timber Council in 2017.

12. Other Business

No other business was considered by the Committees.

13. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects and pre-projects approved under the time-bound electronic no-objection procedure for the spring and autumn project cycles 2015:

Committee on Economics, Statistics and Markets

PD 732/14 Rev.2 (M) Improve Forest Governance in Mozambique [US\$321,138]

Committee on Forest Industry

PD 770/15 Rev.1 (I) Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras [US\$196,224]

PD 771/15 Rev.2 (I) Genetic Conservation, Utilization and Management of Gall Rust Resistant Strains of *Falcataria Moluccana* Growing in the Philippines [US\$1,248,913]

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

Committee on Economics, Statistics and Markets

PD 124/01 Rev.5 (M) Promotion of Sustainable Management of African Forests (Africa)
Phase III Stage 3 [Phase III Stage 3 – US\$573,325]

Committee on Forest Industry

PD 73/89 (M,F,I) Assistance for Project Identification and Formulation (Global)

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

Committee on Economics, Statistics and Markets

PD 746/14 Rev.2 (M) Strengthening the Production, Marketing and Conservation of Pinabete in Guatemala [US\$508,872]

Committee on Forest Industry

PD 608/11 Rev.2 (I) Life Cycle Assessment-Based Initiative for Carbon Foot Print Reduction and Improved Utilization of Tropical Timber Products from Malaysia [US\$629,843]

PD 700/13 Rev.2 (I) Development of Intra-African Trade and Further Processing of Tropical Timber and Timber Products – Phase I Stage 2 [US\$3,759,256]

PD 709/13 Rev.2 (I) Enhancing Bali Wooden Handicraft Industry by Improving the Quality of Planted-Wood Raw Materials and Complying to Legality Standard (Indonesia) [US\$540,008]

PD 719/13 Rev.2 (I) Competitiveness and Business Strengthening for a Carpenter Group in Region VII (Huehuetenango-Quiché), Guatemala [US\$149,968]

PD 720/13 Rev.3 (I) Strengthening of Two Community Associations to Improve the Forest Industry in the Department of Huehuetenango, Guatemala [US\$129,371]

PD 737/14 Rev.1 (I) Developing Supply Capacity of Wood-based Biomass Energy through Improved Enabling Conditions and Efficient Utilization of Degraded Forest Lands Involving Local Communities in North Sumatra Province of Indonesia [US\$594,832]

- (iv) The Committees recommended that ITTO should redouble its efforts to attract major non-member importing countries (such as middle-east countries) to become ITTO members in consideration of their significant involvement in the tropical timber trade.
- (v) The Committees recommended that the activity on Independent Market Monitoring of FLEGT-licenced Timber [Activity 25(b), ITTO BWP 2013-2014] be moved to the agenda of the Joint Session of All Committees at its future Sessions.

14. Report of the Session

The Committees adopted this report for submission to the Council, with due acknowledgement to the work of the Secretariat under the able guidance of the Chairpersons of the Committees.

APPENDIX A

REPORT ON THE ITTO ANNUAL MARKET DISCUSSION - 2015 “Raising the Profile of Tropical Timber in the Market Place” 18 November 2015, Kuala Lumpur, Malaysia

The theme of the 2015 Annual Market Discussion organised by the ITTO Trade Advisory Group (TAG) was “Raising the profile of tropical timber in the market place”

This year the Annual Market Discussion was in two parts, the first on raising the profile of tropical timber, moderated by Barney Chan, the TAG co-coordinator, and the second part involved a presentation proposing a strengthening of the participation of the private sector in advancing ITTO’s objectives.

Five speakers addressed the Council on raising the profile of tropical timber in the market place namely: Cindy Squires, Esq. Executive Director, International Wood Products Association; Wu Shengfu, Vice President, China National Forest Product Industry Association; Ahmad Shah, Programme Director CTCS (Certified timbers and Credible Suppliers); Barber Cho, Advisor, Myanmar Forest Products Merchants Federation and André de Boer, Secretary General European Timber Trade Federation and TAG Co-coordinator

A report including proposals for strengthening the participation of the private sector in advancing ITTO’s objectives was presented by James Gasana. Dr. Gasana was contracted by ITTO to follow-up on the call made by the TAG in its 2014 Trade Statement for greater private sector participation in ITTO. This second event during the Annual Market discussion was moderated by Dr. Manoel Sobral (Director, UNFF Secretariat).

The presentations made during the 2015 ITTO Annual Market Discussion were entitled:

- Expanding green consumerism in China – an opportunity to raise the profile of legal and sustainable tropical timber
 - Trends affecting acceptance and demand for tropical timber in North America
 - Adding Value to timber
 - A new chapter opens for the Myanmar timber industry
 - A ‘one-stop’ website for the tropical timber trade
- and
- Strengthening of the participation of the private sector in advancing ITTO’s objectives

At the Fiftieth Session of ITTC held in Yokohama in November 2014, the TAG made a statement in which it recalled the intensified challenges to the international tropical timber and timber products trade. The Statement went on to say that what is needed now is a comprehensive strategy to strengthen the participation of the timber private sector in advancing the objectives of ITTO.

The report presented by Dr. Gasana addresses strategic options for improving private sector involvement in the ITTC and ITTO under two scenarios: (i) More of the same (i.e. the same project and Council procedures) but with a stronger private sector involvement. (ii) a completely new strategy which provides options for consideration by ITTC for a strategic ‘blending’ of the intellectual, financial and physical resources of private sector forestry and forest industry practitioners with forestry administration managers, national policy makers and the ITTC to support of the aims of ITTO.

The report also summarizes the current framework of ITTO and trade interaction along with a review of the approach taken by other international organizations to partner with the private sector.

The report continues with an analysis of lessons that can be drawn from the approach to private sector partnerships by the United Nations Food and Agricultural Organization, International Fund for Agricultural Development and the United Nations Development Program. It concludes by evaluating the rationale for engagement of the private sector with the ITTC and proposes an approach to strengthening the participation of the private sector in advancing ITTO’ objectives.

All presentations from the Market Discussion and the report from Dr. Gasana are available on the ITTO website (<http://www.itto.int>).

Interventions and Discussion

Following presentations addressing the theme of “Raising the profile of tropical timber in the market place” the ensuing discussion touched on issues central to development of market opportunities for tropical timber. These included the disturbing rise in export transaction costs, the rapidly expanding and far less regulated domestic consumption of wood products in producer countries and the need for harmonizing the scope and definition of legality.

The problem of rising transaction costs was raised by a private sector participant who pointed out that exporters face rising costs in meeting changing market requirements in terms of legality etc. which vary from market to market. He pointed to the need for development of common minimum market requirements.

In response speakers pointed to the wide diversity of wood products being traded and the diverse requirements applied to individual product types. While a common minimum requirement may be feasible for some primary products such as sawnwood, for added value products such as furniture, which involves the use of resins and coatings, for example, a common minimum requirement would not be feasible. The key, it was said, is in being able to adapt to changing market requirements.

A Delegate from Cameroon drew the attention of participants to the widely different market requirements faced by exporters and by those trading in domestic markets. It was suggested that, while export market requirements address legality and sustainability, there are few such requirements in the rapidly growing domestic markets.

The issue of harmonizing the scope and definition of legality was raised by two participants. A Delegate from Vietnam said when it comes to the verification of legality exporters face a serious problem as importing countries have widely different requirements on verification. The Delegate called for work to be undertaken on harmonizing the scope and definition of legality. The need for work on harmonizing the scope and definition of legality was also voiced by a European private sector participant.

The Moderator reminded participants that APEC countries have developed a common approach to the scope and definition of legality but agreed harmonizing the various definitions is desirable. The Secretary General of the ETTF commented that in the EU importers have problems when trying to satisfy the different Due Diligence requirements of member countries but that all members of the ETTF use a common definition for Due Diligence.

The second part of the 2015 Annual Market Discussion was taken up by a presentation from an ITTO consultant James Gasana on “Strengthening the participation of the private sector in advancing ITTO’s objectives”.

In opening the discussion the moderator, Dr. Manoel Sobral, Director of the UNFF Secretariat, noted that the participation of the private sector in the ITTC was institutionalized many years ago and, unlike many other international organisations, the ITTC is well up the learning curve in terms of private sector participation in its deliberations. Having said this, Dr. Sobral noted the change in level of ITTO activities in support of trade and industry since much more of the funds now provided to ITTO are ‘earmarked’ suggesting this has led to an emphasis on forestry rather than trade and industry issues by ITTO.

In returning to an issue raised in the first half of the Market Discussion on rising transaction costs Dr. Sobral lamented the paradox – as countries advance to SFM new barriers emerge and export costs rise.

A Delegate from Indonesia supported the call made in the consultant’s presentation for more private sector participation in ITTC deliberations. He reminded participants that Indonesia includes representatives of private sector organisations in Delegation and commented that in future it would be advantageous if company representatives could also be encouraged to participate. He further noted that SMEs play a major role in the timber sector but do not have a platform where they can raise the issues facing them.

The call from Indonesia for more private company participation in the ITTC was echoed by a European private sector participant who urged the TAG to expand its membership to mainstream manufacturers, construction companies and others so they can appreciate the advances the tropical timber sector has made.

In concluding the second part of the Market Discussion, Dr Gasana, the consultant, urged the ITTC and TAG to work together to define their individual expectations to advance opportunities for greater cooperative efforts.

Annual Trade Statement

The 2015 Trade Statement prepared by the ITTO TAG can be found in Appendix B of this document.

The TAG suggested the following theme for 2016 Annual Market Discussion: “Free Trade Agreements - Challenges and Opportunities for the Tropical Timber Trade”.

APPENDIX B

STATEMENT OF THE TRADE ADVISORY GROUP (TAG)

Presented at the 2015 Annual Market Discussion by
Barney Chan (TAG Coordinator)
18 November 2015

Ladies and Gentlemen,

This is a Trade Statement made by members of the ITTO Trade Advisory Group (TAG). We would like to draw attention of ITTO members to a few TAG initiatives which will be presented in this Council Session.

But first, it is worth reminding ourselves that, despite the success of many tropical-timber-producing countries in developing an international trade in added-value products, very little has changed in the past half-century or more in the market for natural tropical hardwood products.

A close look at the main tropical exporters of added-value products - Brazil, Indonesia, Malaysia, Thailand and Viet Nam—will show that the trade of such products depends largely on plantation resources such as rubberwood, acacia, albizzia and pine. The main traded products from natural tropical forests are still primary products.

The trade in wooden furniture and the like is worth far more than the trade in primary products; nevertheless, logs, sawnwood and plywood remain the backbone of the international trade in tropical hardwoods. This trade has experienced considerable uncertainty in recent years.

It is in this context that we make this Trade Statement.

Firstly, in last year's meeting the Council supported a joint TAG/ETTF proposal to create a "one-stop" website on which each producer country can store information on forest resources, production, export and import data, legislative framework and applicable legislation. This website aims at enabling all stakeholders, be they importers, producers, enforcers or others, to obtain relevant information from one source. The project is run by the ETTF with support of ITTO and EU STTC. There will be a detailed presentation on this project and a report is available.

As a side note to this project, we should look towards the Asia Pacific Economic Cooperation (APEC) which adopted the "APEC Common Understanding of the Scope of Illegal Logging and Associated trade" in September 2015. And to further enhance transparency, APEC economies will provide information on their respective domestic laws or regulations in line with the APEC Timber Legality Guidance Template.

Secondly, Activity 23 of the current Biennial Work plan: "Development of Environmental Product Declaration (EPD) for Three Tropical Wood Products." This Activity is to establish the Environmental Product Declarations of three tropical timber products: meranti plywood (Indonesia/Malaysia), khaya sawntimber (Ghana) and ipe decking (Brazil). Many fundamental issues were uncovered in this work which presented an opportunity for ITTO to take the initiative to develop internationally agreed solutions.

This is the first serious attempt at EPDs for tropical timber products and TAG would like to thank ITTO for the support in this Activity. The work was pioneering and challenging with methodological and fundamental issues. This will be reported in full in Committee. Each of the three studies have important conclusions and recommendations but when taken as a whole, this Activity has clearly shown the vital and pivotal role which ITTO can play globally.

- Promote and encourage more EPD work amongst ITTO members, including work on raw material like logs.
- Product rules need to be defined and clarified homogeneously for tropical timber products. ITTO is well placed to take a commanding and leading role in this.
- ITTO can be a neutral and credible depositary of EPD information for tropical timber products internationally and should adopt this important role.

Thirdly, TAG has always shown a strong interest to work together with ITTO, not only to increase the market shares of tropical timber in the global markets but also to achieve the ITTA Objectives.

In an answer of TAG's call, the ITTO Secretariat has contracted a consultant to develop comprehensive and innovative ideas to strengthen the private sector's involvement in ITTO. The consultant found there is no clear framework to optimise the private sector's contribution to ITTO's work. ITTO should consider a clear policy for orienting the partnership with the private sector and engaging it for achieving the ITTA's objectives. The policy should be operationalized by respective guidelines as well as internal TAG rules.

In addition, given the role that the private sector can play in post-2015 development, the TAG encourages Council to should raise the appreciation of member countries on the value of private sector partnerships to achieve national objectives in the forestry sector. Again, we in TAG stand ready to work with Council can members.

Finally, we urge Council Members to come together and elect a new Executive Director by the end of this Session in Kuala Lumpur so that our Organisation can move forward again to the benefit of all, especially the Tropical Forests.

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FORTY-NINTH SESSION
16-21 November 2015
Kuala Lumpur, Malaysia

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

Item 1 - Opening of the Session

The Forty-ninth Session of the Committee on Reforestation and Forest Management (CRF) was opened on 17 November 2015, in the morning, by Dr. M. Nurudeen Iddrisu (Ghana). The CRF Session adopted the provisional agenda as contained in document CRF(XLIX)/1 Rev.1. The Joint Session was convened in the afternoon to consider agenda items 4, 6, 8 of CRF as contained in document CRF(XLIX)/1 Rev.1. The list of participants is presented in document ITTC(LI)/Info.2.

Item 2 - Adoption of Agenda and Organization of Work

The agenda for the CRF as contained in document CRF(XLIX)/1 Rev.1 was duly adopted. To ensure all agenda items are covered within the limited time allocated to the Committee, the Chairperson of the CRF proposed to organize the Session in the following order: Item 3, Item 5, Item 9, Item 8 (B), Item 10, Item 7, Item 11, Item 12, Item 13, Item 14 and Item 15.

Item 3 - Admission of Observers

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

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

The Joint Session of All Committees considered the reports of the Expert Panel for Technical Appraisal of Project Proposals presented by its Chairperson, Ms. Marjukka Mähönen (Finland), as contained in documents ITTC/EP-49 and ITTC/EP-50, respectively.

The presentation highlighted the following:

- A total of fifty-seven proposals were appraised in 2015, including 54 project proposals and 3 pre-project proposals;
- The great majority of proposals (70%) were submitted under RFM, 19% under ESM and 11% under FI;
- Eighteen (18) proposals were accorded category 1, twenty-two (22) proposals were category 2, and seventeen (17) proposals were accorded category 4;
- Proposals were mainly foreseen to be executed by government agencies, but also to a lesser extent by NGO, and local community organizations addressing the various needs of the countries at the national, regional, and local levels;
- Most project proposals dealt with rather conventional themes for ITTO. The panel noted the submission of a few transnational proposals; and
- The Panel noticed that gender issues are generally not being incorporated in project proposals.

The presentation also highlighted general findings and recommendations of the Expert Panel at its Forty-ninth and Fiftieth Meetings, particularly regarding proposal preparation and project design to be addressed by the proponents.

Many of the delegates expressed concern over the lack of capacity of proponents in formulating good project proposals. They also questioned the apparent lack of effort by Focal Points and ITTO Regional Representatives in many member countries to guide the proponents. There is a need for additional training of countries on proposal preparation by the Secretariat. Several delegates from producer member countries noted the need for increased funds to be made available in order to undertake project formulation training.

Item 5 – New Projects and Pre-Projects

The Committee noted the projects and pre-projects that were approved under the time-bound electronic no objection procedures to accept Expert Panel ratings and circulated to member countries pursuant to Decision 6(XLIII), as contained in document ITTC/EP-49, following the recommendations of the Expert Panel at its Forty-ninth Meeting as follows:

Forty-ninth Expert Panel

Category 1:

| PD/PPD NUMBER | TITLE | SUBMITTING COUNTRY |
|----------------------|---|--------------------|
| PD 748/14 Rev.3 (F) | Building Capacities and Meaningful Stakeholder Participation in Forest Governance to Contribute toward Sustainable Forest Management and Improved Livelihoods of Forest Dependent Communities in Honduras and Guatemala | Honduras-Guatemala |
| PD 754/14 Rev.2 (F) | Rehabilitation and Sustainable Management of Sacred Forests on Ramsar Sites 1017 and 1018 in Benin | Benin |
| PD 762/14 Rev.2 (F) | Developing and Implementing Improved Management Practices that Maintain and Enhance Forests and Biodiversity Protection, to Support SFM within the Context of Multiple Use in Guyana's Forest Dependent Communities | Guyana |
| PD 765/14 Rev.2 (F) | Development of a Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines | Guatemala |
| PD 772/15 Rev.1 (F) | Improved Application of Growth and Yield Models to Forest Management Planning in the Amazon Basin | Brazil |
| PD 773/15 Rev.1 (F) | Restoration and Maintenance of Environmental Services in Moist Tropical Pasture Lands - Criteria and Techniques for the Introduction and Use of Native Trees | Mexico |
| PD 778/15 Rev.1 (F) | Sustainable Forest Management, Conservation of Biological Diversity and Promotion of Landscapes for Socio-Ecologic Production in Indigenous Territories of the Uwalcox Micro-Watershed in Guatemala's Western Altiplano | Guatemala |
| PPD 178/14 Rev.2 (F) | Support to the Creation of Green Belts around the Waza, Benoué, Faro and Bouba Ndjidda National Parks | Cameroon |

Category 4:

| PD/PPD NUMBER | TITLE | SUBMITTING COUNTRY |
|---------------------|---|--------------------|
| PD 730/14 Rev.2 (F) | Implementing Actions for the Prevention of Forest Fires in Colombia | Colombia |
| PD 749/14 Rev.2 (F) | Reforestation and Development Project for the Messa Mountain Range and the Forest Reserves of the Yaounde Metropolitan Area | Cameroon |
| PD 767/15 (F) | Strengthening Forest Management in Honduras Through Sustainable Development in the Forest Regions of Atlantida (Broadleaved Forests) and Francisco Morazan, Olancho and Yoro (Coniferous Forests) | Honduras |
| PD 768/15 (F) | Pilot Project for the Conservation and Sustainable Management of High-Value Traditional Timber Forest Species in Honduras | Honduras |

The Committee also noted the following projects and pre-projects which were approved under the time-bound electronic no objection procedure to accept Expert Panel ratings pursuant to ITTC Decision 6(XLIII), as contained in Document ITTC/EP-50, following the recommendations of the Expert Panel for the Technical Appraisal of Project Proposals at its Fiftieth Meeting held in Yokohama, Japan on 27-31 August 2015.

Fiftieth Expert Panel

Category 1:

| PD/PPD NUMBER | TITLE | SUBMITTING COUNTRY |
|---------------------|---|--------------------|
| PD 774/15 Rev.2 (F) | Implementation of the Forest Management Plan of the Chepigana Forest Reserve, Choco-Darién Eco-Region, as a Conservation and Sustainable Development Alternative for a Protected Area | Panama |

| | | |
|----------------------|--|-----------|
| PD 775/15 Rev.2 (F) | Management and Restoration of the Forest Landscape in San Marcos, Guatemala and Chiapas, Mexico | Mexico |
| PD 777/15 Rev.2 (F) | Accelerating the Restoration of Cibodas Biosphere Reserve (CBR) Functions through Proper Management of Landscapes Involving Local Stakeholders | Indonesia |
| PD 785/15 Rev.1 (F) | Phytosanitary Management of Commercial Forest Plantations in the Moist Tropics | Mexico |
| PD 794/15 Rev.1 (F) | Conservation and Sustainable Use of Mangrove Forest Resources in the Province of El Oro, Southern Ecuador | Ecuador |
| PPD 182/15 Rev.1 (F) | Supporting Protected Area Communities in Afram Plains to Engage in Integrated Management of Economic Timber Species in Community Lands | Ghana |

Category 4:

| PD/PPD NUMBER | TITLE | SUBMITTING COUNTRY |
|---------------|---|--------------------|
| PD 782/15 (F) | Susa Range Forest Restoration Project | Ghana |
| PD 783/15 (F) | Reforestation and Restoration of the Prolific Timber Production Legacy of Ghana's Dome River Forest Reserve Through Demonstrative Local Entrepreneurship Spirit | Ghana |
| PD 789/15 (F) | Forest Plantation Development in the Transitional Zone of Ghana's Kpando Municipal Assembly, Employing Poverty Reduction Strategies' with sustainable mixed and pure Forestry Plantations | Ghana |
| PD 790/15 (F) | Improving Implementation of ITTO/ATO Standards in Ghana | Ghana |
| PD 792/15 (F) | Participatory Forest Monitoring as a Strategy to Strengthen the Sustainable Management of Forest Resources in Ecuador | Ecuador |
| PD 798/15 (F) | Sustainable and Participatory Management Project for the Mangrove of the Cameroon Estuary | Cameroon |

Item 6 – ITTO Annual Market Discussion -2015

The Committees noted the summary of the ITTO Annual Market Discussion – 2015, held in the Joint Session of All Committees on 18 November 2015, as contained in Appendix A. The theme of the Market Discussion was “Raising the Profile of Tropical Timber in the Market Place”. Mr. Barney Chan (TAG Coordinator) and Dr. Manoel Sobral Filho (Director, UNFF Secretariat) co-chaired the Market Discussion.

The following feature presentations were made during the Market Discussion:

Dr. Wu Shengfu
Vice President
China National Forest Product
Industry Association

“Expanding Green Consumerism in China – An Opportunity to Raise the Profile of Legal and Sustainable Tropical Timber”

Ms. Cindy Squires
Esq. Executive Director
International Wood Products Association (IWPA)

“Trends Affecting Acceptance and Demand for Tropical Timber in North America”

Mr. Ahmad Shah
Programme Director
CTCS (Certified Timbers and Credible Suppliers)

“Raising the Profile of Tropical Timber in the Malaysian Domestic Market”

Mr. Barber Cho
Advisor
Myanmar Forest Products Merchants Federation

“A New Chapter Opens for the Myanmar Timber Industry”

Mr. André de Boer
Secretary General
European Timber Trade Federation

“Raising the Profile – A One-Stop Website for the Tropical Timber Trade”

A special presentation on “Strengthening the Participation of the Private Sector in Advancing ITTO’s Objectives” was made by Dr. James Gasana.

The Committees further noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B of CEM-CFI(XLIX)/4.

Item 7 - Report on Completed Projects and Pre-projects

The Secretariat informed the Committee that the completed projects and pre-projects are described in document CRF(XLIX)/2, “Report on Completed Projects and Pre-projects in the Field of Reforestation and Forest Management”.

The Committee then proceeded to review the following completed projects:

7.1 Completed Projects

1) PD 62/99 Rev.3 (F) Reforestation Pilot Project for the Recovery of Degraded Areas in the Medium Doce River Region, State of Minas Gerais, Brazil

The Committee took note that this project has contributed towards the rehabilitation of the degraded forest lands in Minas Gerais, Brazil. The Executing Agency, the State Forest Institute of Minas Gerais, has submitted a proper Completion Report and several Technical Reports. These and other means of verification are available from the Executing Agency and/or the ITTO Regional Officer for Latin America upon written request. The project’s documented products and outputs will also be posted on the ITTO website for widespread dissemination, and can be further downloaded from there. The Executing Agency also submitted a Final Financial Audit Report, an Official Notification relinquishing the last ITTO disbursement of US\$ 50,000, and further reimbursed ITTO the unspent amount of ITTO funds it had in the project account. The Committee therefore decided to consider the project as completed.

2) PD 350/05 Rev.3 (F) Production Systems and Integrated Management of Shoot-borers for the Successful Establishment of Meliaceae Plantations in the Yucatan Peninsula and Veracruz, Mexico

The Committee took note that this project has significantly contributed towards the establishment of healthy cedar and mahogany plantations via the development of proper pest control techniques, and thus creating more jobs and increasing the standard of living of the forest communities in Mexico. The Executing Agency has submitted the project completion report, several technical reports and the final financial audit report. The project’s documented products and outputs will be posted on the ITTO website for widespread dissemination, and can be further downloaded from there or requested directly from the Executing Agency upon written request. The Committee therefore decided to consider the project as completed.

3) PD 377/05 Rev.3 (F) Development of Cloning for Samba (Obéché), West African Mahogany and Tiokoué Tree Species (Côte d’Ivoire)

The Committee took note that implementation of this project had contributed to had contributed to the establishment of a programme of cloning and seedling production technique improvement aimed at accelerating the development of *Obeche/Samba*, *West African Mahogany* and *Tiokoue* industrial plantations. The project’s lessons and results could be considered as a good opportunity for the mass production of high quality seedlings of OBÉCHÉ/SAMBA, AFRICAN MAHOGANY and/or TIOKOUÉ species through the techniques of vegetative propagation cuttings, for distribution in Cote d’Ivoire and in the neighbouring West African countries.

The Secretariat informed the Committee that the completion report and final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement. The Committee therefore decided to consider the project as completed.

4) PD 419/06 Rev.3 (F) Forest Seeds Management and Conservation (Côte d’Ivoire)

The Committee took note that implementation of this project had contributed to the rehabilitation of Côte d’Ivoire’s degraded forest lands through the development of a seed supply system having the capacity to

provide high-quality products to meet the needs of the national forest rehabilitation stakeholders. The project's lessons and results could be considered as a demonstration that the early involvement of key stakeholders, right from the beginning of the project implementation and after clearly defining their roles and responsibilities in relation to the project's objective and expected outputs, was crucial for the successful project execution.

The Secretariat informed the Committee that the completion report and final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement. The Committee therefore decided to consider the project as completed.

5) PD 438/06 Rev.2 (F) Sustainable Forest Management for the Forest Production Area of the Northern and Northeastern Regions of the Department of Antioquia, Colombia

The Committee took note that the project created a participatory process of forest management for the rational use of production forests in the North and Northeast areas of the Department of Antioquia, Colombia and contributed to the integrated socioeconomic development and environmental protection in that region. The Executing Agency has submitted the project completion report, several technical reports and the final financial audit report. The project's documented products and outputs will be posted on the ITTO website for widespread dissemination, and can be further downloaded from there or requested directly from the Executing Agency upon written request. The Committee therefore decided to consider the project as completed.

6) PD 519/08 Rev.1 (F) Tropical Forest Conservation for Reducing Emissions from Deforestation and Forest Degradation and Enhancing Carbon Stocks in Meru Betiri National Park, Indonesia

The Secretariat reported on the completion of the project. The Committee noted that the implementation of the project had contributed to the improvement of the management plans of Meru Betiri National Park (MNP) for conservation of biodiversity and ecosystems, including MRV systems to reduce emissions from forest degradation and to increase the conservation and enhancement of carbon stocks. Effective involvement of the local community in the MNP had been explored in relation with the design and implementation of REDD+ and MRV for carbon accounting. The Committee also noted that REDD+ in the MNP represents a REDD+ demonstration project in conservation area in the country and that various technical reports resulting from the project are available on the ITTO and the Executing Agency's websites.

The Delegation of Indonesia expressed her gratitude to the donor, 7&i Holdings Co. Ltd (Japan) for financing the project and to the Secretariat for effective guidance for the implementation of the project. She noted that there are many useful lessons from the implementation of the project including rehabilitation of degraded forests inside the MNP. The Committee further noted that the Executing Agency had submitted the completion report and the final audited financial statements to the ITTO Secretariat in accordance with the project agreement signed with ITTO. The Committee therefore decided to consider the project as completed.

7) PD 534/08 Rev.1 (F) Small-Scale Private Mixed Plantations Development PLUS Nutrition Promotion: The Case of Six Rural Community Women's Groups in the Eastern and Ashanti Regions of Ghana: Phase II

The Committee took note that implementation of this project had contributed to empower six rural women groups with the aim of providing livelihood by cultivating small-scale individually-owned mixed plantations of commercial indigenous timber species of Wawa (*Triplochiton scleroxylon*) and Ofram (*Terminalia superba*), in combination with *Moringa oleifera* and *Tectona grandis*. From the project's lessons and results, it could be considered that the project had served as an eye-opener for relevant forest stakeholders in Ghana regarding rural reforestation activities, with the involvement of women groups, for the rehabilitation of degraded forest lands while using the abovementioned tropical tree species combined with crops, in the Ashanti and Eastern Regions of Ghana.

The Secretariat informed the Committee that the completion report and final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement. The Committee therefore decided to consider the project as completed.

8) PD 584/10 Rev.2 (F) Implementing the Cooperative Framework between ODEF and the Stakeholders for the Effective Participatory and Sustainable Management of the Eto-Lilicope Forest Complex (Togo)

The Committee took note that implementation of this project had contributed to implement the sustainable and participatory management of the Eto-Lilicope Forest Complex through the collaboration framework established between the main stakeholders for the consensual and sustainable management of the Eto-Lilicope Forest Complex. According to the main project's lessons and results, it was noted that the use of local/native languages, during the sensitization campaigns, had facilitated the communication with key stakeholders, in particular with local communities, for a common understanding of the objective and aim of the project. This contributed to facilitating the involvement of local communities in the implementation of some project activities.

The Secretariat informed the Committee that the completion report, consultant's technical reports, workshop reports and final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement. The Committee therefore decided to consider the project as completed.

9) PD 586/10 Rev.1 (F) Operational Strategies for the Conservation of Tengkwang Genetic Diversity and for Sustainable Livelihood of Indigenous People in Kalimantan (Indonesia)

The Committee took note that implementation of this project had contributed to lead to the improvement of the biodiversity conservation of Dipterocarps especially Tengkwang species and related livelihood of indigenous people in order to contribute to stopping the depletion process of Tengkwang species genetic diversity in Indonesia.

The delegation from Indonesia expressed their sincere gratitude to the project donors (Japan, Korea and USA) for providing the financial support to this project which contributed to the genetic conservation of the Tengkwang species with the involvement of local communities. They also thanked the Secretariat for the appropriate guidance which contributed to the smooth implementation of this project. These local communities have been involved in project activities contributing to provide livelihood to them through the harvesting and processing of Tengkwang non-timber forest products, even after the project completion.

The Secretariat informed the Committee that the completion report, consultant's technical reports, workshop reports and final financial audit report had been delivered by the implementing agency in accordance with the Project Agreement. The Committee therefore decided to consider the project as completed.

10) PD 590/10 Rev.1 (F) Integrated Fire Management in Rural Communities of Guatemala: Establishment of Pilot Sites for the Implementation of Sustainable Fire Management Practices

The Committee took note that this project contributed to the sustainable management of Guatemala's tropical forests via the development and application of community-based integrated fire management practices. The Executing Agency has submitted the project completion report, several technical reports and the final financial audit report. The project's documented products and outputs will be posted on the ITTO website for widespread dissemination, and can be further downloaded from there or requested directly from the Executing Agency upon written request. The Committee therefore decided to consider the project as completed.

11) PD 622/11 Rev.1 (F) Marketing of Native Plant Seeds, Seedlings and Timber Products to Improve Living Standards and Strengthen Regional Forest Policies in the Amazon Region of Peru: A Pilot Case on the Taulia Molinopampa Rural Community

The Committee took note that the project had significantly contributed in improving the living standards of the Molinopampa Rural community in the northern region of Peru through the production, diversification and marketing of native tropical timber species, using innovative mechanisms and practices. The Executing Agency has submitted the project completion report, several technical reports and the final financial audit report. Copies of the Completion Report and other technical documents are available either upon written request from the Secretariat or can be downloaded in digital format via the online project search engine on

ITTO's website at: <http://www.itto.int> or at IIAP's website: <http://www.iiap.org.pe>. The Committee therefore decided to consider the project as completed.

7.2 **Completed Pre-project**

- 1) **PPD 153/11 Rev.1(F) Forest Fire Prevention Through the Implementation of Regional Actions with the Participation of Local Communities and other Relevant Stakeholders So As To Ensure the Protection of Forests and Ecosystem Services (Colombia)**

The Committee took note that the implementation of this pre-project has contributed towards the formulation of a project proposal for forest fire prevention, bringing together community and other local actors to identify problems and solutions, leading to the protection of forests and ecosystem services. The Secretariat informed the Committee that the completion report, technical reports and final financial audit report had been delivered by the implementing agency in accordance with the Pre-project Agreement. The Committee therefore decided to consider the pre-project as completed.

Item 8 - Ex-post Evaluation

(A) Ex-post Evaluation Reports

The Chairperson of the joint session of the Committees informed the Committees that the following five thematic groups and associated seven projects were selected for ex-post evaluation by the Committee of Reforestation and Forest Management (CRF) at its Forty-seventh Session:

1) Thematic Group Evaluation: Biodiversity Conservation / Conservation Areas

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

2) Thematic Group Evaluation: Community Participation in SFM

- PD 32/99 Rev.2 (F) Productive Forest Management for the Rural Reserve Area of Guaviare (Colombia)
- PD 405/06 Rev.3 (F) Extending the Area under Sustainable Forest Management in the Forest Lands of the Embera-Wounaan Comarca, Darien, Panama
- PD 482/07 Rev.2 (F) Sustainable Forest Production and Conservation with Community Participation in the Chepigana Forest Reserve of Darien, Panama

3) Thematic Group Evaluation: Plantation Establishment

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

4) Thematic Group Evaluation: Forest Fire

- PD 284/04 Rev.2 (F) a) Fire-Management and Post-Fire Restoration with Local Community Collaboration in Ghana
b) Thematic assessment of all completed projects on forest fires and their use and /or implementation of the ITTO Forest Guidelines on Fire Management Tropical Forests (1997)

5) Thematic Group Evaluation: Forest Governance

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

At its Forty-eighth Session of the CRF, the results of the ex-post evaluations for the following two thematic groups and associated two projects were reported:

- Thematic Group of Biodiversity Conservation / Conservation Areas; and

- Thematic Group of Plantation Establishment.

At this joint session of the Committees, therefore, the results of the ex-post evaluation for the remaining five projects under three thematic groups were reported, as follows:

- PD 32/99 Rev.2 (F), PD 405/06 Rev.3 (F) and PD 482/07 Rev.2 (F) under the Thematic Group of Community Participation in SFM;
- PD 284/04 Rev.2 (F) under the Thematic Group of Forest Fire; and
- PD 493/07 Rev.1 (F) under Thematic Group of Forest Governance.

Thematic Group Evaluation: Community Participation in SFM

| | |
|---------------------|---|
| PD 32/99 Rev.2 (F) | Productive Forest Management for the Rural Reserve Area of Guaviare (Colombia) |
| PD 405/06 Rev.3 (F) | Extending the Area under Sustainable Forest Management in the Forest Lands of the Embera-Wounaan Comarca, Darien, Panama |
| PD 482/07 Rev.2 (F) | Sustainable Forest Production and Conservation with Community Participation in the Chepigana Forest Reserve of Darien, Panama |

The consultant, Mr. Carlos Marx Carneiro (Brazil), made a presentation on his ex-post evaluation report on this project as contained in document CRF(XLIX)4. He indicated that the projects had basically been successfully implemented in a participatory manner with the communities involved. He also proposed a number of recommendations including:

- a. The need for similar projects in the future indicating that they will continue to play an important role for the region and recommended the formulation of a regional or sub-regional project on the matter to increase the level of information of community based forestry and share knowledge among countries of the region.
- b. The Objectives of such future projects should generate impacts on social, economic and environmental aspects and strengthen the "Agricultural Family Units" generating additional income, improving their livelihoods and guarantee food security.
- c. Innovative approaches/designs for projects of community participation in SFM. Some such "less traditional" approaches refer to services provided by the forests to the communities such as ecotourism, environmental services including the carbon market and most strategies related to climate change and deserve some more attention in future projects.
- d. Appropriate target groups strongly emphasizing the communities' social components.
- e. The organizational aspects of the projects. The structures of the projects depends greatly on the beneficiaries and the most efficient structure still seems to be the "project based structure" where the project manager has a considerable level of authority and control the project resources; personnel are specifically assigned to the project and report directly to the project manager.
- f. Follow-up and evaluation practices are evidently necessary. The consultant indicated the need for follow up for the three projects and a sub-regional project would highly benefit the country members as it would increase the level of knowledge sharing in community forestry practices.

The consultant indicated the need for mid-term evaluations for medium and large projects and highlighted the need for ex-post evaluation observing that they should be carried out a maximum of three years after project termination; after this period the project memory will be gradually lost.

The Delegation of Cote D'Ivoire requested some explanation from the consultant regarding the governance structures versus sustainability, which was properly commented by the consultant. The Committees commended the consultant for his report and presentation.

Thematic Group Evaluation: Forest Fire

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

- a) Ex-post evaluation of PD 284/04 Rev.2 (F)

The consultant, Dr. Johann Goldammer (Germany), made a presentation on his ex-post evaluation report on this project as contained in document CRF(XLIX)/5a. He indicated that the project had basically been successfully implemented with the specific objective achieved through determining the relationship between

the utilization of resources by rural communities and effective management fire, determining the roles and responsibilities of key stakeholders in fire management, developing the mechanisms for effective community-based fire management, and identifying gaps in existing legislation on community-based fire management. The project had also contributed to rehabilitating gradually fire-degraded forest lands by using valuable species in the project target areas located in the Ashanti and Eastern Regions of Ghana. He also proposed a number of recommendations including:

- Establishment of a rural fire management extension unit after a consultation of relevant stakeholders (government, private sector and civil society representatives);
- Conduct a socio-economic study which should deal with the impacts of fire management measures in the project target areas (land-use, types of crops, livelihood, demography, migration, etc.) and the principles and incentives for the creation and sustaining of Fire Volunteer groups in rural areas;
- Creation of synergies in advancing fire management capabilities in West Africa through the establishment of a regional fire management resource center for West Africa and a regional West Africa Wildland Fire Network.

The delegation of Ghana commended the consultant for his report and presentation, thanked the donors for their support to implement this project which contributed to the improvement of fire prevention and management in Ghana with the involvement of relevant stakeholders.

b) Thematic assessment of ITTO fire-related projects

The consultant, Dr. Johann Goldammer (Germany), also made a presentation on his report regarding the thematic assessment of ITTO projects on forest fire as contained in document CRF(XLIX)/5b. He indicated that the history of response of ITTO to the accelerating problems of fire use and wildfires in tropical forests goes back to the 1980s and shows an increasing involvement by addressing basics, i.e. assessment of damages, development of options for rehabilitation of fire-damaged forests and development of national and international guidelines on fire management. Based on these experiences and the collective advances in fire management during the 1990s and the early 2000s the ITTO has supported a number of member countries in building fire management capacities.

ITTO projects have established models to support the building of national-to-local fire management capabilities in several ITTO member countries in Africa, Asia and Latin America. National and international fire management guidelines have helped in developing concepts, policies and implementation strategies in fire management. The development of national fire management policies, associated with legal frameworks and implementation strategies, is now at the top of the agendas of many countries.

The assessment of the projects supported by the ITTO reveals that – based on the insight and experience gained over the past two decades – the organization may consider continuing its involvement and supporting in furthering capacity building in fire management in its member states. For that purpose, the consultant made the following main recommendations:

- The needs, objectives and approaches for similar projects in the future should be in relation to international policies and concerted action on the capacitation of nations to address the challenges in fire management;
- Appropriate target groups should be identified and involved in a holistic fire management approach;
- From projects to process through the development of regional fire management centers based on lessons learned from other international institutions dealing with wildfires;
- Technical guidebook, that would address the issue of climate change in relation to tropical forests, should be prepared as a complementary document to the current ITTO guidelines on fire management in tropical forests.

In the future, ITTO may also consider supporting cross-boundary and regional cooperation in fire management. Bilateral and multilateral cross-boundary cooperation in response to wildfire emergencies could also be enhanced through active participation in the International Wildfire Preparedness Mechanism (IWPM), which constitutes an additional toolbox for capacitating countries in wildfire emergency preparedness and creating efficient and safe interoperability in managing wildfire crises by cross-boundary cooperation.

The Committees commended the consultant for his report and presentation.

Thematic Group Evaluation: Forest Governance

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

The consultant, Mr. THANG Hooi Chiew (Malaysia) made a presentation on his ex-post evaluation report on this project as contained in document CRF(XLIX)/6. He noted that the specific objective of the project was to strengthen the capacity of the Forestry Administration of Cambodia (FA) and partners to conduct its law enforcement operations in the forestry sector to reduce unlawful forest land clearing and land encroachment, and illegal logging. He highlighted that at project completion, the needed equipment and facilities for effective conduct of forest patrolling had, to a greater extent made available; capacity of the FA staff at different levels to conduct forest patrolling and to properly document forest crimes had been significantly improved; and collaboration between the FA Cantonments and the provincial prosecutors and judges had also been strengthened. The sustainability of the project was assured as the FA had formulated a follow-up strategy to continuously implement critical activities on FLEG. He highlighted a number of recommendations for FA including: revise and update the four training modules periodically to reflect new tools and techniques in forest crimes investigation; establish joint coordination mechanisms between the FA Cantonments and the Royal Prosecutors and Judges to resolve forest crimes cases; and develop incentive schemes for local communities to further gain their support to assist the FA in curbing illegal forest activities.

The delegation of Cambodia thanked the donors, namely the governments of Japan, Republic of Korea, United States of America and Australia for supporting the project in Cambodia. He also informed the Committees that the sustainability of the project after ITTO intervention will be continuously strengthened under the "Forest Law Enforcement and Governance" program of the National Forest Program 2010-2029.

The Committees commended the consultant for his report and presentation.

(B) Selection of Projects for Ex-post Evaluation

According to Decision 3(XXVIII), "Ex-post Evaluation of Projects", the Committees are requested to consider as candidates for ex-post evaluation all individual projects or group of projects completed in 2012 or thereafter. The Committee considered the list prepared by the Secretariat as indicated in document CRF(XLIX)/7 in application to its decision and select projects or groups of projects for ex-post evaluation for the period 2016-2017.

The Committee established a working group consisting of delegates representing Brazil, Sweden and USA, and the Secretariat, to consider the selection of projects for ex-post evaluation. The working group chaired by Mr. Bjorn Merzell (Sweden) noted the selection criteria in connection with Decision 3(XXVIII). In reviewing the thirty-two projects listed in the list under eleven themes, the attention of the working group was given to the following:

- a) ITTO budget of individual projects or groups of projects above an appropriate level (e.g. USD 400,000);
- b) Clear benefits to be derived from learning more about facts, achievements and difficulties during project implementation and completion;
- c) The potential for wider application of lessons learned;

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

1) Thematic Group Evaluation: Forest Management / Inventory

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|--------------------|--|----------|
| PD142/02 Rev.2 (F) | SUSTAINABLE PRODUCTION OF NATIONAL FORESTS UNDER THE "REGIME OF FOREST CONCESSIONS | BRAZIL |
| PD248/03 Rev.4 (F) | ANTIMARY FOREST MANAGEMENT REGIONAL TRAINING CENTER | BRAZIL |
| PD438/06 Rev.2 (F) | SUSTAINABLE FOREST MANAGEMENT FOR THE FOREST PRODUCTION AREA OF THE NORTHERN AND NORTHEASTERN REGIONS OF THE DEPARTMENT OF | COLOMBIA |

ANTIOQUIA, COLOMBIA

2) Thematic Group Evaluation: Biodiversity Conservation / Conservation Areas

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|---------------------|--|----------|
| PD165/02 Rev.3 (F) | CONSERVATION OF BIOLOGICAL DIVERSITY THROUGH SUSTAINABLE FOREST MANAGEMENT PRACTICES | MALAYSIA |
| PD288/04 Rev. 2 (F) | DEVELOPMENT OF LANJAK ENTIMAU WILDLIFE SANCTUARY AS A TOTALLY PROTECTED AREA, PHASE IV (FINAL PHASE) | MALAYSIA |
| PD451/07 Rev.1 (F) | TRANSBOUNDARY BIODIVERSITY CONSERVATION AREA: The PULONG TAU NATIONAL PARK, SARAWAK STATE, PHASE II | MALAYSIA |

3) Thematic Group Evaluation: Forest Rehabilitation / Landscape Restoration / Secondary Forest Management

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|--------------------|---|----------|
| PD372/05 Rev.1 (F) | CONTRIBUTION TO FOREST REHABILITATION IN THAILAND'S AREAS AFFECTED BY THE TUSNAMI DISASTER | THAILAND |
| PD501/08 Rev.1 (F) | PROMOTING HOUSEHOLD REFORESTATION IN TROPICAL ZONE OF SOUTHWESTERN CHINA THROUGH DEVELOPMENT AND EXTENSION OF HOUSEHOLD-ORIENTED TECHNIQUES | CHINA |

4) Thematic Group Evaluation: Improvement and Conservation of Genetic Resources

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|--------------------|---|---------------|
| PD054/00 Rev.4 (F) | GENETIC RESISTANCE OF IROKO TO PHYTOLYMA LATA - PHASE II | COTE D'IVOIRE |
| PD377/05 Rev.3 (F) | DEVELOPMENT OF CLONING FOR SAMBA (OBECHÉ), WEST AFRICAN MAHOGANY AND TIOKOUÉ TREE SPECIES | COTE D'IVOIRE |
| PD419/06 Rev.3 (F) | FOREST SEEDS MANAGEMENT AND CONSERVATION | COTE D'IVOIRE |

5) Thematic Group Evaluation: Teak

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|---------------------|--|---------|
| PD 270/04 Rev.2 (F) | EX-SITU AND IN-SITU CONSERVATION OF TEAK (<i>Tectona grandis</i>) TO SUPPORT SUSTAINABLE FOREST MANAGEMENT (MYANMAR) | MYANMAR |
|---------------------|--|---------|

- a) Ex-post evaluation of PD 270/04 Rev.2 (F)
- b) Thematic assessment of all completed projects on Teak in cooperation with TEAKNET, IUFRO, FAO, and other relevant organizations/institutions.

Item 9 - Policy Work

The Committee considered the progress in the implementation of the following policy-related matters:

- (i) **Promote the publication, dissemination and application of the revised ITTO Guidelines for the Sustainable Management of Natural Tropical Forests [Activity 4, ITTO Biennial Work Programme 2015-2016 / Decision 2(L)] [PP-A/49-292] [CRF(XLIX)/8].**

The Committee was briefed by the Secretariat on the progress of implementation of (i) the publication of the ITTO Voluntary Guidelines for the Sustainable Management of Natural Tropical Forests (SFM) in the three official languages of ITTO for wider distribution; and (ii) the organization of three regional capacity building workshops to promote the understanding of the ITTO Voluntary Guidelines aimed at encouraging country-level initiatives. The Committee noted that the Guidelines for SFM had been published in English (500 copies), French (200 copies) and Spanish (200 copies) separately as ITTO Policy Guidelines and posted on the ITTO website for wider distribution. A total of 500 copies of a wooden USB memory stick loaded with the Guidelines for SFM were produced along with standing posters. The Voluntary Guidelines have been disseminated to key stakeholders in ITTO member countries and made available at international events including the 2015 World Forest Congress in September and the 6th International Wildland Fire Conference in Pyeongchang, Korea in October 2015.

On the organization of three regional capacity building workshops on the ITTO Voluntary Guidelines, the Secretariat informed the Committee that the first regional workshop was organized in Kuala Lumpur, Malaysia from 17-20 August 2015 with the cooperation of the Ministry of Natural Resources and Environment, Malaysia, the Forestry Department of Peninsular Malaysia and the Forest Research Institute, Malaysia. The key outcomes of the first regional workshop were presented by Dr Ismail Parlan, Senior Research Officer, Forest Research Institute Malaysia (FRIM). He reported that the workshop was attended by a total of 24 participants from forestry agencies of eight (8) member countries in Asia-Pacific region namely; Cambodia, Fiji, Indonesia, Malaysia, Myanmar, Papua New Guinea, The Philippines and Viet Nam. He highlighted the presentations made by resource persons and the country reports as well as the presentation of three working groups to discuss the issues of (i) governance and security of tenure; (ii) environmental services; and (iii) financing and investment.

The Delegation of Malaysia commended the work of organizing the first regional workshop in Kuala Lumpur and noted that more technical and financial assistance is vital for the effective implementation of the ITTO Voluntary Guidelines for SFM. For the organization of the second and third regional workshops for Africa and Latin America/Caribbean regions in 2016, the Secretariat highlighted that there is the need for this activity to be provided with the necessary financing to organize the two remaining regional workshops. The Committee noted the importance of organizing the two remaining regional capacity building workshops in Africa and Latin America/Caribbean regions in 2016 in accordance with the BWP 2015-2016.

(ii) Contribute to national and international efforts in the prevention and management of fire in tropical timber-producing forests [Activity 14 (b), ITTO Biennial Work Programme 2015-2016 / Decision 6(XXXIII)] [PP-A/50-300]

The Committee recalled that Activity 14 (b), ITTO Biennial Work Programme 2015-2016 / Decision 6(XXXIII)] [PP-A/50-300] made provision for ITTO to contribute to the United Nations International Strategy for Disaster Reduction (UNISDR) Global Wildland Advisory Group, and the related Global Wildland Fire Network (GWFN) / Global Fire Monitoring Center (GFMC), and provide support for the Africa, Asia, and Latin America Regional Wildland Fire Networks and other inter-institutional cooperation efforts in their preparatory meetings for the 6th International Wildland Fire Conference to be held in 2015 in South Korea, and further organize a side-event and support the attendance of up to 18 participants from producer member countries implementing ITTO fire-related projects to present and interchange experiences at the 6th International Wildland Fire Conference to be held in 2015 in South Korea.

The Secretariat reported to the CRF that ITTO provided support to 14 participants from ITTO member countries to attend the 6th International Wildland Fire Conference held at Pyeongchang, Republic of Korea, in October 2015. Moreover, all the aforementioned participants gave presentations on the achievements in forest fire management and prevention through ITTO projects and/or the ITTO guidelines on fire management in tropical forests in their respective countries, be it in the Parallel, Regional or Global Sessions of the Conference, or at a Side-Event organized by ITTO specifically to disseminate the achievements of ITTO projects related to fire management and prevention.

With the implementation of these aforementioned activities, the Secretariat informed the CRF that almost all funds related to Activity 14 (b) of the ITTO Biennial Work Programme 2015-2016 had been exhausted and therefore all undertakings related to this Activity 14 (b) have reached their end. However, Activity 14 (a) of the ITTO Biennial Work Programme 2015-2016, which is related to reviewing and updating jointly with FAO the ITTO Guidelines on Fire Management in Tropical Forests and the FAO Fire Management Voluntary Guidelines to take into account scientific insights into the state of forests and forest protection in the tropics in the last 15 years and the progress made in fire management and climate change research and development globally is still pending the finance for its implementation.

The Committee also took note the Global Wildland Fire Network (GWFN) had reiterated its wish that ITTO continue to provide support and further collaborate both technically and financially in its future endeavors.

In this light, ITTO will continue to seek support for the regional networks in the tropics of Africa, America and Asia and will continue to pursue potential partnerships to develop a tropical forest fire prevention and management programme with a view towards, among others, updating its forest fire guidelines with a view towards incorporating elements related to REDD, climate change mitigation and poverty alleviation.

(iii) Promote the conservation, restoration and sustainable management of mangrove ecosystems [Activity 10, ITTO Biennial Work Programme 2015-2016 / Decision 2(L)] [PP-A/50-298] [CRF(XLIX)/9]

The Secretariat updated the Committee on the implementation of this activity which includes the organization of an international mangrove conference in 2016 to review action in supporting mangrove forests taken by ITTO and other organizations. The Committee noted that the International Society for Mangrove Ecosystems (ISME) was engaged to report on mangrove-related activities and projects undertaken by ITTO and others as well as to recommend on ITTO's future mangrove strategies and action plans. The report from ISME has been documented as CRF(XLIX)/9 "Promoting the Conservation, Restoration and Sustainable Management of Mangrove Ecosystems".

The consultant, Prof Baba from the ISME, introduced the study's outcomes. He noted that since 1989, ITTO has implemented many important mangrove-related projects and activities including the publication of World Atlas of Mangroves as an international mangrove reference. He said that the recent meeting of UNESCO adopted a decision to proclaim the 26 July as the new International Day for Conservation of Mangrove Ecosystem. On future ITTO mangrove strategies and actions, he highlighted a number of recommendations including: updating the ITTO Mangrove Work Plan 2002-2006; building capacity for conservation of mangrove ecosystems and sustainable management of mangrove forests; and monitoring the status of protected and rehabilitated mangrove areas. He noted that organizing an international mangrove conference in 2016 is a timely important opportunity for ITTO to strengthen cooperation with partners in formulating and implementing collective mangrove initiatives for future generations.

The Secretariat highlighted that funds need to be provided for the organization of this conference in 2016. It is proposed that the conference in 2016 will be organized with the support of many partners and it is hoped that an announcement of this conference will be made shortly so as to enable the efficient organization of the conference.

The Delegation of USA commended the consultant for his presentation and noted the absence of mangrove projects in Africa region in his slides. She recalled the lively discussion on mangrove projects in Latin America which was presented to the Committee at its 47th session in Gabon. She encouraged the organization of an international conference on mangroves in 2016 and noted potential interest of external organizations such as US development agencies engaging in the conservation and sustainable management of mangroves in Indonesia. The Delegation of Indonesia looked forward to the organization of an international mangrove conference in 2016 in Indonesia. The Delegation of Cameroon appreciated the inclusion of mangrove in the BWP 2015-2016 and highlighted the challenges of sustainably managing mangrove ecosystems with engagement of various stakeholders in Cameroon and the importance of solving conflicts over sustainable management of mangroves. The Delegation of EU supported the organization of an international mangrove conference in 2016 and recommended further analysis of possible collaboration with other organizations on mangrove ecosystems.

(iv) Undertake a survey to assess the use of the various ITTO guidelines on the sustainable management of plantations, secondary forests, biodiversity and natural forests in the tropics [Activity 50, ITTO Biennial Work Programme 2015-2016 / Decision 2(L)] [PP-A/50-309] [CRF(XLIX)/10]

The Secretariat updated the Committee on the implementation of the activity which includes the design and conduct of an on-line survey on the use of ITTO policy guidelines with the engagement of an international consultant, Dr. Tim Cadman, Institute for Ethics, Governance and Law at Griffith University (Australia). The consultant, Dr Cadman said that: the on-line survey deployed between 1 July and 30 August 2015 in separate English, Spanish and French version; received 463 attempts and 286 completions; 75% were male; the majority were from research/education organizations, and national agencies; and climate change/REDD+; forest & plantation management and governance of resources were the principle activities of survey respondents.

On views of ITTO policy guidelines for developing & implementing SFM, Dr Cadman said that forest governance and security of tenure were regarded as most important issues for achieving SFM in the tropics while lack of training/capacity building was identified as the single largest difficulty faced by all respondents. He noted that managing natural resources assets sustainably was identified as the universal goal most relevant to the development and implementation of ITTO policy guidelines. He then highlighted a number of recommendations including: more guidance on ensuring stakeholder representation in SFM such as private

sector in future guidelines and climate change and forest governance in the future C&I; capacity building & training and further research to determine different regional needs/priorities.

During the discussion, the Delegation of USA questioned the narrow base in survey respondents and the C&I-related recommendations in the presentation. She noted further that the survey was focused largely on forest management C&I although the policy guidelines covered many aspects of tropical forests, including biodiversity. Dr Cadman responded that the private sector and other non-state actors compromised approximately 30% of survey respondents and that there is a recommendation to expand sectoral and gender representation in the report.

The Delegation of Cameroon noted the apparent conflict between the non-binding nature of the policy guidelines and the emphasis on legality in other policy processes such as FLEGT. In response, Dr. Cadman observed the voluntary objectives in the policy guidelines and legally binding instruments could be complementary and that ITTO's contribution to the forest policy community was its focus on encouraging SFM in the tropics. Regarding an enquiry on scope of forest governance in SFM from the Delegation of Côte d'Ivoire, Dr Cadman noted further that the emphasis placed by ITTO on sustainability in forest governance have positive effects in other policy processes.

The Committee commended the consultant for his report and the presentation.

(v) Strengthening cooperation and collaboration between ITTO and ACTO countries on C&I and related topics, including the outcomes of a regional workshop to harmonize ITTO C&I and the Tarapoto Process [Activity 47, ITTO Biennial Work Programme 2008-2009 / Decision 2(XLIII)] [PP-A/34-131B] [CRF(XLIX)/11].

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

- Under Activity PPA-34-131B, support has been provided to the Amazon Cooperation Treaty Organization (ACTO) to elaborate a Harmonized ITTO-ACTO C&I for SFM. In this light, Government Representatives from Brazil, Colombia, Ecuador, Guyana, Surinam and Peru, among others, are participating in the Harmonization of Criteria and Indicators of Tarapoto and ITTO.
- The harmonization process seeks to integrate both sets of C&I in an attempt to generate information that can guide public managers on the effectiveness and efficiency of measures aimed at forest management. At the regional level, the generation of reports is recognized as a useful practice for the dialogue around sustainable development, to highlight the challenges and opportunities for management under a regional vision and to identify areas of cooperation which should be strengthened.
- The National Delegates participated at several workshops to elaborate on the Harmonization of the ACTO/ITTO C&I and the Permanent Secretariat of ACTO has currently submitted to ITTO and its member countries the final set of harmonized C&I for some last comments and adjustments before publicly launching the initiative. The aforementioned document, entitled CRF(XLIX)/11 "Criteria and Indicators for Sustainability of the Amazon Forest" was made available to the delegations.

(vi) Promote the implementation of guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land [Activity 14(a) and (b), ITTO Biennial Work Programme 2013-2014 / Decision 2(XLVII)] and [PP-A/48-276 and PP-A/49-288]

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

- For the implementation of the first step of this Activity, national case study reports had been finalized, for all three tropical timber producing regions, as well as the photos of sites covered by the case studies were taken, and submitted to the Secretariat:
 - For Ghana (Africa): Multidisciplinary Team (Dr. Dominic BLAY as Team Leader, Dr. Beatrice OBIRI and Dr. Mark APPIAH as members) which was already involved in the implementation of a previous ITTO FLR-related Activity in Ghana;

- For Indonesia (Asia-Pacific): Dr. Hiras SIDABUTAR; and
 - For Mexico (Latin America): Dr. David DOUTERLUNGNE (within the framework of cooperation between BirdLife International and ITTO).
- Regarding the second step, the implementation of this Activity had been undertaken by the World Resources Institute (WRI) for the preparation of a joint WRI-ITTO Issue-Brief on forest landscape restoration, as well as a leaflet, based on the findings and results of the three abovementioned national case study reports.
 - The consultant, Dr. Kathleen BUCKINGHAM, from WRI, made a presentation on the joint WRI-ITTO Issue-Brief on forest landscape restoration, to be launched on 04 December 2015, in Paris, France, during a side event to be held during the 21st UNFCCC Conference of Parties. She summarized the findings and conclusion derived from the three national case study reports (Ghana, Indonesia and Mexico). She proposed the following recommendations:
 - Identify ITTO's comparative advantage within the Global Partnership for Forest Landscape Restoration (GPFLR) and utilize this to fill the gaps in restoration methodologies and toolkits;
 - Align revision of ITTO restoration guidelines with global emerging issues and priorities;
 - Utilize the Global Partnership for Forest Landscape Restoration (GPFLR) to create visibility of the ITTO guidelines and to support the implementation of the global landscape restoration initiatives.
 - The consultant concluded her presentation by inviting those who will in Paris, France, for the participation in the 21st UNFCCC Conference of Parties, to attend the side event schedule on 04 December 2015, for the launching of the joint WRI-ITTO Issue-Brief on forest landscape restoration.
 - The Delegation from Indonesia expressed some concern regarding some findings and results presented by the consultant and wanted to know what would be the source of information and data used for this presentation.
 - The Delegation from Peru reminded that it is difficult to compare three countries based on case studies undertaken in those countries, as the comparative analysis should take into account the specific elements related to each of the target sites which had been subject to case studies.
 - The consultant informed the Delegation from Indonesia that her role was just to compile the findings, results and recommendations of three national case study reports on forest landscape restoration prepared for Ghana, Mexico and Indonesia. She explained that given limited time of the presentation, she could not capture a complete picture of the landscape situations from three countries, which include many positive aspects. She agreed with the comments made by the delegation of Peru.
 - The Secretariat also informed the Delegation from Indonesia that the national case study report on forest landscape restoration for Indonesia was prepared by national consultants. Finally, the Secretariat thanked the consultant for her excellent presentation regarding completion of the case studies on forest landscape restoration undertaken in three countries (Ghana, Indonesia and Mexico) and reiterated the invitation to those who will be in Paris, France, to attend the WRI-ITTO side event for the launching of the WRI-ITTO Issue-Brief on forest landscape restoration.

(vii) Undertake a study on carbon removals and emissions associated with the production and use of a typical tropical wood product [Activity 12(b), ITTO Biennial Work Programme 2015-2016 / Decision 2(L)] [PP-A/50-299] [CRF(XLIX)/12]

The Secretariat introduced this Activity to the Committee, particularly the following significant features of the study: (i) the first case to identify practical methodologies available for the estimation of life span and retirement pattern of high quality tropical timber product; (ii) one of the first attempts to apply Life Cycle Assessment (LCA) to the production and use of tropical timber product from log processing to the abolition of final product; and (iii) one of the good examples of partnerships between ITTO and the private sector. The Secretariat expressed its deep appreciation to the Government of Japan and Sumitomo Forestry Co., Ltd. for their generous contribution, which made this study possible.

The Consultant, Dr. Gan Kee Seng, presented the results of the study on behalf of the team of consultants, namely Professor Dr. Nobuaki Hattori, Professor Dr. Muh Yusram Massijaya and Dr. Gan. The major points of his presentation were:

- The objective of this study was: (i) to quantify carbon removals and emissions of plywood based flooring produced in Indonesia and used in Japan; and thereby, (ii) to demonstrate the advantage of producing longer life tropical timber products for ITTO producer members;

- To conduct the study, LCA was employed to quantify carbon removals and emissions of plywood based flooring throughout its entire life span and the findings from a series of studies on the life span of detached houses in Japan was used to estimate half-life and retirement rate of plywood based flooring;
- In 1 m² (@11.2 mm) of tropical plywood based flooring, 3.34 kg of carbon was stored. The stored carbon would be gradually released as houses are abolished with a half-life of 38 years for wood detached houses in Japan;
- If manufactured into high quality products, half-lives of tropical timber products can be longer than the current default half-life of 25 years for panels and the initial retirement rate can be less than the default first order decay; and
- In addition, nearly 100% of the wood material is recycled at the end-of-life for the production of particleboard or fiberboard, and the carbon continues to remain in these new products.

The consultant stressed the following in his presentation as recommendations:

- Tropical timber are generally strong and durable, and if manufactured into high quality products and used appropriately, they can have longer life spans and keep more carbon stocks for longer period;
- Quantification of carbon removals and emissions from the production and use of major high quality tropical timber products, including the estimation of their life spans and retirement rates, would increase their competitiveness in markets; and
- It may also enhance the efforts of ITTO producer countries in contributing to the mitigation of climate change, including through the development and improvement of INDCs, and increase opportunities for cooperation with the ITTO consumer countries in the framework of HWP.

The consultant concluded his presentation by appreciating Sumitomo Forestry Co., Ltd, PT Kutai Timber Indonesia (KTI) and Asahi Woodtec Corporation for providing valuable data and information on the production and use of plywood and plywood based flooring.

(viii) Application for accreditation to the Green Climate Change Fund [CRF(XLIX)/14] and Promotion of the development of “Guidelines for Environmental and Social Risks and Impacts Assessment in ITTO Projects” [CRF(XLIX)/13]

The Secretariat informed the Committees at the joint session regarding the recent development in the Green Climate Fund (GCF), including its accreditation process, and the actions the Secretariat had taken to fulfill the requirements for the accreditation, as follow:

- The GCF is an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). The objective of the GCF is to support developing countries in reducing emissions and adapting to climate change by channelling financial resources. The GCF finances, among others, projects and programmes to reduce deforestation and forest degradation and enhance sustainable management of forests and forest carbon stocks. Access to the funds is provided through accredited entities.
- The Secretariat of the GCF opened a call for the submission of application for the accreditation in November 2014. The applicants are required to demonstrate competence and capabilities in: administrative and financial management; project management; assessment and management of environmental and social risks and impacts; and gender consideration. ITTO Secretariat submitted an application in January 2015 and received a set of inquiries and comments on the application in February from the GCF Secretariat.
- Taking into account the size and capacity of the ITTO Secretariat, some of the institutional measures required for the accreditation had been substituted by the existing measures with necessary enhancement. The Secretariat had also developed drafts of the following instruments, as well as a Draft ITTO Guidelines on Achieving Gender Equity and Empowering Women developed under ITTO Biennial Work Programme 2015-2016 based on the results of a series of consultations with the GCF Secretariat and in-depth assessment of the accreditation requirements:
 - Draft Anti-money laundering and Counter-terrorism Financing Policy; and
 - Draft Guidelines on Environmental and Social Risks and Impact Assessment in ITTO Projects.
- By the end of May 2015, 55 entities had submitted application, of which 20 entities had been accredited to the GCF. By November 2014, 33 countries had pledged USD 10 billion for the GCF, of which 22 countries had signed agreement for a total of over USD 5.4 billion by the end of May. With the attainment of 50% threshold, the GCF came into a position to start financing projects and programmes. Since June 2015, 37 proposals for projects and programmes had been submitted by the accredited entities requesting around USD 1.5 billion.

- In consideration of the outstanding level of the mobilized fund, the accreditation to the GCF would provide ITTO with a significant funding opportunity. The accreditation process was also expected to bring ITTO a good opportunity to update and upgrade its administrative, financial and operational functions and performance with improved compliance, accountability, efficiency and effectiveness. The drafted instruments would need to be incorporated into ITTO project manuals ultimately in order to make them operational.

The Secretariat further informed the Committees that the Draft Guidelines on Environmental and Social Risks and Impacts Assessment in ITTO Projects and the Draft ITTO Guidelines on Achieving Gender Equity and Empowering Women had already been presented and discussed at the sessions of the respective Committees. The Secretariat concluded its presentation by seeking comments and guidance from the Committees on the contents, as well as the process to be taken toward the finalization and operationalization of the instruments.

The Committees recognized the opportunity available to ITTO in the accreditation to the GCF in general and appreciated the efforts of the Secretariat for the improvement of its policies and institutional mechanisms and procedures, including the development of drafts for the three policy instruments forwarded to the Committee for its consideration.

The Delegations of Cameroon and Indonesia asked the Secretariat about the potential impacts of these policy instruments on the formulation and implementation as well as the funding of ITTO projects and thematic programmes. The Secretariat informed the Committees of the process which is to follow the adoption of the instruments and the accreditation to the GCF, including the incorporation of the instruments into ITTO project manuals and the submission of project proposals to the GCF. The Secretariat further informed the Committees, in this regard, that impacts should be foreseen on the formulation, implementation and funding of ITTO projects and programmes.

The Delegation of the USA sought clarification on the work that had been already carried out by the Secretariat internally as well as on the deadline set by the GCF for the submission of applications, if any. She also noted the possible additional burden on the project proponents in light of the on-going challenges in project formulation. The Secretariat responded by informing the Committees that: (i) some of the accreditation requirements had already been fulfilled by the Secretariat by reinforcing the existing mechanisms and procedures; (ii) considerable increase in the burden on project proponents is not anticipated in consideration of the nature of ITTO projects; and (iii) no deadline has been set up so far in the accreditation process.

The representative of the EU pointed out that the issue of the impairment of investments has to be dealt with rapidly, thoroughly and in an exemplary transparent way and appropriate measures need to be taken. The Delegation of the USA reminded the Committees of the need for strong leadership of the Executive Director in carrying out the work, which requires significant resources. She also asked the Secretariat whether the feedback from the GCF Secretariat on ITTO application could be made available to members upon request.

The Chairperson of the joint session of the Committees concluded the discussion by proposing that the issue of the accreditation application should be continued at the next session of the Committees taking into account the consensus having been reached on the Draft Guidelines on Environmental and Social Risks and Impacts Assessment in ITTO Projects and the Draft ITTO Guidelines on Achieving Gender Equity and Empowering Women. The Committees accepted the proposal forwarded by the Chairperson.

With regard to the development of draft guidelines for environmental and social risks and impacts assessment (ESIA) in ITTO Projects, the Secretariat informed the Committee that the draft guidelines have been documented as CRF(XLIX)/13 with the engagement of two international consultants: Dr. James Gasana (Switzerland) and Mr. Ricardo Umali (Philippines) by using the funds pooled for ex-post evaluation.

The consultant, Dr. James Gasana, presented the draft guidelines for environmental and social risks and impacts assessment (ESIA) in ITTO Projects. He highlighted that environmental and social sustainability are important dimensions in ITTO projects, and explained that the draft guidelines for ESIA aim to provide a tool that governs the process of determining a project's environmental and social category and the resulting environmental and social assessment requirements. In the draft guidelines, five principles underpin the ESIA processes. These principles are: environmental sustainability, social sustainability, gender equality, forest governance and security of tenure. Dr. Gasana also showed the role to be played by ITTO's management

systems in the ESIA process at project level from project screening to monitoring and evaluation. He then highlighted environmental and social requirements in eight key working areas.

On the procedure of further reviewing the draft guidelines for ESIA, the Secretariat explained three alternatives to the consideration by the Committee: (i) to adopt the guidelines subject to amendments proposed by members during the Fifty-first Session of the Council; (ii) to adopt the guidelines through an electronic no-objection procedure by addressing comments to be made by members; and (iii) to continue discussion at next session of the CRF in November 2016.

During the discussion, the Delegation of EU welcomed the draft guidelines for ESIA. The Delegations of Cameroon and Indonesia asked whether additional costs will be required during project formulation in accordance with new guidelines for ESIA. The consultant responded that it would depend on the type of proposal and there would be no additional costs for proposals under category C of the proposed preliminary project categories for ESIA screening. He commented that past evaluations have shown that the performance of ITTO's projects as far as environmental sustainability is concerned has generally been high, adding that the performance as far as social sustainability is concerned was not as high. He said that the guidelines for ESIA are a tool to facilitate the determination of a project's environmental and social category and the resulting requirements. The Delegation of USA underlined the importance of the draft guidelines for ESIA and recommended that the draft guidelines be streamlined in a user-friendly way for further review at next session of the Committee. She also highlighted that there is a need to improve the environmental and social aspects of ITTO projects, with or without the process of accreditation of ITTO to the GCF.

The Committee commended the consultant for his report and presentation. The Committee decided to continue discussion on the draft guidelines for ESIA at next session of the CRF in November 2016 and recommended the following deadlines: revise the draft guidelines for ESIA by streamlining and simplifying; make available to members the revised draft guidelines for ESIA on the ITTO website on 15 March 2016 in order to receive feedback from members by 30 June 2015; and submit the final draft guidelines for ESIA incorporating comments received from members as CRF document for its 49th session in November 2016.

(ix) Revision of ITTO C&I [Activity 10(b), ITTO Biennial Work Programme 2013-2014 / Decision 2(XLVIII)] [PP-A/48-273]

The Secretariat introduced the revised ITTO C&I, noting that they had been posted on the ITTO website for an on-line no objection process to receive inputs from members from August through October 2015. It noted that the revision had taken account of ITTO's significant work on C&I since the last revision in 2005 and the evolution in the global forestry landscape. Wholesale changes to the C&I had been avoided to ensure countries could continue using existing national forest monitoring, assessment and reporting frameworks with only minor modifications if they wished to apply the revised C&I at national level.

The consultant, Dr. Jurgen Blaser, provided a presentation focusing on the process and nature of the revision and addressing the comments received from members during the no-objection period. Four countries (Malaysia, New Zealand, the Philippines, and Portugal) provided written comments on the introductory text and a number of indicators that will be taken account of in the finalization of the C&I. Additional comments received from the Committee focused on how the revised C&I relate to existing national C&I, the use of the principle of governance and participation under criteria 1, and on how safeguards issues are dealt with in the revised C&I. All of these comments will be addressed in the revised ITTO Criteria and Indicators prior to its finalization in the first quarter of 2016.

Item 10 – Report on Approved Projects and Pre-projects

10.1 Projects

The Committee took note of a status report [document CRF(XLIX)/3] prepared by the Secretariat on projects in the field of Reforestation and Forest Management, that have been approved by the Council, and which are either: A) in the process of implementation (35), B) awaiting the signing of an Agreement (2), C) projects awaiting financing (30), or D) falling under the sunset provision since the last Session (6).

The Committee noted the reports on the progress of these projects in the above document. In view of the desire of the Committee to further streamline its work in accordance with Council Decision 4(XXV) Annex

A, Section VI.1, the Committee requested the Secretariat and Members to limit the reporting and discussion during the Session to those projects that are:

- having implementation problems;
- requiring additional funds;
- requesting extension in time of more than 6 months beyond the original duration of the project; or
- requesting essential major modifications of the work plan and budget.

The Secretariat informed that projects that have been declared as completed in previous Committee Sessions but are still pending final financial audit reports were re-inserted in this session as projects under implementation. The Secretariat also informed that, as per ITTO regulations, Executing Agencies pending submission of financial audit reports do not qualify for further disbursements in any other ITTO projects they may be implementing. The Committee urged all Executing Agencies in this situation to submit financial audit reports as soon as possible in order to comply with the regulations.

The Committee then proceeded to discuss the issues associated with a number of projects. Details of these discussions are as follows:

(A) Projects under implementation

1) PD 20/99 Rev.2 (F) Establishment and Management of Production-Protection Community Forests in Lower and Middle Atrato, Department of Choco, Colombia (Colombia)

The Committee recalled that at its two previous sessions it had urged the Executing Agency to immediately submit a satisfactory financial audit report for 2010, apply for a reasonable extension in time, without additional funds, for an approximate period of 18 months (as three 6-monthly ITTO disbursements totaling US\$ 240,000 are still pending), and further submit to the Secretariat a formal request with a justification for the aforementioned extension in time, together with any required budget amendments and an updated detailed Work Plan and Yearly Plan of Operations, in order to successfully complete the project's activities. Since the Forty-eighth Session of the Committee and in accordance with the ITTO Regional Officer's report, the Executing Agency submitted revisions of the aforementioned progress report, YPO and a request for an extension in time, but upon review by the ITTO Regional Officer these were considered to continue being unsatisfactory, and sent back once again for the required adjustments. The ITTO Regional Officer further informed that in reviewing the most recent audited report it appeared that some US\$ 40,000 of ITTO funds had been diverted to cover some expenses unrelated to the project, but that the EA had the intention of reimbursing these funds to the project shortly, and that efforts were currently being undertaken by the EA to produce the aforementioned pending documents.

In this light, the Committee once again urged the Executing Agency to immediately submit all previously mentioned documents, including a detailed written report justifying the unauthorized expenditures from the EA and initiate the actions required to reactivate the project, or otherwise request it be terminated. In addition, the Committee recommended a monitoring mission or an independent mid-term evaluation be carried out to assess the current status of the project, and further provide unanimous recommendations on the actions needed in order to either continue or close the project, in accordance with ITTO's rules of procedure.

2) PD 346/05 Rev.2 (F) Conservation and Recovery of Degraded Land in Family Agriculture Units in the Eastern Brazilian Amazon (Brazil)

The Committee noted that since its Forty-eight Session the Executing Agency EMBRAPA had submitted the audit report for 2014, an updated yearly plan of operations until July 2015, a progress report to December 2014, and a draft article for TFU, among others, and that the last tranche of funds was disbursed to in May 2015; and that EMBRAPA is currently preparing to finalize the scheduled activities by December 2015, according to a draft extension in time request. Nonetheless, the ITTO Regional Officer noted that EMBRAPA failed to present the most recent progress report, due to be delivered until July 31, 2015, and is currently following up for its prompt submission. As such, the Committee once again urges the Executing Agency to strictly abide to ITTO's procedures and scheduling, and periodically submit all pending documents following ITTO's guidelines and formats and within the established deadlines.

3) PD 351/05 Rev.1 (F) Criteria and Indicators for the Evaluation of Tropical Forest Management Sustainability in Mexico (Southeastern Coastal Plains: Gulf of Mexico and Yucatan Peninsula) (Mexico)

The Committee took note that since its Forty-eighth Session the Executing Agency had submitted the majority of the technical documents and other project outputs produced by the project and that it is currently finalizing its completion report. These publications are to be uploaded onto the ITTO website upon project completion for further dissemination to all our member countries and other interested parties. This project is expected to be reported as completed to the CRF at its next session in 2016.

4) PD 367/05 Rev.2 (F) Promotion of the Sustainable Management of Tropical Planted Forest in Congo's Tropical Forest Plantations (Republic of Congo)

The Committee noted that the implementing agency has already submitted the completion report, and it should be documented and reported as completed at the next Committee session, if the final financial audit report is submitted in due time. The Delegation from the Republic of Congo informed the Committee that appropriate arrangements with the Executing Agency should lead to the submission of the final financial audit report by March 2016. Therefore, the Committee decided to urge the implementing agency to submit the final financial audit report at its earliest convenience, not later than end of March 2016.

5) PD 454/07 Rev.3 (F) Community Forest Management: A Sustainable Alternative for the Maues State Forest, Amazonas State (Brazil)

The Committee took note that, in accordance with the report received from the ITTO Regional Officer, project development was very slow in 2015. The Executing Agency had difficulties in the preparation of documents, usually with missing data, incomplete information and systematic delays in its delivery, basically due to problems with the project staff which forced it to reshuffle its personnel. However, the Executing agency appears to have sorted these issues out and further requested an extension in time until December 2016, which was granted in September 2015. It has also very recently submitted a proper progress report, an updated yearly plan of operations, the 2014 Annual audit and a request for the third disbursement of funds. In this light, the Committee urged the Executing Agency from now onwards to strictly abide to ITTO's procedures and scheduling, and periodically submit all documents following ITTO's guidelines and formats and within the established deadlines.

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

The Committee noted that the Secretariat received a satisfactory Annual Financial Audit Report for 2013 and the Secretariat is waiting for Annual Financial Audit Report for 2014 to transfer next installment in accordance with the project agreement. The Delegation of PNG informed the Committee that the Executing Agency, PNG Forestry Authority is currently working for Annual Financial Audit Report for 2014 with engagement of an independent audit company and this report will be submitted soon to ITTO.

7) PD 577/10 Rev.1 (F) Management of the Emerald Triangle Protected Forests Complex to Promote Cooperation for Transboundary Biodiversity Conservation Between Thailand, Cambodia and Laos - Phase III

The Delegation of Cambodia informed the Committee that this project will organize a regional conference on "Biodiversity Conservation in Tropical Forests of Greater Mekong Sub-Region" from 23-25 March 2016 in Siem Reap, Cambodia. He said that this regional workshop will be organized with many partners including Thai Royal Forest Department, Champasak University of Lao PDR and CBD Secretariat in line with the ITTO/CBD Initiative to stimulate best practices of conservation of biological diversity in the region. He encouraged greater participation from member countries, universities, research institutions and civil societies in the upcoming regional biodiversity conference in March 2016 in Cambodia.

(B) Projects awaiting implementation agreement

- 1) **PD 452/07 Rev.5 (F) Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase II (Brazil)**

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

- 2) **PD 725/13 Rev.2 (F) Rehabilitation of Degraded Forest Land in the Ahua Forest Reserve by the Women Members of Association Malebi in Compensation for the Forest Resources Removed to Meet the Need for Fuel Wood (Charcoal and Fire Wood) (Côte d'Ivoire)**

The Secretariat informed the Committee that the Project Agreement was sent to Cote d'Ivoire for the signing process by the relevant parties, in March 2015. The signing of the agreement has been delayed, for several months, due to the bureaucratic procedures/formalities required to get beforehand the no-objection of several ministries (Foreign Affairs, Finance and Forestry) in Cote d'Ivoire. The delegation from Cote d'Ivoire informed the Secretariat that the necessary efforts are made to finalize the signing process of the project agreement and to make sure that the project implementation could start early in 2016.

As no delegation from Cote d'Ivoire was present in the room during the discussion, the Delegation from USA wanted to know what measures were taken by the Secretariat to address this issue of great delay in finalizing the signing of the agreement. The Secretariat informed the delegation from USA that an ITTO Projects Manager will visit Cote d'Ivoire, from 25 to 28 November 2015, in order to discuss this issue with relevant institutions of Cote d'Ivoire and make sure that the project implementation could start early in 2016.

Therefore, the Committee took note that the signing process of the agreement, which should govern the implementation of this project, could be finalized shortly and that the project implementation could be expected to start early in 2016.

(C) Projects awaiting financing

The Committee noted that twenty-nine (30) projects approved at earlier and current Sessions are still awaiting funding, out of which ten (16) will be sunset if funding is not secured before the next Session.

- 1) *PD 554/09 Rev.3 (F) Pilot Sustainable Management Systems for Secondary Forests in the Collective Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia
- 2) *PD 618/11 Rev.4 (F) Establishment of Spatial Forest Resources Information System (SPA-FRIS) in West Papua Province (Indonesia)
- 3) *PD 684/13 Rev.3 (F) Biodiversity Conservation with Collaboration of Local Communities in Traditionally Owned Forest Areas of South Western Ghana
- 4) *PD 690/13 Rev.3 (F) Bamboo for Life: An Alternative for the Rehabilitation of Degraded Forests and Sustainable Rural Development in the Peruvian Amazon Region (Peru)
- 5) *PD 712/13 Rev.2 (F) Enhancing the Implementation of Landscape Management of Giam Siak Kecil-Bukit Batu Biosphere Reserve (GSK-BR) in Riau Province of Sumatra Island, Sumatra (Indonesia)
- 6) *PD 713/13 Rev. 2 (F) Operationalising the Policy on Sustainable Management of Sandalwood Resource Through Improved Livelihood and Increased Participation of Local Communities (Indonesia)
- 7) *PD 717/13 Rev.2 (F) Enrichment of Young Forest Plantations with Selected NTFPs for Livelihood Improvement and Support of Forest Fringe Communities in Atwima Mponua District of Ghana, in order to Secure and Protect the Resources on a Sustainable Forest Management Basis

- 8) *PD 721/13 Rev.2 (F) Building a Participatory and Inclusive Sustainable Forest Management Process for the Reduction of Deforestation and Forest Degradation in the Ixil Forest Areas of the Municipality of Nebaj, Quiché, Guatemala
- 9) PD 723/13 Rev.2 (F) Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar
- 10) *PD 733/14 Rev.2 (F) Promoting Forest Restoration through Multiple-Use of Degraded Forest Lands within Anwhiaso East Forest Reserve in Ghana
- 11) *PD 735/14 Rev.2 (F) Enhancing Partnership Efforts to Restore Peat Swamp Forests in Sumatra (Indonesia)
- 12) *PD 736/14 Rev.1 (F) Enhancing Conservation and Sustainable Production of Indonesian Rosewood (*Dalbergia* spp)
- 13) *PD 739/14 Rev.1 (F) Initiating the Conservation of Eboni Species (*Diospyros celebica* Bakh) Involving Local Stakeholders in Sulawesi (Indonesia)
- 14) *PD 741/14 Rev.2 (F) Capacity Building for Sustainable Management of Tropical Dry Forests on the North Coast of Peru
- 15) *PD 742/14 Rev.1 (F) Local Capacity Building for the Management of Secondary and Residual Primary Forests in the Provinces of Coronel Portillo and Padre Abad, Department of Ucayali, Peru
- 16) *PD 747/14 Rev.1 (F) Strengthening Community Forest Management Through the Implementation of Forest Training and Extension in Guatemala
- 17) PD 748/14 Rev.3 (F) Building Capacities and Meaningful Stakeholder Participation in Forest Governance to Contribute toward Sustainable Forest Management and Improved Livelihoods of Forest Dependent Communities in Honduras and Guatemala
- 18) *PD 752/14 Rev.1 (F) Restoring Mangrove Forest Landscapes: An Opportunity for Social Development at the Alvarado Lagoon System (ALS) Ramsar Site, Veracruz, Mexico
- 19) PD 754/14 Rev.2 (F) Rehabilitation and Sustainable Management of Sacred Forests on Ramsar Sites 1017 and 1018 in Benin
- 20) PD 762/14 Rev.2 (F) Developing and Implementing Improved Management Practices that Maintain and Enhance Forests and Biodiversity Protection, to Support SFM within the Context of Multiple Use in Guyana's Forest Dependent Communities
- 21) *PD 764/14 Rev.1 (F) Enabling Customary Landowners to Participate Effectively in Community Forest Management Schemes Within 6 Pilots Areas of PNG
- 22) PD 765/14 Rev.2 (F) Development of a Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines
- 23) PD 772/15 Rev.1 (F) Improved Application of Growth and Yield Models to Forest Management Planning in the Amazon Basin (Brazil)
- 24) PD 773/15 Rev.1 (F) Restoration and Maintenance of Environmental Services in Moist Tropical Pasture Lands - Criteria and Techniques for the Introduction and Use of Native Trees (Mexico)

- 25) PD 774/15 Rev.2 (F) Implementation of the Forest Management Plan of the Chepigana Forest Reserve, Choco-Darién Eco-Region, as a Conservation and Sustainable Development Alternative for a Protected Area (Panama)
- 26) PD 775/15 Rev.2 (F) Management and Restoration of the Forest Landscape in San Marcos, Guatemala and Chiapas, Mexico
- 27) PD 777/15 Rev.2 (F) Accelerating the Restoration of Cibodas Biosphere Reserve (CBR) Functions through Proper Management of Landscapes Involving Local Stakeholders (Indonesia)
- 28) PD 778/15 Rev.1 (F) Sustainable Forest Management, Conservation of Biological Diversity and Promotion of Landscapes for Socio-Ecologic Production in Indigenous Territories of the Uwalcox Micro-Watershed in Guatemala's Western Altiplano (Guatemala)
- 29) PD 785/15 Rev.1 (F) Phytosanitary Management of Commercial Forest Plantations in the Moist Tropics (Mexico)
- 30) PD 794/15 Rev.1 (F) Conservation and Sustainable Use of Mangrove Forest Resources in the Province of El Oro, Southern Ecuador

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

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

The Committee noted that five (6) projects have become sunset since its last Session.

- 1) PD 460/07 Rev.2 (F) Achieving Sustainable Management of Mangrove Forests in China through Local Capacity Building and Community Development – Phase II
- 2) PD 631/12 Rev.2 (F) Reforestation of Coastal Wetlands in Southern Ghana Using Indigenous Tree and Bamboo Species
- 3) PD 645/12 Rev.3 (F) Promoting Sustainable Forest Management of Rinjani Barat Forest Management Unit (Indonesia)
- 4) PD 665/12 Rev.2 (F) Implementation of a Fire Prevention and Control Plan in the Central Amazon Region of Peru
- 5) PD 695/13 Rev.2 (F) Rehabilitation of Degraded Gazetted Forests in the Mount Korhogo, Foubou and Badenou in Northern Côte d'Ivoire with the Involvement of Local Communities
- 6) PD 715/13 Rev.1 (F) Improving the Production, Conservation and Management of Forest Seeds in Benin

10.2 Pre-project

The Committee took note of a status report of approved pre-projects in document CRF(XLIX)3. The Committee discussed the issues associated with a number of pre-projects. Details of these discussions are as follows:

(A) Pre-projects under implementation

- 1) **PPD 94/04 Rev.1 (F) Evaluation of the Status of Forest Resources in Côte d'Ivoire (Côte d'Ivoire)**

The Committee took note that the implementing agency has not submitted the completion report and the final financial audit report. Therefore, the Committee decided to urge the implementing agency to take the necessary arrangements for the submission of these reports at its earliest convenience, not later than March 2016.

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

The Committee noted that the implementing agency has not submitted the final financial audit report of this pre-project, which was reported as completed, but pending the final financial audit report, at a previous CRF session. Therefore, the Committee decided to urge the implementing agency to submit the final financial audit report, at its earliest convenience, not later than end of March 2016.

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

The Committee noted that the implementing agency has already submitted the completion report and final technical report, and the pre-project should be documented and reported as completed at the next Committee session, if the final financial audit report is submitted in due time. Therefore, the Committee decided to urge the implementing agency to submit the final financial audit report, at its earliest convenience, not later than end of March 2016.

(B) Pre-projects awaiting implementation agreement

The Committee noted that there was no pre-projects awaiting implementation agreement.

(C) Pre-projects awaiting financing

The Committee noted that nine (7) pre-projects approved at earlier and current Sessions are still awaiting funding, out of which four (5) will be sunset if funding is not secured before the next Session.

- 1) *PPD 169/13 Rev.2 (F) Identification of a Project for the Reforestation and Management of the Large Ndjock-Lipan Forest Complex in the Bondjock, Departement of Nyong-and-Kélé, Central Cameroon
- 2) *PPD 170/13 Rev.2 (F) Identification of a Project in Support of Natural Regeneration and the Establishment of Forest Plantations in the Mbam-and-Kim Department (Cameroon)
- 3) PPD 177/14 Rev.1 (F) Inventory of Mangrove Ecosystem and Development of a Management Plan for Gabon
- 4) PPD 178/14 Rev.2 (F) Support to the Creation of Green Belts around the Waza, Benoué, Faro and Bouba Ndjidda National Parks (Cameroon)
- 5) *PPD 180/14 Rev.1 (F) Pre-Project for the Rehabilitation and Sustainable Management of the Mangrove Forests in the Coastal Area of Côte d'Ivoire
- 6) *PPD 181/14 Rev.1 (F) Feasibility Study on the Payment of Ecosystem Services Provided by Forests in Benin
- 7) PPD 182/15 Rev.1 (F) Supporting Protected - Area Communities in Afram Plains to Engage in Integrated Management of Economic Timber Species in Community Lands (Ghana)

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

(D) Pre-projects coming under the sunset provisions since the last Session

The Committee noted that four (4) pre-projects have become sunset since its last Session.

- 1) PPD 162/12 Rev.2 (F) Developing Model of Self-sufficient and Sustainable FMU (Indonesia)

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

Item 11 - Election of Chairperson and Vice-Chairperson for 2016

Dr. Nurudeen Iddrisu (Ghana) was elected as Chairperson for 2016. Ms. Marjukka Mähönen (Finland) was elected as Vice-Chairperson for 2016.

Item 12 - Dates and Venues of the Fiftieth and Fifty-first Sessions of the Committee

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

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

Item 13 - Other Business

The Committee was informed that Mr. John J. Leigh would retire soon from the ITTO Secretariat and the Chairperson requested the Committee to applaud him for his services in the Organization during 23 years of work. The Delegations of Peru, Benin and USA expressed appreciation to Mr. Leigh for his dedicated contributions to the work of the Committee and the Organization.

Item 14 - Recommendations to the International Tropical Timber Council

The Committee recommended that funding be made immediately available for the following projects and pre-project approved under the Project Cycle Spring 2015 and Project Cycle Autumn 2015:

Projects

- | | |
|---------------------|---|
| PD 748/14 Rev.3 (F) | Building Capacities and Meaningful Stakeholder Participation in Forest Governance to Contribute toward Sustainable Forest Management and Improved Livelihoods of Forest Dependent Communities in Honduras and Guatemala [ITTO Budget: US\$ 587,961] |
| PD 754/14 Rev.2 (F) | Rehabilitation and Sustainable Management of Sacred Forests on Ramsar Sites 1017 and 1018 in Benin [ITTO Budget: US\$ 591,618] |
| PD 762/14 Rev.2 (F) | Developing and Implementing Improved Management Practices that Maintain and Enhance Forests and Biodiversity Protection, to Support SFM within the Context of Multiple Use in Guyana's Forest Dependent Communities [ITTO Budget: US\$ 601,552] |
| PD 765/14 Rev.2 (F) | Development of a Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines [ITTO Budget: US\$ 601,944] |
| PD 772/15 Rev.1 (F) | Improved Application of Growth and Yield Models to Forest Management Planning in the Amazon Basin [ITTO Budget: US\$ 143,920] |

- PD 773/15 Rev.1 (F) Restoration and Maintenance of Environmental Services in Moist Tropical Pasture Lands - Criteria and Techniques for the Introduction and Use of Native Trees [ITTO Budget: US\$ 151,200]
- PD 774/15 Rev.2 (F) Implementation of the Forest Management Plan of the Chepigana Forest Reserve, Choco-Darién Eco-Region, as a Conservation and Sustainable Development Alternative for a Protected Area [ITTO Budget: US\$ 655,213.44]
- PD 775/15 Rev.2 (F) Management and Restoration of the Forest Landscape in San Marcos, Guatemala and Chiapas, Mexico [ITTO Budget: US\$ 899,461]
- PD 777/15 Rev.2 (F) Accelerating the Restoration of Cibodas Biosphere Reserve (CBR) Functions through Proper Management of Landscapes Involving Local Stakeholders [ITTO Budget: US\$ 564,491]
- PD 778/15 Rev.1 (F) Sustainable Forest Management, Conservation of Biological Diversity and Promotion of Landscapes for Socio-Ecologic Production in Indigenous Territories of the Uwalcox Micro-Watershed in Guatemala's Western Altiplano [ITTO Budget: US\$ 699,581]
- PD 785/15 Rev.1 (F) Phytosanitary Management of Commercial Forest Plantations in the Moist Tropics [ITTO Budget: US\$ 1,497,321.61]
- PD 794/15 Rev.1 (F) Conservation and Sustainable Use of Mangrove Forest Resources in the Province of El Oro, Southern Ecuador [ITTO Budget: US\$ 724,391]

Pre-projects

- PPD 178/14 Rev.2 (F) Support to the Creation of Green Belts around the Waza, Benoué, Faro and Bouba Ndjidda National Parks [ITTO Budget: US\$ 86,240]
- PPD 182/15 Rev.1 (F) Supporting Protected - Area Communities in Afram Plains to Engage in Integrated Management of Economic Timber Species in Community Lands [ITTO Budget: US\$ 79,072]

Item 15 - Report of the Session

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

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16 – 21 November 2015
Kuala Lumpur, Malaysia

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**THIRTIETH SESSION OF THE
COMMITTEE ON FINANCE AND ADMINISTRATION**

Item 1: Opening of the Session

1. The Chairperson of the Committee on Finance and Administration (CFA), Mr. Gilbert Kaya of the Republic of Congo, welcomed all delegates to the Thirtieth Session of the Committee.

Item 2: Adoption of Agenda and Organization of Work

2. The Chairperson referred to the Provisional Agenda as contained in document CFA(XXX)/1 Rev.1. He opened the floor for comments on the proposed agenda.

3. The delegate of the Central African Republic requested the Committee to consider their letter requesting write-off of arrears as was done in the case of Liberia in the past. The Chairperson confirmed that this item will be raised under Item 15 of the Provisional Agenda, "Other Business." As there were no further issues raised, the Committee adopted the Provisional Agenda as contained in document CFA(XXX)/1 Rev.1.

4. The Chairperson proposed that the Committee takes up the Agenda items one by one as listed in the Provisional Agenda. However, due to the importance of the issue of impairment of investment, agenda item 9, Report of the Independent Public Accountants, was decided to be introduced right after item 4. It was also proposed that item 10, Staff Regulations and Rules, be introduced before moving on to item 5, Draft Biennial Administrative Budget for the years 2016 and 2017, to see if there will be substantial discussions, since item 10 may have financial implications to the Draft Administrative Budget.

Item 3: Admission of Observers

5. The Chairperson advised the Committee that the Council had admitted all applicants except Bruno Manser Funds as shown in document ITTC(LI)/Info.3 which lists states, inter-governmental and non-governmental organizations applying for Observer status.

Item 4: Reports of the Expert Panel for Technical Appraisal of Project Proposals

6. The Chairperson advised the Committee that the Report of the Forty-eighth and Forty-ninth Meetings of the Expert Panel for Technical Appraisal of Project Proposals (Documents ITTC/EP-48 and ITTC/EP-49) were deliberated and concluded at the Joint Session of the Committees convened on 16 November 2015. The Joint Session had not requested the CFA for any follow-up.

Item 5: Draft Biennial Administrative Budget for the Years 2016 and 2017

7. The Secretariat presented the Draft Administrative Budget for the 2016 and 2017 Financial Biennium as contained in Document CFA(XXX)/2 Rev.1 dated 16 November 2015. The version of the Draft Administrative Budget for the 2016 and 2017 Financial Biennium [Document CFA(XXX)/2] dated 31 July 2015 was circulated to the Committee Members earlier, which contained explanatory notes for each budget heading. The revision was subsequently made to reflect the payment of assessed contributions from Thailand, who became Members after 31 July 2015.

8. The 2016-2017 biennium budget was constructed using the United Nations official exchange rate for July 2015 of 1 US\$ = Yen 123.41. The budget for 2016 had been estimated at US\$7,435,997 and the budget for 2017 has been estimated at US\$7,112,522. The total budget for 2016 represents a decrease of US\$253,508 (3.30%) compared to the approved budget for 2015 and the total budget for 2017 represents a decrease of US\$576,983 (7.50%) compared to the approved budget for 2015. The decrease in the budgets for the biennium was mainly due to weakening of the Japanese Yen against the US Dollar. In preparing the 2014-2015 budget, the prevailing exchange rate was 1US\$ = Yen 98.23. For the 2016-2017 budget the exchange rate was 1US\$ =Yen 123.41.

9. It was noted that Rule 3 of the Financial Rules and Rules Relating to Projects of ITTO states inter-alia that “should very exceptional circumstances so require, the Executive Director may submit to the Council proposals for supplementary expenditure during any financial year.

10. The “Basic Administrative Costs” for the 2016-2017 biennium as shown in Table 1 (pages 3-4) indicates a decrease of US\$300,508 (4.42%) for 2016 compared to the budget of 2015 and a decrease of US\$583,983 (8.59%) for 2017 compared to the budget of 2015.

11. The Secretariat reported that new elements introduced into the Basic Administrative Costs component of the Budget for 2016-2017 were the following:

- Hiring of accreditation experts and domain knowledge experts to improve and strengthen its proposal to the Green Climate Fund (GCF). The amount of US\$50,000 was proposed in 2016 to cover the costs of the consultancy. (E1. Consultants);
- A provision of \$30,000 for 2016 to complete the training and verification process for the proper implementation of the International Public Sector Accounting Standards(IPSAS) (G8. Audit) which started in 2015;
- Pursuant to the recommendations of the CFA at its 29th Session, the ITTO Secretariat had prepared recommendations for amendments to the ITTO Staff Rules and Regulations. The major financial implication to the budget was \$133,000/year increase (D2. Accident/Health Insurance) for amendments to Rule 504 (Accident and Health Insurance.);
- The positions of Project Manager in the Division of Forest Management, Programme Assistant (50% charged to Programme Support), Fellowship Assistant, which are core positions of the Organization, were proposed to be moved from the Programme Support to the Administrative Account. The increase in the Basic Administrative Costs (A. Salaries and Benefits) was estimated at US\$430,000 per year; and
- Additional provisions were made for 2016 in A11. Separation Benefits, A12. Removal Costs, A13. Repatriation/Recruitment Travel, B1. Assignment Grant, B2. Lump-sum Benefit for the separation of three (3) staff in the Professional and Higher Category who will be reaching their retirement age or the end of their mandate and the recruitment of their replacements.

12. The “Core Operational Costs” shown in Table 2 (page 5) indicated an increase of US\$47,000 (5.26%) for 2016 compared to the budget of 2015 and an increase of US\$7,000 (0.78%) for 2017 compared to the budget of 2015. The main additions to the budget were as follows:

- **R1.Market Information Service (MIS):** An increase of US\$7,000 per year was proposed to allow modest increases for correspondents whose performance justifies it; and
- **S2.Biennial Review:** As the Biennial Review of the International Timber Situation (Article 28 of the ITTA, 2006) becomes due in 2016, US\$40,000 was set aside for its production.

13. The assessed contributions of Members for the 2016 and 2017 biennium were attached as Annex III.

14. The delegate of the United States of America inquired the reasons for the significant increase in budget items A.7 Home Leave, A.11 Separation Costs, and D.2 Accident and Health Insurance. The Secretariat provided the reasons as contained in the explanatory notes in Document CFA(XXX/2 dated 1 July 2015.

15. The delegate of Papua New Guinea sought clarifications from the Secretariat whether the investments in question had been reflected in the expenditure statement in the document. The Secretariat informed that the investments are in the Special Account and therefore presented separately from the Administrative Account.

16. The delegate of Japan inquired which budget headings would be affected by the amendment to the Staff Regulations and Rules. The Secretariat responded that the major change would be an increase in D.2 Accident and Health Insurance, should the modification proposed in Rule 504 as presented in Document CFA(XXX)/7 be adopted.

17. The delegate of the United States of America requested the Secretariat to include a detailed monthly cash management statement as well as a detailed expenditure report in future statements of the Administrative Budget, and that they can recommend the proposed budget should this request be met. The Secretariat took note of the request.

18. The delegate of Switzerland, followed by the delegate of the European Union (EU), requested the Secretariat to give reasons as to why the three positions currently financed under the resources of the Special Account, namely, the Programme Support Costs, are to be moved under the Administrative Budget. The delegate of Germany noted that when the restructuring of the organization took place, the general idea was to decrease the number of posts as there were too many, and also to decrease the number of posts that were being funded by the Programme Support Costs, as the source of funding was dwindling and unstable. At that time some of the core positions, or non-project positions, such as the Monitoring Officer, were financed under the Programme Support Cost, which was not a healthy way of financing the position.

19. The delegate of the EU stated that, even though the proposed biennial budget for 2016-2017 has a decrease compared to the previous biennium, this is mainly due to the fact that the budget was prepared on the basis of the exchange rate of July 2015 and that it does not give good reason to sustainably finance these three positions from the Administrative Account in the future years due to fluctuations in the foreign exchange rate. The delegate of EU stated that it would be prudent to adopt the average rate of the foreign exchange of the last two years to have a realistic view of the costs involved. The delegate of the EU added that there are too many high positions in the ITTO Secretariat compared to other international organizations, and that less funding to projects means less work on projects, which should be reflected in the workload of the Secretariat and the number of its posts.

20. The delegate of the EU, followed by Switzerland, requested that the Terms of Reference and details of cost implications of these three positions be made available to the Committee.

21. The delegate of the EU proposed that the accreditation to the GCF be deferred to the year 2017 or later due to the adverse effects of the loss of investment of \$6 million, thus recommended that this component of \$50,000 in E.1 Consultants, be removed from the 2016 proposed budget. The Secretariat noted the proposal.

22. The delegate of Switzerland raised the issue where the investigation on investments shall be financed from. The Secretariat responded that the Working Capital Account may be the source. Following the inquiry from the delegate of the European Union, the Secretariat informed the Committee that there is no cap to the Working Capital Account, and any savings from the Administrative Budget as well as assessed contributions received late, will be added to this account. The Secretariat further informed the Committee that any utilization of the Working Capital Account shall be decided by Council.

23. The delegate of the European Union requested the Secretariat to provide the average balance of the Working Capital Account, the minimum balance of the Working Capital Account, and whether there was any problem in the cash flow of this account in the past. The delegate of the European Union also asked whether the Working Capital Account may be a source to offset the loss of investment that was being discussed during the Session, and that the Secretariat should prepare a budget for the investigation. The delegate of the United States of America informed that the Working Capital Account is separate from the Draft Administrative Budget that is being discussed under the current agenda item.

24. The delegate of the United States of America requested that the Organizational Chart of the Staff be made available to the Committee so that further deliberation could be made on the three positions proposed to be moved under the Administrative Account.

25. The Secretariat informed the Committee that the Organizational Chart, the TORs and the cost implications had been made available. The costs associated with the revision of the staff rules such as A11, A12, C1, E1 (GCF Consultancy) had been removed from the revised budget document. Only the costs related to the extension of the Health Insurance scheme for locally recruited staff had been retained. Consequently the reduction in the budget for 2016 was \$53,700 and for 2017 the reduction was \$3,700. The cost of shifting positions to the Administrative budget for the Project Manager (P-4) was \$224,644; for the Programme Assistant \$137,165 and for the Fellowship Coordinator \$71,322.

26. The delegate of EU commented that the number of posts remained the same as provided at page 22 of the revised budget and wanted to know if there was residual work of the previous fellows that needed to

be completed this year. The delegate of Benin commended the Secretariat for its high quality of work and called for seeking arguments to retain the posts in the interest of financial and social responsibility, security and continuity of tenure. The delegate of Benin added that there would be costs of training that would need to be taken into account. The delegate of Switzerland commented that the matter was delicate as it affects the future of individuals and there was the need for more information and creative suggestions that justified the work in core activities and projects.

27. The Secretariat clarified that at the Twenty-ninth session of the Committee, the Panel on Sub-Account B of the Bali Partnership Fund (BPF) allocated \$100,000 to the Fellowship Programme. Since there were funds available under the BPF-B account this year, the BPF Panel could consider allocating more funds to the Fellowship Programme. Regarding the other position of Programme Assistant, the Secretariat informed that the prevailing exchange rate had reduced the available funds under the CITES programme, and there was the need, at least on temporary basis, to shift fifty percent of the salary of the Programme Assistant to the Administrative Account. With regard to the position of the Project Manager (P-4), the Secretariat explained the functions of the position indicating that the Project Manager was responsible for all Projects and Activities in the African region. The EU had earlier, at the 48th ITTC, proposed that all Project Managers should come under the Administrative budget.

28. The delegate of EU inquired if the EU was consulted about taking away the post funded by the CITES programme in which case the EU may have to withdraw the funding. The delegate of Germany inquired if the only reason to shift the post to the Administrative budget was the shortfall of funds and the inadequacy of money for the Fellowship programme and Projects. The Officer in-Charge, ITTO informed that the EU was aware of the shortfall in funds due to the adverse exchange rate and the impact it would have on the post of the Programme Assistant. The EU delegate informed that she would check with the EU and revert on the matter of funding the post under the CITES programme. The delegate later confirmed that this was acceptable.

29. The delegate from Cameroon stated that the Producers may support the proposal to take on the extra cost involved by shifting posts to the Administrative budget for a period of one year. The Secretariat clarified to the delegate of USA that there is flexibility to change the posts back, if required. Based on future funding the Swiss delegate asked if the Secretariat can proactively revisit the matter of funding these posts after two years during the next financial biennium.

30. The delegate of EU wanted a document that clarified the posts under the regular budget; project staff and Programme Support staff in line with the United Nations rules. The Officer in-Charge suggested that the status quo could be maintained for the posts under Programme Support Costs and new funding may have to be found for the ongoing fellowships. The Committee was informed that the meeting of the BPF-B would be convened that afternoon i.e., 20th November. The available balance under the Programme Support was \$1.2 million.

31. The delegate of the Papua New Guinea sought clarification from the Secretariat to provide advice on financial regulations on donor moneys when program or projects lifespan have reached their limits. The Secretariat clarified that any savings under a project has to be returned to the donors. The delegate of Brazil wanted to know if there was room to revisit the funding of the posts next year. The Officer in-Charge informed that the Secretariat will review the staffing levels/workloads and based on the available funding the situation could be reviewed.

32. The delegate of Germany wanted to retain the \$50,000 for the accreditation for GCF for the next year as the opportunity for funding should not be missed in the light of dwindling resources of the Organization. While taking into account the results of the investigation on investment. There was no objection to the proposal.

33. Since there were no other comments, the budget for the financial biennium 2016-2017, as set out in Document CFA(XXX)/2 Rev.3, was approved by the Committee. It was noted that, given the uncertainties, there might be a need to revisit the budget for 2017.

Item 6: Review of Contributions to the Administrative Budget

34. The Secretariat introduced document CFA (XXX)/3 dated 16 November 2015. This document detailed the status of Members' contributions to the Administrative Budgets for the financial years from 1986 to 16

November 2015, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed the Committee that, in 2015, \$2,781,906.18 had been received from Producer Members out of the total net assessment of \$3,776,361.60; and \$4,070,781.00 had been received from Consumer Members out of the net assessed amount of \$4,111,900.00. The Secretariat further informed that the assessed contributions of Thailand and Croatia for 2015 were US\$35,858.98 and US\$27,938.00 respectively and that both members have paid their assessed contributions which have been credited to the Working Capital Account.

35. The Committee noted that the arrearages in contributions to previous years' budgets from Producer Members amount to \$3,412,410.91 and arrearages from Consumer Members amount to \$126,065.00. Furthermore, the arrearages in contributions from former members of the Organization amount to US\$1,823,157.28 bringing the total outstanding arrearages to US\$6,397,207.61.

36. The delegate of Benin announced that they have paid their assessed contribution very recently. The Secretariat noted their announcement and confirmed that the statement will reflect any new contributions received, once the funds are deposited in the Organization's bank account.

37. The delegate of Switzerland questioned the Secretariat why the arrears of former Members are still kept in the statement. The Secretariat responded that under the current rules there are no provisions where long-time arrearages are automatically written off. Paragraphs (1) and (2) of Article 33 of the International Tropical Timber Agreement, 1994, "Relief from Obligations" state that a write-off of arrears to the Assessed Contribution should be made through an individual request from the concerning member, and requires a Council Decision to be effected.

38. The delegate of the European Union asked whether under the IPSAS, which will soon be implemented to the accounting of the Organization, would such long-time arrears be automatically written off after a certain timeline. The Secretariat confirmed that, while IPSAS indeed makes a provision for write-off for long-time arrears (over 4-5 years), under the rules of the ITTO, a Council Decision will be required to formally write off the arrears.

39. The Committee took note of the report.

Item 7: Current Status of the Administrative Account

40. The Secretariat introduced document CFA (XXX)/4, dated 16 November 2015, on the current status of the Administrative Account for the financial year 2015 together with the estimated expenditures for the current year. The Secretariat informed the Committee that the estimated total expenditures for the financial year 2015 would amount to \$6,742,847.60 (i.e. \$946,657.40 less than the total amount approved in the budget for 2015 of \$7,689,505.00) and that the savings had been achieved through stricter control of expenditures and other prudent financial management measures instituted by the Secretariat.

41. The Secretariat further informed the Committee that the total contributions received from both Producer and Consumer members amount \$6,852,687.18 and together with contributions expected to be paid by members before the end of 2015 in the amount of \$289,592.50, it was anticipated that a surplus in the amount of \$397,927.08 would accrue in 2015.

42. The Secretariat drew the attention of the Committee that the current arrears in contribution from Producer members for this financial year amount to USD 994,455.42 and for Consumer members amount to USD 41,119.00. Arrears in contribution do not take into account estimated contributions expected to be paid before 31 December 2015 (i.e. USD 289,592.20). Total arrears from Producer members for the period 1986 - 2014 amount to USD 3,360,839.88 and Consumer members amount to USD 126,065.00 and former members USD1,792,113.72. The interest charges on these arrears in contribution amount to \$82,614.59. Total outstanding contributions to the Administrative Account, including interest charges amount to \$6,397,207.61. If we deduct the contributions expected before 31 December 2015 in the amount of \$2,89,592.50, the total arrears, including interest charges, amount to \$6,107,615.11.

43. The Secretariat informed the Committee that Section C of page 1 of the document shows the Special Reserve Fund of \$1,500,000, that is to be utilized only upon the approval of Council in the event of liquidation of the Organization.

44. The Secretariat further informed the Committee that the resources of the Working Capital Account (WCA) was estimated to increase from the year opening balance of US\$6,137,568.00 at the beginning of 2015 to \$6,726,066.35 by the end of the year 2015.

45. The Secretariat also informed that section E of page 1 of the document that shows the Interest Income balance of US\$372,130.02 to be utilized by the Executive Director for hiring consultants in accordance with Council Decision 2(XXXIV).

46. The details of expenditure for each budget item and where savings were made, were also contained in the document.

47. The Committee took note of the report.

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

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

49. The Committee noted that out of a total of 213 Pre-projects and 321 Activities funded from 1987-2015, 204 Pre-projects and 213 Activities were completed and 9 pre-projects and 1108 activities were operational as of 31 August 2015. Out of the ITTO budget of \$33.21 million, an amount of \$28.62 million were disbursed leaving an outstanding obligation of \$4.59 million. Of the 560 projects funded from 1987 to 2015 disbursements of \$34.16 million were made out of the ITTO budget of \$47.18 million and 73 projects with an outstanding obligation of \$13.02 million were operational. The remaining 480 projects had been completed.

50. The Committee further noted that as against the projected funding of \$16.47 million, pledges in the amount of \$2.5 million were made for the Pre-projects, and Activities approved under the BWP 2015 – 2016 and 2014 – 2015 leaving an outstanding amount of \$13.97 million.

51. The Secretariat informed that for the five ITTO Thematic Programmes, with an indicative funding target of \$58 million, pledges of \$21.92 million (37.80%) had been made by donors out of which an amount of \$21.83 million had been received with an outstanding balance of \$0.90 million yet to be received.

52. The Committee noted that the total funds received in the Sub-Account A of the Bali Partnership Fund (BPF) for the period 1999 to 31 August 2015 was \$25.10 million. The amount of \$25.10 million had been committed to 5 Activities, 8 Pre-projects and 73 Projects leaving a nil balance. Under Sub-Account B of the BPF the total funds received were \$20.03 million and the allocations made were \$19.72 million leaving a fund balance of \$308,256.

53. The Committee took note of the report.

Item 9: Auditor's Report for the Financial Year 2014

54. The Secretariat introduced document CFA (XXX)/6, on the "Report of the Independent Public Auditors" for the Financial Year 2014 on the four Accounts of the Organization, namely: (a) the Administrative Account (b) the Special Account (c) the Bali Partnership Fund Account; and (d) the Executing Agencies Account.

55. The Committee agreed with recommendations contained in the Report of the IAG [Document ITTC(LI)/2] that the matter relating to the loss of investment of \$6 million and other investments be raised in the CFA with a view to drafting a Council Decision for adoption at this Session, establishing an investigation with appropriate expertise to ascertain the facts and setting out a plan of action and timeline for dealing with

this issue expeditiously. It was noted that the IAG further suggested that the Decision should include terms of reference for the investigation, measures for reporting the results of the investigation to the Council, a detailed plan of action/timeline, and proposed steps for strengthening ITTO's internal control procedures. Drafting of this Decision was facilitated by an open-ended Working Group co-chaired by the Chairperson and Vice-Chairperson of the CFA.

56. The open-ended Working Group on Investments was established by the Committee on Tuesday, 17 November 2015. The Working Group deliberated on the suggestions made by the IAG and drafted a Decision on Investments and Financial Management, and Terms of Reference for an investigation to be approved by Council. Taking into consideration the deliberations made by the Working Group, the Committee did not find the document fit to be sent to the Council and hence did not approve the Auditor's Report and the Financial Statements.

57. The delegate of the European Union (EU) stated that the statement of results on page 7 of the Auditor's Report, as contained in the penultimate paragraph does not provide any assurance of a true and fair view of the financial situation of the organization. Further, the audit opinion does not expressly mention if the financial statements expressed a "true and fair" view as done in other international organizations. The Secretariat drew attention to the statement made by the Auditors in the Audit report that they conducted the audit in accordance with the International Standards of Auditing. Conventionally the audit reports in ITTO did not include the true and fair view statement as it would involve a different approach. The delegate of EU wanted to know if the changes could be made to have the True and fair view in the audit report and if so, the costs involved. The Secretariat informed that the costs involved could be marginally high and the statement of True and fair view could be adopted by making changes to the approach to audit. To the query if the huge cost of audit of \$111,537 provided in the budget could have been utilized to incorporate additional procedures required to conduct the true and fair view approach, the Secretariat explained that the cost of audit included provision for the exercise to migrate to the International Public Sector Accounting Standards (IPSAS).

58. The delegate of Brazil supported the EU and stated that they too were not in a position to adopt the Auditor's report and reiterated their request to make available the previous year's Audit report to the delegation. She further added that the total interest income in 2013 was indicated as US\$67,763 and was not commensurate with the high interest rates of the investments made. The Secretariat clarified that the income reflected the interest received at the end of its financial year end.

59. The Swiss delegate followed by the delegate of United States of America (USA) sought to know how the Terms of Reference (TOR) were established for the Auditors for this audit. The Secretariat explained that the TOR is contained in the ITTA, 2006 and the Financial Rules of the Organization. In view of the specific mandate of the Working Group, the delegate of Cameroon wanted to know if the Auditors, and not the Secretariat, should present the Audit Report.

60. The delegate of Indonesia supported EU's comments on not accepting the Audit report pending the report on the impairment of investments. The delegate of Indonesia sought clarification on "Satisfactory Opinion" and "Unqualified Opinion". The Secretariat clarified that "unqualified opinion" is the same as "satisfactory opinion" and a qualified opinion is issued if the Auditors do not agree with the approach taken by Management. The delegate of EU drew attention to the 2012 audit report wherein the auditor's had expressed an opinion about the project accounts. The Secretariat clarified that the opinion expressed by the Auditors was a "scope limitation" and it was not expressing a qualified opinion.

61. The delegate of Switzerland wanted to know if there are different standards used in auditing and if there are any specific standards. She added if systemic problems can be addressed by updating the TOR for the Auditors. The Secretariat replied that there are different standards adopted depending on the requirements established in a country/industry, nature of industry. In the case of international Organizations, the International Financial Reporting Standards are used including in ITTO. The International Public Sector Auditing Standards (IPSAS) is gaining wide acceptance among international organizations and ITTO intends to migrate to IPSAS.

62. The delegate of USA wanted to know if there was a need to change the practices and added that if ITTO hired the auditing firm. They also stated that they were not sure if the "impairments" reflected constraints/if there was a permanent loss. The Secretariat clarified that quotes were invited from leading

audit firms with international experience as it would save money to the organization by restricting the invitees to the firms based in Japan. The criteria adopted along with the quotes and profile submitted by the audit firms were prepared and submitted to the CFA for the selection of the audit firm. The CFA thereafter recommended the appointment of the audit firm to the Council. The investment was considered impaired in March 2013 as at that time the Trustees were appointed who had advised all investors about their efforts to revive the Funds and the likely potential litigation involved. In view of this development a separate line item of the \$6 million investment was made in the financial statement and disclosed in the note. The Secretariat agreed with the delegate of USA that there should have been a disclosure terming it as a loss in the 2014 report.

63. The delegate of EU wanted to know if there was conflict of interest by appointing BDO to conduct the audit of the 7 pillars mandated by the European Commission as they are the same auditors reviewing the financial statement of ITTO. The Secretariat confirmed that EU was informed about the status of BDO and after obtaining approval they were engaged to conduct the 7 pillar audit.

64. The delegate of EU stated that the Audit report did not enable them to understand the opinion given by the auditors. They recommended closing the agenda item by not adopting the report because the EU would need a true and fair view picture. They do not consider the statements are adequate and transparent enough in 2014. For the future they would welcome ITTO's move to adopt IPSAS.

65. Due to time constraints, the Committee was not able to consider the report of the open-ended Working Group on Investments. The draft Decision prepared by the Working Group was finalized by the Chairperson's open-ended drafting group for approval by the Council.

66. The Committee decided not to adopt the Auditor's Report until the work recommended by the Working Group is completed.

Item 10: ITTO Staff Regulations and Rules

67. The Chairperson introduced this Agenda item. The Committee decided to defer discussions to its next Session, but agreed to modify the Health Insurance Scheme for locally recruited employees.

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

Strategic Fundraising Support to the International Tropical Timber Organization

68. The Secretariat presented the report of the Fundraising Consultant, Lynea Advisory, engaged in June 2014 to provide strategic fundraising support.

69. The delegate of Benin complimented ITTO for presenting the report on fund mobilization. The Secretariat clarified to the delegate of Benin that the agencies/organizations listed in paragraph 71 were contacted. However, funds are not available to continue with the efforts to mobilize the resources. The delegate of Benin stated that ITTO should build long-term relationship with the agencies contacted

70. The Committee took note of the report.

Item 12: Anti-money Laundering and Counter Terrorism Financing Policy(AML/CFT)

71. The Secretariat presented the draft AML/CFT policy of ITTO developed by a Consultant in support of ITTO's application for accreditation to the Green Climate Fund (GCF).

72. The delegates of Japan and USA informed that elsewhere a decision was taken to put on hold the accreditation to the GCF pending the outcome of the investigation on investments. However, it was noted that the delegate of Germany had proposed to retain the provision of \$50,000 under the budget line E1 "Consultancy" to support the accreditation to the GCF for the next year after taking into account the results of the investigation on investments and that this had been done in the proposed budget.

Item 13: Election of Chairperson and Vice-Chairperson for 2016

73. The Vice-Chairperson of the Committee for 2015, Mr. Rob Busink of the Netherlands, was elected Chairperson of the Committee for 2016 and Mr. Mad Zaidi Mohd Karli of Malaysia was elected Vice-Chairperson of the Committee for 2016.

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

74. The Committee agreed that its Sessions may be held on the same dates and at the same venues as the Fifty-second and Fifty-third Sessions of the Council. It was noted that a Special Session of the Committee might be needed under the Decision on Investment and Fund Management which was to be adopted by the Council at this Session.

Item 15: Other Business:

75. The Secretariat informed the Committee of the request made by the Central African Republic to consider write-off of its arrears in line with Article 30 of the IITA, 2006, on "Relief from Obligations". The Committee deliberated on the issue and decided that the letter should be circulated to all Member Countries and the request should be revisited. The Committee concluded to positively consider the request submitted by the Central African Republic to write off its arrears of Assessed Contribution to ITTO for the period of 2005 – 2011 and that the matter be listed as priority item in the agenda of the Committee at its next Session

76. The Secretariat presented a conference paper on the adoption of IPSAS by ITTO .The Secretariat informed that ITTO is currently following a modified form of cash and accrual basis accounting that is based to a large extent on the UN System of Accounting Standards (UNSAS). However, in recent years the UN had migrated from the modified form of cash and accrual basis of accounting to the International Public Sector Accounting Standards (IPSAS) that has been accepted as best practice for accounting and reporting for public sector organizations worldwide.

77. The need to adopt IPSAS by ITTO was highlighted by the European Commission (EC) Auditors in 2012 and again in 2014 during the course of assessing ITTO's capability to fulfill the EC's requirement to undertake budget implementation tasks for EC funded projects.

78. As a first step towards assessing the feasibility of adopting IPSAS in ITTO, a gap analysis was conducted by ITTO with the assistance of BDO from June to end August 2015. The gaps were analyzed from the perspective of the IPSAS standards followed by the UN and the accounting treatment prevalent in ITTO. BDO thereafter submitted a Management letter dated 22 October 2015 that assisted in identifying 12 major gaps between ITTO's current accounting treatment and the IPSAS accounting system followed by the UN. Further, the Management letter indicates the next steps to be taken to implement IPSAS based accounting standard for the financial result of 2015.

79. Due to the limited scope and scale of transactions of ITTO's operations, the Secretariat considers it feasible to migrate to the IPSAS standards based on the principles adopted by the UN. The IPSAS principles proposed to be adopted are in compliance with the ITTO's Financial Regulations and Rules.

80. The Secretariat acknowledged the support provided by the UN in ITTO's endeavor to adopt IPSAS. The Officer in-Charge, ITTO, stated that adoption of IPSAS would help in having a rigorous policy for ITTO.

81. The delegate of Japan stated that they needed more time to examine thoroughly the impact of the introduction of IPSAS. The delegate of Papua New Guinea noted Japan's comments and agreed that there was a need to align ITTO's accounting practices with those of other UN Organizations.

82. The Chair agreed that further discussion on IPSAS take place at the next Session of the Committee.

83. Project PD73/89.: The Officer in-Charge informed the Committee that at the Yokohama session of the ITTC last year the CEM-CFI had recommended raising the issue of mobilizing additional sources of funding to cover costs for project formulation at the 51st ITTC session. One of the options considered was by levying an additional percentage from the Programme Support Costs. At the request of Benin, the Officer in-Charge

explained the background that in the early days ITTO helped nations to develop projects. Limited assistance was provided and the demand exceeded the voluntary contributions made. However, the demand continues. It was noted that the USA had pledged funds to cover the costs for Project Formulation.

84. The delegate of Benin commented that this matter is an important concern for them as projects implemented affect the local communities. The sunset clause, and projects falling under Category IV called for the need to have capacity building. The delegate of Benin wanted the subject to be broached at the CFA session on 21 Nov 2015.

85. The Chair commented that in view of the limited time available for the last CFA session on 21 November 2015, it may not be possible to discuss the matter as there were many pending discussions to be taken up. Therefore, the matter will be deferred to the next Council session.

Item 16: Recommendations to the International Tropical Timber Council

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

- (1) To endorse the Biennial Administrative Budget for the Financial Years 2016 and 2017 as contained in document CFA(XXX)/2 Rev.3, in the amount of US\$7,432,297 and \$7,108,822 respectively; while noting that given the current uncertainties there might be a need to revisit the biennial budget for 2017;
- (2) To suspend the adoption of the Report of the Independent Public Accountants on the Accounts of the Organization for the Financial Year 2014 as contained in document CFA(XXX)/6 until the work recommended by the Chairperson's Working Group on Investment is completed; and
- (3) To positively consider the request submitted by the Central African Republic to write off its arrears of Assessed Contribution to ITTO for the period of 2005 – 2011 and that the matter be listed as priority item in the agenda of the Committee at its next Session.

Item 17: Report of the Session

86. The Committee adopted this report as amended.

* * *

ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(LI)/2

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

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

**15 November 2015
Kuala Lumpur, Malaysia**

**Twenty-Ninth Meeting of the Informal Advisory Group (IAG)
Kuala Lumpur, Malaysia, 15 November 2015**

Report of the Chairperson

The Twenty-ninth Meeting of the IAG was convened on Sunday, 15 November 2015 at the Royale Chulan Hotel Kuala Lumpur at 10:55 a.m., chaired by Dato' Dr. B.C.Y. Freezailah (Malaysia), Chairperson of the Council. The meeting was attended by Ms. Jennifer Conje (U.S.A.), Vice-chairperson of the Council, Dr. Teguh Rahardja (Indonesia), Chairperson of the Committee on Economics, Statistics and Markets (CEM), Ms. Akiko Nakano, Vice-Chairperson of the Committee on Forest Industry (CFI), Dr. M Nurudeen Iddrisu (Ghana), Vice-Chairperson of the Committee on Reforestation and Forest Management (CRF), Mr. Rob Busink (Netherlands) Vice-Chairperson of the Committee on Finance and Administration (CFA), Ms. Marjukka Mähönen (Finland), Consumer Spokesperson, Mr. Hiroyuki Nishiura (Japan), Representative of the Host Government of the Headquarters, and Dr. Steven E. Johnson, the Officer-in-Charge (OIC), together with other senior members of the Secretariat.

The IAG considered and adopted the following agenda for discussion:

- A. Brief background of the IAG:
 - Decision 5(XXVI);
 - Report of the IAG at its Twenty-eighth Meeting, 2 November 2014;
 - General observations by the IAG Members;
- B. Matters Related to Article 14 of the ITTA, 2006.
- C. Opening of the Fifty-first Session of the Council.
- D. Status of the parties to the International Tropical Timber Agreement, 2006.
- E. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII)
 - Projects, Pre-Projects and Activities [Decision 1(LI)];
 - Matters related to Article 14 of the ITTA, 2006 -- *submitted by the Secretariat*;
 - Staff Regulations and Staff Rules of ITTO -- *submitted by the Secretariat*;
 - Role of the Informal Advisory Group (IAG) -- *submitted by the Secretariat*.
- F. List of possible decisions for the Fifty-first Session of the ITTC and report to the Council; and
- G. Other matters
 - Selection of Vice-Chairperson of the Committee on Economics, Markets and Statistics.

A. Brief background of the IAG

In its deliberations, the IAG noted and made reference to Decision 5(XXVI) and the Report of the Informal Advisory Group (IAG) at its Twenty-eighth Meeting held on 2 November 2014 in Yokohama, Japan as contained in document ITTC(L)/2 dated 2 November 2014. The IAG also recalled the consensus regarding the extension of its mandate and the continuation of its existence and role reached by the Council at its Thirtieth and Forty-ninth Sessions. The IAG discussed a possible expansion of its membership to include a representative of the government hosting the ITTC and its possible role in the review and admission of Observers. It noted a possible inconsistency in its existing terms of reference regarding its ability to provide advice to the Secretariat. Any amendments or modifications to the mandate of the IAG should be discussed during the Chairpersons Open Ended Drafting Group to finalize the draft Decision extending the IAG's mandate. The duration of the mandate of the IAG should be kept open until such time that Council decides to review this matter.

B. Matters Related to Article 14 of the ITTA, 2006

The Chairperson informed that four candidates were remaining for the position of ITTO Executive Director, including Mr. Gerhard Dieterle (Germany), Mr. Eduardo Mansur (Brazil), Ms. Sheamala Satkuru-Granzella (Malaysia) and Dr. Ivan Tomaselli (Brazil). All candidates have been invited to attend the Fifty-first ITTC. The IAG noted the importance of reaching agreement on this issue at this Session of the Council. In accordance with the ITTA, 2006, agreement should be reached by consensus. The IAG was then briefed by the OIC on the current status of contributions to the Administrative Budget for 2015 and on Member Countries that are eligible to vote. The IAG was also briefed on the credentials of delegates, including countries that have delegated their votes and on

the voting procedure to be adopted in case of voting, which will follow the procedure applied in Yokohama at the Fiftieth ITTC. Provision has been made by the Secretariat accordingly. It was recommended that provision be made for the Caucuses to meet as early as possible in order to nominate members for the Credentials Committee from their respective Caucuses and that this be reflected in the programme of meetings and activities.

C. Opening of the Fifty-first Session of the Council

The Chairperson introduced arrangements for the opening of the 51st ITTC as contained in the Programme for the Opening Session.

D. Status of the Parties to the International Tropical Timber Agreement, 2006

The OIC informed the IAG on the current status of the parties to the ITTA, 2006. He reported that Croatia and Thailand have become members of ITTO and that Belgium has ratified the ITTA, 2006 after provisionally applying it since 2008. There are now 72 parties to the Agreement comprising 38 consumer members including the EU and 34 producer member countries. The IAG welcomed the new members of the Organization and the ratification by Belgium.

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

The IAG considered the draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII) as follows:

- i. Projects, Pre-projects and Activities [Decision 1(LI)];
- ii. Matters related to Article 14 of the ITTA, 2006 -- *submitted by the Secretariat*;
- iii. Staff Regulations and Staff Rules of ITTO -- *submitted by the Secretariat*;
- iv. Informal Advisory Group --*submitted by the Secretariat*.

F. List of possible decisions for the Fifty-first Session of the ITTC and report to the Council

The IAG considered the possible list of decisions to be considered and adopted by the Council at its Fifty-first Session as follows:

- i. Projects, Pre-projects and Activities [Decision 1(LI)];
- ii. Matters related to Article 14 of the ITTA, 2006;
- iii. Informal Advisory Group;
- iv. Impairment of Investment in Securities.

These draft decisions (except for the first and fourth) are included in Annex A to this report.

The IAG also noted that Council may propose additional decisions related to items on its Agenda at this Session, including Staff Regulations and Staff Rules of ITTO, ITTO guidelines on gender equity, ITTO social and environmental safeguards, ITTO regional presence and representation, and/or on accreditation to the Green Climate Fund (GFC).

G. Other Matters

(1) Selection of Vice-Chairperson of the Committee on Economics, Markets and Statistics

Mr. Nishiura (Japan), informed that the Government of Japan will propose Ms. Akiko Nakano to replace Mr. Satoshi Teramura, Vice-chairperson of CFI. The proposal will be forwarded to the Consumer Caucus for their consideration.

(2) Impairment of Investment in Securities

The Chairperson introduced the issue of an impairment of investment in securities of ITTO funds totalling USD 6 million as reported in the 2013 audited financial statements. He noted that the CFA's instructions to the Secretariat relating to investments of ITTO funds required that they be 'zero risk'.

Unfortunately this entire investment has now been largely lost. In addition, there is currently another investment in a different product totalling USD 12 million.

He further noted that this matter escaped the attention of the CFA at its last Session and nor was this matter highlighted by the Secretariat.

The Chairperson noted the seriousness of the situation and the need to handle it in a transparent way to ensure that ITTO's credibility is maintained. He then invited the Secretariat to provide further details. The OIC reported that he had become aware of the problem in August 2015 while reviewing ITTO's financial statements in preparation for assuming the OIC position. The decision to invest USD 6 million in the LM Managed Performance Fund had been taken at the end of 2012. The fund went into receivership in March 2013 and trustees were appointed shortly afterward to try to secure the remaining assets of the fund.

The OIC further informed that in 2013 a decision had been taken to invest in the Ardent 365 Fund. This investment now totals USD 12 million. He reported that ITTO's auditors had reviewed the audited financial statement of the Ardent 365 Fund in 2015 and deemed this to be satisfactory evidence of the existence of this investment.

The IAG recognized the seriousness of this issue and its potential impact on the Organization's credibility. It recommended that this matter be raised urgently in the CFA with a view to drafting a Council Decision for adoption at this Session, establishing an investigation with appropriate expertise to ascertain the facts and setting out a plan of action and timeline for dealing with this issue expeditiously.

The IAG further suggested that the Decision should include terms of reference for the investigation, measures for reporting the results of the investigation to the Council, a detailed plan of action/timeline, and proposed steps for strengthening ITTO's internal control procedures. Drafting of this Decision should be facilitated by an Open-ended Working Group to be co-chaired by the Chairperson and Vice-Chairperson of CFA.

Adjournment

The Twenty-ninth meeting of the IAG was adjourned with a vote of thanks to the Chairperson of the meeting.

ANNEX A

Draft Decisions

Only text of draft Decisions is appended to this Report.



Distr.
GENERAL

ITTC(LI)/
2 November 2015

Original: ENGLISH

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

DECISION ...(LI)

APPOINTMENT OF THE EXECUTIVE DIRECTOR

The International Tropical Timber Council,

Recalling its Decision 5(XLII) of 12 May 2007 which appointed Mr. Emmanuel Ze Meka to the post of Executive Director of ITTO for a period of four years beginning on 6 November 2007,

Recalling also its Decision 2(XLVI) of 18 December 2010 which renewed the mandate of Mr. Emmanuel Ze Meka with effect from 6 November 2011 to 5 November 2015, as the second term of his appointment;

Noting, with appreciation, his dedication and untiring contribution to the management of the Organization;

Acting pursuant to Article 14, paragraphs 1 and 2 of the International Tropical Timber Agreement (ITTA), 2006;

Further recalling Decision 3(XLIX) on matters related to Article 14 of the ITTA, 2006, and in particular the Annex to Decision 3(XLIX) on the Vacancy for the Position of the Executive Director of ITTO;

Also further recalling the Report of the Panel on Matters Related to Article 14 of the ITTA, 2006, [ITTC(L)/8];

Underscoring the strategic role of the Executive Director as the Head of the Organization;

Noting the applications for the position of Executive Director of ITTO;

Decides to appoint [by consensus]*name*..... as Executive Director of the International Tropical Timber Organization for a period of four years, beginning on*date*..... in accordance with the terms and conditions contained in the letter of appointment approved by the Council.

* * *



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GENERAL

ITTC(LI)/
2 November 2015

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FIFTY-FIRST SESSION
16-21 November 2015
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DECISION ...(LI)
INFORMAL ADVISORY GROUP (IAG)

The International Tropical Timber Council,

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

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

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

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

Decides to:

1. Renew the mandate of the IAG [up to the Fifty-Fifth Session of the Council and reassess its role and continued existence at that Session;] or [until such time as Council decides to reassess its role and continued existence;]
2. Continue to apply the Terms of Reference as attached to this Decision.

* * *