



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(LIV)/17
17 April 2019

ENGLISH ONLY

FIFTY-FOURTH SESSION
5–9 November 2018
Yokohama, Japan

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

Yokohama, Japan

5–9 November 2018

OPENING OF THE SESSION (AGENDA ITEM 1)	5
ASCERTAINMENT OF THE QUORUM (AGENDA ITEM 2)	10
ADOPTION OF AGENDA AND ORGANIZATION OF WORK (AGENDA ITEM 3)	10
REPORT ON MEMBERSHIP OF THE COUNCIL (AGENDA ITEM 4)	10
REPORT OF THE CREDENTIALS COMMITTEE (AGENDA ITEM 5)	10
DISTRIBUTION OF VOTES FOR 2018–2019 BIENNIUM (AGENDA ITEM 6)	11
ADMISSION OF OBSERVERS (AGENDA ITEM 7)	14
STATEMENT BY THE EXECUTIVE DIRECTOR (AGENDA ITEM 8)	14
REPORT OF THE INFORMAL ADVISORY GROUP (IAG) – DECISIONS 3(XXII), 5(XXVI), 2(XLIX) AND 2(LI) (AGENDA ITEM 9)	18
ITTO BIENNIAL WORK PROGRAMME – DECISION 2(LII) (AGENDA ITEM 10)	18
(a) Enhancing Cooperation between ITTO and CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)	23
(b) Revision of the ITTO Restoration Guidelines	26
(c) Communication and outreach related work	27
(d) ITTO Fellowship Programme – Decision 4(XXVII)	29
(e) Panel on the role of women in achieving ITTO’s objectives – Decision 6(LIII)	30
PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO THEMATIC PROGRAMMES (AGENDA ITEM 11)	36
BIENNIAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TIMBER SITUATION IN 2017– 2018 (AGENDA ITEM 12)	37
(a) Elements for the 2017 and 2018 Biennial Review and Assessment of the International Timber Situation	37
(b) A General Introductory Statement by the Secretariat	37
SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (AGENDA ITEM 13)	38
(a) Pledges to the Special Account and the Bali Partnership Fund	38
(b) Report of the Panel on Sub-Account B of the Bali Partnership Fund	39
IMPAIRMENT OF ITTO FUNDS – DECISION 5(LII), DECISION 6(LII) AND DECISION 7(LIII) (AGENDA ITEM 14)	39
IMPROVING ITTO’S FINANCING INFRASTRUCTURE AND FUNDRAISING STRATEGIES – DECISION 9(LIII) (AGENDA ITEM 15)	40
ROTATION IN THE FRAMEWORK OF THE SELECTION OF THE EXECUTIVE DIRECTOR – DECISION 10(LIII) (AGENDA ITEM 16)	46
REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 17)	51
Committee on Reforestation and Forest Management	52
Committee on Economics, Statistics and Markets	52
Committee on Forest Industry	53
Committee on Finance and Administration	53
ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2019 (AGENDA ITEM 18)	53
DATES AND VENUES FOR THE FIFTY-FIFTH AND FIFTY-SIXTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 19)	54
OTHER BUSINESS (AGENDA ITEM 20)	54
DECISIONS AND REPORT OF THE SESSION (AGENDA ITEM 21)	54
CLOSING OF THE SESSION (AGENDA ITEM 22)	56

Table of Contents

Annex I – List of Participants59
Annex II – Agenda77
Annex III – Text of the Decisions adopted by the Council at its Fifty-fourth Session87
Annex IV – Reports of the Associated Sessions of the Committees105
Annex V – Report of the Informal Advisory Group (IAG).....165

KEY ACRONYMS

BWP	Biennial Work Programme
CEM	Committee on Economics, Statistics and Markets
CFA	Committee on Finance and Administration
CFME	Community Forest Management and Enterprises
CFE	Committee on Forest Industry
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COP	Conference of the Parties
CPF	Collaborative Partnership on Forests
CRF	Committee on Reforestation and Forest Management
CSAG	Civil Society Advisory Group
EU	European Union
EUR	euro(s)
GGSC	Global Green Supply-Chain initiative
IMM	Independent Market Monitoring
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
ODA	official development assistance
REDDES	Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests
TAG	Trade Advisory Group
TFLET	Forest Law, Governance and Trade
TMT	Trade and Market Transparency
UNFF	United Nations Forum on Forests
USD	United States dollar(s)
USA	United States of America
VPA	voluntary partnership agreement

REPORT

OPENING OF THE SESSION (AGENDA ITEM 1)

1. The Fifty-fourth Session of the International Tropical Timber Council (ITTC, the Council) was opened by the Chairperson, Mr Zhang Zhongtian. He warmly welcomed delegates and thanked the Government of Japan and the City of Yokohama for hosting the session. Mr Zhang said he was speaking on the cusp of an exciting period in ITTO history. The Organization had come through turbulent times, but the last two years had shown what the ITTO community could achieve when it worked together.
2. The Organization had taken strong measures to improve its internal governance to the point where ITTO now met or exceeded international governance standards. At the same time, the world had received a clear signal from the Intergovernmental Panel on Climate Change about the crucial importance of productive forests, sustainably produced forest products, the circular economy and averting disastrous climate change.
3. Since its beginning, said Mr Zhang, ITTO had developed policies and funded projects to promote sustainable forest management, sustainable timber production and sustainable trade in forest products. It had been a long-term leader, therefore, in efforts to develop a more circular, sustainable economy. With its now best-practice governance and outreach, ITTO was fully primed to assume a leading role in this renewed global push for sustainable supply chains.
4. Mr Zhang urged all members to provide support in words, action and resources. He encouraged Council members to resume or increase their voluntary contributions to help accelerate the resurgence.
5. Mr Zhang said he expected the Council to make a decision on the question of rotation at this session. It would also consider the report of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies and its powerful recommendations. Making progress on the issue of fundraising was crucial for the future of the Organization.
6. Mr Zhang referred to other items on the agenda, including the Annual Market Discussion, a panel convened by the Civil Society Advisory Group, and a field trip organized by the City of Yokohama on day 5 of the session. He looked forward, he said, to working closely with all delegations and other stakeholders during the week to make the Organization even stronger.
7. In his address to the Council, Côte d'Ivoire's Minister of Water and Forests, Mr Alain-Richard Donwahi, thanked the Government of Japan for its excellent hospitality and also for its major financial contributions to the Organization. He spoke about his country's plan to increase the forest area from 11% of the total land area today to 20% by 2030. In implementing this plan, he said, the main priorities were improving forest governance, strengthening the conservation of existing forests, and restoring degraded forestlands. The implementation of this policy would be supported by a ten-year strategy aligned with the 2018–2045 strategic development plan for the forest, fauna and water resources sector, which is currently under preparation. The main priorities of this strategy were to improve forest governance, strengthen the protection of residual forest and extend them, and restore degraded forests. The total implementation budget of the national strategy was about CFA 616 000 000 000.
8. Mr Donwahi also mentioned a recently completed ITTO project in Côte d'Ivoire to promote community forestry, which had helped strengthen community cohesion in the wake of violence associated with a period of socio-political crisis. The project had been so successful that the government had decided to replicate it in other regions of the country through what he hoped would be a second phase involving ITTO, the Japan International Cooperation Agency and other international organizations.
9. Mr Felix Ngoma, Ambassador of the Republic of Congo to Japan, apologized for the absence of Ms Rosalie Matondo, Minister of Forest Economy in the Republic of the Congo, who was unable to attend this important meeting because of her participation in her country's 32nd National Day of Trees. He delivered her speech on her behalf.
10. Through the ambassador, Ms Matondo informed the Council that she had been appointed ambassador for the Brazzaville Roadmap on community forestry with the mission of overseeing progress in implementing this roadmap in all Central African Forestry Commission (COMIFAC) countries. COMIFAC, she said, was implementing a convergence plan for Central African forest management

and had adopted two legal instruments in June 2010 – subregional guidelines on the sustainable management of non-wood forest products, and subregional guidelines on the participation of local and indigenous populations and non-governmental organizations in sustainable forest management.

11. One of the key principles adopted by COMIFAC members, said Ms Matondo, was that of free, prior and informed consent in the management of Central African lands and forests in order to recognize the access and use rights of local communities to their natural resources and to allow them to trade in these products.
12. Ms Matondo said that forests were a source of wellbeing for rural communities and indigenous populations and a key pillar of socioeconomic development. But the use of forests for wood energy, slash-and-burn agriculture and non-wood forest products faced challenges, one of which was the lack of recognition for women's rights in land management.
13. Ms Matondo said the Congo had been incorporating sustainable forest management into its approach to forest ecosystems for more than two decades, and concessions were subject to strict certification standards. Twelve percent of the country's land area had been allocated to biodiversity conservation in protected areas. The country also a national programme for reforestation with the aim of planting 1 million hectares of forest and agroforests in the savannah and integrated forest areas. The country was a voluntary signatory of the Forest Law Enforcement, Governance and Trade (FLEGT) and REDD+ processes, and the Congo was the first country in the Congo Basin to ratify a FLEGT voluntary partnership agreement (VPA) with the European Union (EU). Work was underway to deploy a system for verifying compliance and documentation in the forest sector.
14. The Congo had implemented two phases of REDD+, and work was underway on a third phase, including negotiating funding for implementing an investment plan for the country's REDD+ national strategy. A fourth phase would involve negotiating payments for carbon credits and environmental services. Congo's success in FLEGT and REDD+, said Ms Matondo, had led to several intersectoral projects, including on reforestation and agroforestry. She mentioned a recently developed toolbox, which included all the main revenue-generating forest activities whereby rural communities could increase their revenues and quality of life. More than ever, inclusive approaches were needed in the management of natural resources.
15. Ms Matondo assured delegates that the Government of the Congo was committed to taking all possible financial and administrative measures to comply with the requirements of ITTO and to recover its rights within the Organization, which had been suspended since the 43rd session. She invited the Executive Director to visit the Congo's forests at any time, and she wished delegates a successful session.
16. Mr Benito Owusu Bio, Deputy Minister of Land and Natural Resources of Ghana, extended his gratitude to the ITTO Secretariat and the Government of Japan for hosting this important session of the Council. He lauded ITTO for its commitment to sustainable forest management and biodiversity conservation, pointing out that forests contributed significantly to the socioeconomic development of many countries, including Ghana, where, he said, about 70% of local community members, particularly women, depended on forest for food and energy requirements.
17. Ghana was committed to addressing the challenges of sustainable forest management, especially deforestation and forest degradation through agricultural expansion, illegal harvesting and illegal mining. Mr Owusu Bio informed the Council that Ghana's Ministry of Lands and Natural Resources had reviewed the 1994 forest and wildlife management policy and, as a result of this review, the policy focus had shifted from timber harvesting towards the promotion of payments for environmental services, ecotourism development, plantation development, and the mitigation of climate change.
18. Mr Owusu Bio described several interventions stemming from this shift in policy: the Ghana Forest Investment Program; the creation of the world's first cocoa and forest initiative; a massive plantation development drive by the government and the creation of an enabling environment for uptake by the private sector; and the implementation of a multisectoral project to halt illegal mining. To consolidate these interventions, the following policy and legislative instruments were being promulgated: tree-tenure policy reforms and benefit-sharing arrangements to motivate farmers to leave more trees on their farms; the consolidation of fragmented wildlife management laws into one omnibus law; the review of fines for forest offences to increase their deterrence; the implementation of a VPA between Ghana and the EU to eliminate trade of illegal wood in both the domestic and international markets;

and the development of a timber procurement policy, which would ensure that only legal timber was used in government projects.

19. Mr Owusu Bio concluded his speech by saying that Ghana took an exceptional interest in the agenda of the Council session, and he looked forward to fruitful deliberations. He acknowledged the support Ghana had received from the Organization and thanked all donor agencies and development partners for their support and contributions towards the goals and objectives of ITTO.
20. Ms Marjolijn Sonnema, Vice Minister of Agriculture of the Netherlands, speaking later in the session, thanked the Chairperson and the Council for the opportunity to speak. She said that, from the very start, the Netherlands had been a committed and devoted adherent to the Organization's ambitions. She was convinced that the world could not do without multilateral agreements, rules and regulations on tropical timber, nor without such rules being respected. Free trade in tropical timber needed to be subject to boundaries. The planet we all shared was sending signals, such as more severe climatic conditions. Action was needed.
21. Ms Sonnema said timber was still an important trade commodity for the Netherlands. As a trading partner, the country wanted to act responsibly and to ensure that timber was derived from sustainably managed and legally harvested tropical forests. Much had changed since ITTO had begun operations, but tropical deforestation and forest degradation remained high on the political agenda. Initially, the Netherlands' policy had focused on the way in which timber was produced, and environmental groups had demanded a boycott of tropical timber. Now, the focus was on deforestation caused by the production of soy, palm oil, cocoa, coffee and other agricultural products.
22. The rate of deforestation was slowing in some countries, but more than 6 million hectares of natural forest were still being lost each year, often the unintended consequence of increasing demand for food, feed, fuel and fibre. Worldwide, forests and agriculture competed for land, and agriculture now caused about 80% of deforestation and forest degradation worldwide. The global population was growing rapidly and was projected to increase to about 10 billion by 2050. Rising incomes would increase the need for forest services, as well as for timber and other raw materials. The International Tropical Timber Agreement (ITTA) and ITTO offered grounds for hope, however. It was unique because it brought together tropical timber producers and consumers from across the globe, who worked to encourage the supply of timber from sustainably managed and legally harvested tropical forests. There was no other international binding agreement on natural resources like this.
23. The producers and consumers of tropical timber had more in common than what divided them, said Ms Sonnema. ITTO was in a position to adopt a comprehensive approach that contributed to food security and the supply of fibre and timber and helped reduce greenhouse-gas emissions. Tropical forests could contribute significantly to achieving the UN's 2030 Sustainable Development Agenda and its Sustainable Development Goals. ITTO, with more than 30 years of experience, could and must take the lead. Last April, the United Nations General Assembly had adopted a long-term strategic plan for forests. The Netherlands was helping with this in three ways: 1) promoting sustainable forest management from a wider policy perspective than only forestry by bringing together stakeholders from various sectors of the economy; 2) supporting the trade of palm oil, soy, cocoa and other raw materials if they were produced sustainably; and 3) by sharing Dutch knowhow on producing food sustainably in forest-friendly ways. There was also a fourth reason: the Netherlands worked closely on this with like-minded European countries, organized in the Amsterdam Declaration Partnership. The Commission on World Food Security had confirmed in its last year's report that farmers, food producers and those involved in forestry must make an effort to improve nature and to respect its values. The interests of these actors were not opposed—they shared responsibility.
24. This was a crucial element in the policy of the Minister of Agriculture, Food and Nature of the Netherlands, said Ms Sonnema. The goal was to switch to circular agricultural systems by 2030—and this was a very recent new vision of the minister. ITTO was at a crossroads, too, recovering from a precarious financial situation and seeking a sustainable financial infrastructure. At the same time, ITTO needed to identify its strengths and to pair with other international forest-related organizations. What was ITTO's added value for the global forestry community and its members? A new and more expanded strategy was needed. ITTO was already cooperating with FAO on a project on sustainable timber, and this was a good example. More strategic partnerships like these would not only help ITTO recover from its financial crisis and gain credibility, they would help member countries and their economies, too. The globe needed ITTO to have a concise, clear and focused strategy, and broad

support from all its members. The Organization could rest assured of the support and active participation of the Netherlands in its work.

25. Only healthy forests offered the raw materials that future generations would need for food, feed, fuels and traded products for houses, railways and fortifications, said Ms Sonnema. Such forests were sources of opportunities as well as prerequisites for life. They were the lungs in the atmosphere and the immune system of the planet, but they could not speak. They needed people as their advocates, authorities as their guardians, and governments as their negotiators. Ms Sonnema concluded by wishing success on the Executive Director, the Secretariat, the Council and delegates.
26. Mr Katsunori Watanabe, Deputy Mayor of the City of Yokohama, said that, over more than 30 years, ITTO and the City of Yokohama had built a close relationship, including by holding events to deepen understanding of environmental protection among the citizens of Yokohama. Mr Watanabe spoke about the onsite visit planned for delegates during the session to the Doshi water conservation forest. The governments of Yokohama and Doshi had been jointly managing this forest for more than 100 years.
27. Mr Watanabe said Yokohama would host the 7th Tokyo International Conference on African Development (TICAD) in August 2019. TICAD was an international conference on the theme of development in Africa, and the next meeting would be the third held in Yokohama. Yokohama was determined to promote further cooperation with the countries of Africa. The City intended to continue pursuing sustainable urban development in coordination with ITTO and other international organizations, other countries, and its citizens, and to assist in the attainment of the Sustainable Development Goals as a responsible member of the international community. Mr Watanabe wished delegates success in their deliberations this week.
28. Mr Koji Hongo, Deputy Director General of the Japan Forestry Agency in the Ministry of Agriculture, Forestry and Fisheries, welcomed delegates to Yokohama. Despite ongoing efforts, he said, forests were still shrinking by 3.3 million hectares a year, mainly in tropical areas, and deforestation and forest degradation remained a global concern. Some might argue that forests and trees should be protected from use, but, if managed sustainably and if wood production did not undermine forest functions, they could and should be used as eco-friendly materials, and Japan had a policy of increasing wood use.
29. Although forests covered about 70% of Japan's land area today, they had been overharvested and degraded during the Second World War and for construction after the war. As a result, Japan had suffered from frequent flooding disasters in many regions. The government and people of Japan had started replanting trees and, today, the country had 10 million hectares of planted forests, which was 30% of the land area.
30. Mr Hongo referred to the Doshi watershed protection forest, which delegates would visit during the session. This forest was the source of water for Yokohama City, and it helped in teaching citizens about the invaluable functions of forests.
31. Mr Hongo said that wood was used traditionally in Japan for housing construction. To increase demand, the government was promoting the use of wood in non-residential and public buildings such as commercial facilities and schools. Through a nationwide campaign, people were being encouraged to understand that using wood sourced from sustainably managed forests could have environmental benefits. Mr Hongo also highlighted illegal logging, which he said was an issue of global significance. To tackle it, both producer and consumer countries needed to strengthen their own forest law enforcement and governance. ITTO played a crucial role in this by serving as a platform where producer and consumer countries could come together to find solutions and take action. Japan supported ITTO in its activities and projects aimed at tackling illegal logging and strengthening forest governance.
32. Japan had long been a strong advocate for combating illegal logging, said Mr Hongo. Its Act on Promotion of Use and Distribution of Legally Harvested Wood and Wood Products, also known as the Clean Wood Act, had entered into force in 2017. Based on this Act, Japan aimed to establish domestic systems that would eliminate illegally harvested timber from wood supply chains. The Act required all wood-related business entities to check the legality of wood in their business transactions.
33. Mr Hongo said that ITTO's financial impairment caused by fund mismanagement had had a huge impact, not only on ITTO itself but also on Japan, the largest contributor to the ITTO. Since the

disclosure in 2015, Japan had had no choice but to freeze its voluntary contributions to ITTO. During the past few years, Japan had observed the Organization's determination to prevent such a problem occurring again by revising its fiscal rules and taking steps to hold those responsible for the impairment to account, including the former management. Japan had appreciated these efforts. Japan expected ITTO to continue to take actions to resolve the matter and, for its part, Japan was now making efforts to resume voluntary contributions in its 2019 fiscal year. Mr Hongo expressed the hope that ITTO and its partners would renew their commitment to creating a world in which forests would be sustainably managed and used for generations to come. He reiterated Japan's commitment to achieving the Sustainable Development Goals relevant to forests. This included ongoing efforts to combat illegal logging and the continuing collaboration with relevant partners such as ITTO and other countries.

34. Mr Hiroto Mitsugi, Assistant Director-General of the Food and Agriculture Organization of the United Nations (FAO), noted that ITTO's mission to mainstream sustainable forest management and to promote sustainable tropical timber industries and trade was fundamental to achieving both the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change. Sustainable value chains, he said, were of crucial importance to both ITTO and FAO. FAO had documented considerable evidence of the contributions of forests to the Sustainable Development Goals and the prominent role that sustainable wood value chains could play in achieving sustainable development.
35. Sustainable timber production was not yet a universal reality in the tropics, however, although there had been a rise in the area under forest management plans and certification. FAO member countries meeting at the 24th session of the FAO Committee on Forestry in July 2018 had urged decisive action to promote the sustainable management of all types of forests, halt deforestation, restore degraded forests, and substantially increase afforestation and reforestation globally in order to achieve Sustainable Development Goal 15. Countries had also highlighted the role of sustainable value chains in agriculture, food systems and forestry.
36. Mr Mitsugi said that improving sustainable forest management was not only a matter of building capacity but also addressing market barriers and reducing competition from other resources. Concerted action to improve forest governance was needed globally, including in domestic markets in developing countries, where significant demand for sustainability had not yet been created. Measures were needed, therefore, to strengthen responsible consumption.
37. FAO had long partnered with ITTO to build capacity and promote sustainable timber value chains in the tropics, said Mr Mitsugi. Recent examples of this cooperation included the development of guidelines for forest concessions in the tropics and a new joint initiative of the Collaborative Partnership on Forests (CPF), "Sustainable Wood for a Sustainable World". The aim of this initiative was to create a global coalition to promote the role of sustainable wood products in achieving the Sustainable Development Goals. It would help dispel negative perceptions while strengthening the marketability of sustainable wood products. Mr Mitsugi finished by saying that there was no distinction between producers and consumers: both were forest users, and both had a responsibility to collaborate and to ensure that sustainable timber value chains worked for the achievement of the Sustainable Development Goals.
38. Mr Gerhard Dieterle, ITTO Executive Director, welcomed delegates to the beautiful City of Yokohama. He said recent months had been transformative for ITTO, with inputs from outside expertise and international strategic processes. At the international level, as highlighted by the special report released by the Intergovernmental Panel on Climate Change in October, there was now broad consensus on the need for massive reforestation and landscape restoration. Moreover, there was a clear indication that wood and wood products were needed to replace the excessive use of fossil-based materials and energy within the vision of a circular economy. The Global Conference on Circular Economy, which had been held in Yokohama in October, had given a strong message that the role of productive and sustainable forests and legal and sustainable supply chains would be crucial for both producer and consumer countries.
39. During the session, said Mr Dieterle, the Council would receive progress reports on the Organization's ongoing activities and future plans, and he looked forward to inspiring discussions, guidance from the Council in the plenary and committees, and many bilateral interactions on the sidelines. He referred to the Annual Market Discussion and the panel to be convened by the Civil Society Advisory Group, which had been included in the Council's agenda for the first time. The three technical committees would consider several new project proposals, and Mr Dieterle expressed the hope that the enormous

efforts invested by producer countries in those proposals would be honored by voluntary contributions. He referred to deliberations that would take place on ITTO's future financing strategy and congratulated the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies for its excellent report and valuable recommendations, which had been developed with assistance from consultant Alexander Knapp and ITTO staff. Mr Dieterle said that acting on the recommendations would be instrumental for ensuring that ITTO could fulfil its mission to promote timber trade based on sustainable forest management and legal and sustainable supply chains.

40. Mr Dieterle expressed his grief and condolences over the sudden loss of Mr Satoshi Akahori, ITTO's Director of the Division of Forest Management, who had tragically passed away on 24 June 2018. In memory of Mr Akahori's great personality and professional excellence and in honor of his family, Mr Dieterle asked delegates to observe a moment of silence.
41. Mr Dieterle said he looked forward to working with the Chairperson, Mr Zhang, and all delegates to ensure that the 54th Session of the International Tropical Timber Council was a resounding success. He thanked the Government of Japan and the City of Yokohama for their unwavering support and hospitality.

ASCERTAINMENT OF THE QUORUM (AGENDA ITEM 2)

42. The Executive Director reported that the quorum for the Fifty-fourth Session of the Council had been met. The list of participants is contained in Document ITTC(LIV) Info.2 (Annex I).

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

43. The Chairperson referred to Document ITTC(LIV)/1 Rev.1 and invited comments on the provisional agenda.
44. In the absence of objections and further comments, the provisional agenda was adopted.

REPORT ON MEMBERSHIP OF THE COUNCIL (AGENDA ITEM 4)

45. The Executive Director informed the Council that the membership of the Organization stood at 74, comprising 38 consumer members and 36 producer members. Since the previous Council session, Venezuela (Bolivarian Republic of) had joined the Organization. The Executive Director also informed the Council that the Government of the Solomon Islands was present as an observer and had expressed interest in joining ITTO.

REPORT OF THE CREDENTIALS COMMITTEE (AGENDA ITEM 5)

46. Ms Christine Dawson (United States of America – USA), Chairperson of the Credentials Committee, presented the Report of the Credentials Committee, drawing attention to Document ITTC(LIV)/3. The Committee, composed of Australia, Cameroon, Finland, Indonesia, Japan, Mexico and the USA, had examined and accepted the credentials and attendance of thirty-three (33) countries and the EU at the Fifty-fourth Session of the Council and Sessions of the Associated Committees.
47. The Credentials Committee had 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:
Latvia	Austria
Malta	
Poland	
UK	
Bulgaria	European Commission
Croatia	
Czech Republic	
Cyprus	
Denmark	
Hungary	
Ireland	
Italy	
Portugal	
Slovenia	
Spain	

DISTRIBUTION OF VOTES FOR 2018–2019 BIENNIUM (AGENDA ITEM 6)

48. The Chairperson drew the attention of Council to the annex of Document ITTC(LIV)/1 Rev.1, which showed the proposed distribution of votes for the 2018–2019 biennium, in accordance with Article 10(7) of the ITTA, 2006.
49. He 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 2018 and 2019. He said the approved distribution of votes would remain in effect over the year except whenever the Organization's membership changed or when a member had its voting rights suspended or restored, in which case the Council would redistribute votes within the affected category or categories. The annex reflected the distribution of votes following the accession of Venezuela to the Organization on 10 October 2018.
50. The delegate of Colombia inquired about the status of Colombia, and the Chair indicated that the Secretariat would respond after review. Later, the Secretariat reported that Colombia was in arrears for its administrative contribution for 2018, meaning that its voting rights were suspended, as per Article 19(8) of the ITTA, 2006. The Secretariat noted that the delegate of Colombia had informed the Council of the minister's indication that the contribution would be paid, and it clarified that voting rights could only be reinstated upon receipt of funds in the Organization's administrative account.
51. In the absence of any objections or further comments, the distribution of votes, as contained in Document ITTC(LIV)/1 Rev.1, was approved.

DISTRIBUTION OF VOTES FOR 2018-2019 BIENNIEUM

PRODUCER MEMBERS

	<u>2017</u> <u>No. of Votes</u>	<u>2018/2019 Biennium</u> <u>No. of Votes</u>
Africa		
Benin	21	21
Cameroon	22	22
Central African Republic	21	21
Congo	22	22
Côte d'Ivoire	21	22
Democratic Republic of the Congo	22	22
Gabon	22	22
Ghana	21	21
Liberia	21	21
Madagascar	21	21
Mali	21	21
Mozambique	22	22
Togo	21	21
Asia & Pacific		
Cambodia	18	19
Fiji	14	14
India	28	28
Indonesia	94	88
Malaysia	97	90
Myanmar	54	49
Papua New Guinea	39	44
Philippines	16	15
Thailand	30	37
Vietnam	16	16
Latin America/Caribbean		
Brazil	130	120
Colombia	24	23
Costa Rica	12	13
Ecuador	18	18
Guatemala	12	12
Guyana	16	15
Honduras	12	12
México	25	24
Panamá	13	12
Peru	28	28
Suriname	15	14
Trinidad and Tobago	11	10
Venezuela	-	20
TOTAL:	1,000	1,000

CONSUMER MEMBERS

	2017	2018/2019 Biennium
	<u>No. of Votes</u>	<u>No. of Votes</u>
Albania	10	10
Australia	16	16
China	265	278
European Union	382	375
Austria	10	10
Belgium	15	15
Bulgaria	10	10
Croatia	10	10
Cyprus	10	10
Czech Republic	11	11
Denmark	11	11
Estonia	10	10
Finland	10	10
France	33	29
Germany	19	19
Greece	11	11
Hungary	10	10
Ireland	13	13
Italy	22	22
Latvia	10	10
Lithuania	10	10
Luxembourg	10	10
Malta	10	10
Netherlands	30	29
Poland	11	11
Portugal	13	13
Romania	10	10
Slovakia	10	10
Slovenia	10	10
Spain	15	14
Sweden	11	11
United Kingdom	27	26
Japan	164	156
New Zealand	11	11
Norway	10	10
Republic of Korea	58	60
Switzerland	11	11
United States of America	73	73
TOTAL:	1,000	1,000

ADMISSION OF OBSERVERS (AGENDA ITEM 7)

52. The Chairperson referred to Document ITTC(LIV)/Info.3 and Document ITTC(LIV)/Info.5. He said that, in accordance with Decision 3(LI), the Executive Director had reviewed applications for observer status for compliance with requirements, and the results of this initial review (Document ITTC/LIV/Info.5) had been published on the ITTO website before the present session of the Council.
53. In the absence of objections, all observers in compliance with the guidelines according to ITTO rules were admitted as observers to the Fifty-fourth Session of the Council.

STATEMENT BY THE EXECUTIVE DIRECTOR (AGENDA ITEM 8)

54. In his formal statement to the Council, Mr Dieterle said it was generally understood that efforts to increase funding in ITTO would be a gradual process requiring re-engagement with many stakeholders and actors. There was increased awareness, he said, of the unique and multiple roles played by tropical forests in mitigating climate change and producing multiple forest products and environmental services. Without massive investment in forests and the use of forest-based products as part of a more circular or bio economy, it would not be possible to keep the global temperature increase within the Paris target of 1.5 degrees Celsius.
55. Mr Dieterle said this confirmed the vision he had presented at the 53rd Council session in Lima. The international community must focus on the role of productive forests before it was too late. It was also necessary to drastically increase the supply of forest products to provide materials for construction, wood-based energy, foods, medicines and other purposes given the projected increase in the population globally, especially in Africa. It was crucial to ensure food security, wood security, water security, and so on. If emerging supply gaps were not addressed through increased investment in forests and legal and sustainable supply chains, the pressure on remaining forest landscapes and protected areas would increase dramatically and many tropical producer countries would become net importers of wood products. Among other things, this would mean an enormous loss of jobs and economic development, especially in rural areas.
56. Despite this, however, forest-based solutions existed, said Mr Dieterle. Recent technological advances meant that almost everything now produced from fossil fuels could be produced using wood or bamboo - such as biofuels, bioplastics, biocomposites, nanocellulose, construction materials, and even high-rise buildings. Thus, a shift towards a bio-based/circular economy would represent an immense opportunity for forests. There was also a strong risk that tropical producer countries would be unable to take full advantage because investors increasingly wanted to "green" their supply chains in response to legality requirements in consumer markets. If not addressed, there would be a strong risk that investments were moving to so-called safe countries in the tropics and technologies were being increasingly promoted to chemically and mechanically modify softwood to simulate the characteristics of hardwood.
57. Mr Dieterle reminded delegates that, at the previous Council session, he had informed the Council that a group of Chinese companies had requested support for the creation of an international green supply-chain mechanism. He reported progress on this initiative, under which 14 global market leaders in wood flooring, furniture, housing, toys and other wood products, with a combined annual trading volume of more than USD 14 billion, had committed to greening their supply chains, with support from ITTO. Mr Dieterle said these companies were responding to market demands for legality and sustainability in high-end consumer markets such as the EU, the USA, Japan, Australia and New Zealand, and he saw both enormous opportunity for tropical producer countries and a clear signal for the change. Many of the companies involved in the initiative were looking to grow market opportunities in Africa, Latin America and Asia and could invest at a large scale in those regions.
58. Mr Dieterle said the global forest and climate regime needed to move towards integrated landscape-based solutions that met the varied needs of humanity. ITTO must do this, too: to secure the Organization's future it was necessary to move beyond piecemeal approaches to projects. ITTO had enabled major global shifts in policies in the past, especially regarding sustainable forest management,

forest restoration and biodiversity conservation, but it was now time for a more holistic approach that placed more emphasis on integrated supply chains and markets.

59. Mr Dieterle informed the Council that the Secretariat had already taken action based on the mandate received at the 53rd Session of the Council in Lima. In addition to the implementation of projects under the regular work programme, strategic steps had been taken to return ITTO and the role of productive forests and trade to the centre of the international forest and climate agenda using integrated supply-chain approaches as a guiding philosophy.
60. An example of such steps was ITTO's involvement, along with partners from the CPF, in an initiative called Sustainable Wood for a Sustainable World (SW4SW), the aim of which was to foster policy dialogue and capacity building for players in consumer and producer countries. The next step was to examine incentives for sustainable forest management and sustainable wood supply chains. For this purpose, ITTO had engaged with the World Bank in a global study on incentive mechanisms and recently co-hosted a major conference aimed at bringing together major stakeholders to discuss such mechanisms. Mr Dieterle said that, in the future, the Council might wish to undertake specific case studies in ITTO member countries to encourage dialogue in those countries with ministers of finance and macroeconomic specialists.
61. Mr Dieterle said a more coherent approach was needed for forest landscape restoration, and ITTO was engaged in an initiative with CPF members to review the status of landscape restoration initiatives. The Council would receive a report on the analytical work done to date on this issue. Moreover, there was a need to review ITTO's guidelines on forest restoration to ensure they were applicable more broadly among CPF members with a view to bringing the role of productive forests and the economic use of landscapes more to the forefront.
62. Mr Dieterle said there was huge need for information on markets, policies and so on for building sustainable and legal supply chains. Another important step for ITTO, therefore, was to complement existing market analysis with measures to ensure transparency and accountability. ITTO had already piloted a range of innovative tracking and verification technologies, but it could do more. For example, the Organization was preparing a joint approach for harmonizing tracking tools and verification tools in Central America and Mexico. There was considerable interest in ITTO producer member countries for this kind of work, which would, among other things, facilitate the development of sustainable and legal supply chains between participating countries.
63. Mr Dieterle pointed out that the work he had just outlined had been carried out with only modest resources, and there was considerable potential to scale up. It was crucial, he said, to ensure that the Organization's various activities, the regular work programme, the Biennial Work Programme (BWP) and the thematic programmes all contributed in a harmonized way to common goals. ITTO would benefit, therefore, from the development of "business lines" that would better demonstrate the Organization's impact and ensure that its voice was heard in the international arena. Although the existing programmes addressed important areas, taken together they did not fully show the logic of the Organization's work. A thematic aggregation of pending projects in activities would better enable ITTO to "tell its story" and represented an opportunity to better achieve corporate outcomes. Mr Dieterle presented a table that showed how this could be done for the existing pool of projects and activities pending finance with a total value of about USD 25 million, some of which he hoped would be pledged at this session.
64. Building such an approach would require important adjustments to ensure that the Organization was able to work in a more programmatic way. These would include additional financing pathways to match the needs of producer countries with the programmes of prospective donors and a stronger role for the Secretariat in assisting member countries to formulate and design proposals for projects and activities that matched criteria for donor organizations.
65. It was clear, said Mr Dieterle, that the Organization's existing structure and funding would not allow it to work at a more programmatic level and at the scale needed to achieve global impact. Nor would it allow ITTO to attract funding at scale in coherent work packages linked to international mainstream discussions and the funding policies of major donor organizations. It was important to recognize that

the trend of ITTO's declining funding had begun many years ago, albeit aggravated by the recent financial impairment.

66. Mr Dieterle expressed gratitude for the voluntary contributions that ITTO had received over the years, but it would be unrealistic to expect such funding to be forthcoming at a ratio of more than 1:1 in relation to the administrative budgets. To be effective, funding should be at least at a ratio of 1:4, or USD 20–30 million. Only at that level would ITTO be seen as a major international player and as a key actor in the promotion of productive forests, green supply chains and sustainable development.
67. Many producer countries faced a very frustrating situation, said Mr Dieterle, in which excellent project proposals were being approved but very few funded. Part of the reason for this was that projects were somewhat disconnected and lacked a broader, more holistic approach. He proposed, therefore, business lines or support lines for which the Organization would receive larger packages of funding negotiated with donors. This would better enable the Organization to implement its BWP and strategic action plan and achieve its goals.
68. An approach was required in which the demands of producer countries were efficiently matched at scale with the criteria of major funding sources into which ITTO could tap. This might mean changes in the way projects were generated and presented to potential donors, including more regional or aggregated approaches. Mr Dieterle said the Secretariat would seek to engage with new donor agencies and new funding entities within donor member countries. It was also necessary to continue rebuilding and strengthening links with existing donors who had generously supported ITTO's work. The Secretariat was grateful for the excellent work of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies, the report of which would provide a good basis for creating a new pathway for the future. He expressed his belief that ITTO was now in a much stronger position than it had been for many years. The Organization was efficient, open and transparent, and it had in place strict financial management and social, gender and environmental safeguards.
69. The Chairperson invited comments from delegates.
70. The delegate of the EU thanked the Executive Director for reporting on ITTO's activities and other developments and for offering his strategic vision on the global environment and the challenges faced by ITTO. The EU, she said, was particularly sensitive to the analysis on the role of forests in the circular economy: there was a need to change the economic model in this direction. The EU also appreciated reference to the report of the Intergovernmental Panel on Climate Change regarding the role of forests and biodiversity. That report had been very clear on the loss of biodiversity, and the EU believed it was important that it was part of the equation. ITTO had a long tradition of cooperation with other organizations, notably the Convention on Biological Diversity, which the EU would like to emphasize.
71. The role of investment, as highlighted by the Executive Director, was also one of the priorities of the EU, which was in the process of developing a sustainable finance action plan. There was common ground, therefore, in the strategic vision offered by the Executive Director, and the EU saw ITTO as a vital forum for cooperation and partnership.
72. The delegate of the EU said the EU welcomed the leading role ITTO was taking in the CPF, which was important for the implementation of the United Nations Strategic Plan on Forests and in contributing to the implementation of the Sustainable Development Goals. She also stressed the role played by the FAO Forestry Department in sustainable forest management and reforestation, the importance of cooperation between FAO and ITTO, and the need to avoid overlaps.
73. Given that ITTO's financial recovery was still in its early stages, said the delegate of the EU, this session would be key for regaining credibility. The support of members was needed at the session and beyond, and the EU reiterated its support for the Executive Director. The EU was considering additional financial support of about EUR 300 000 for the implementation of the BWP, and this was a signal in light of the progress made by ITTO in regaining its credibility. Germany would also contribute financially to a teak management project in the Asia-Pacific region in the amount of about EUR 1 million. The EU was looking with great interest at the green supply-chain projects described by

the Executive Director and in which many actors were showing support. The delegate of the EU concluded by welcoming the forthcoming panel discussion on the role of women in ITTO to meet Sustainable Development Goal 5, and the EU welcomed the adoption of the guidelines on this subject at the previous session and invited the Secretariat to report on the progress made.

74. The delegate of Japan welcomed Council members to Japan and expressed gratitude to the Executive Director and the Secretariat for their excellent work in preparing for the session. He appreciated the Executive Director's reference to the late Mr Akahori, and he said Japan echoed the Executive Director's statement. Japan understood the importance of green supply chains and the need to expand ITTO's resources. In 2017, Japan had passed a green law that encouraged all parties, including the private sector, to introduce green supply chains. The delegate of Japan said his country was in the process of resuming voluntary contributions to the Organization, and he encouraged other Council members to join its efforts in that direction.
75. The delegate of Mexico thanked the Executive Director for his report and the vision he offered in his plans for the future, which Mexico supported. Mexico was aware of the challenges the Organization faced, and important decisions were needed at the session.
76. The delegate of Costa Rica referred to worldwide efforts to fight forest degradation and deforestation and commented that, despite all the concessions made by producer countries to support the Organization, there had been a lack of finance forthcoming for projects. He said that, as the Executive Director had mentioned, projects collectively worth USD 25 million had been approved, and it was difficult to explain to his authorities why those projects could not be implemented. He called on consumer countries to make the relevant contributions so that the projects could be financed. In the case of Costa Rica, support was especially needed for small producers.
77. The delegate of the USA said that the USA had remained a consistent donor to ITTO and was happy to see the progress that had been made towards accountability and transparency. The USA also recognized the difficulty of maintaining voluntary contributions and recognized the limits on traditional sources of funding, and it therefore welcomed discussions on how to obtain resources for the Organization while sustaining and strengthening its expertise in markets, supply chains, sustainable forest management and community and industry engagement. Partnerships were critical for pulling in expertise and resources, and the USA agreed with the EU on the importance of the CPF and that FAO was a strong partner, along with other organizations.
78. The producer spokesperson said producers had noted the various interventions and had observed with satisfaction the recognition of the important role of tropical forests, which was much wider than just timber production and included contributions to sustainable development and global objectives. This should be constantly part of ITTO's objectives and vision. He stressed the need to develop capacities and productivity in producer countries. There was goodwill at the international level in helping producer countries pursue sustainable forest management.
79. The delegate of China said he hoped ITTO would continue to support member countries to pursue sustainable forest management and implement the SDGs. He encouraged donor countries to provide ITTO with more resources with which to support sustainable development. For its part, China would continue to support the Organization, and it would work with other developing countries to improve green supply chains. He mentioned the Shanghai Import Expo, which had been launched that morning, and he expressed the hope that more countries would join it.
80. The delegate of Vietnam introduced himself as vice chairman of the Vietnam Timber and Forest Product Association, and he thanked ITTO for the support it had provided to Vietnamese forestry and the wood industry. Viet Nam was quite a new member of ITTO, and Vietnamese wood industry enterprises and policymakers had benefited from what ITTO had already done, as well as from the regular Tropical Timber Market Report and a project on acacia. This project would benefit many Vietnamese households that were producing acacia timber to meet local demand and assist in the development of the country's wood industry. Viet Nam had emerged as one of the world's top wood-product exporters, and it appreciated the support that had been provided to assist the country in pursuing timber legality and sustainable forest management.

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

81. Mr John Leigh, Vice-chairperson of the Council, presented the report of the 32nd meeting of the Informal Advisory Group (IAG), which was convened on Sunday 4 November 2018, as contained in Document ITTC(LIV)/2. Chaired by the Council Chairperson, the meeting had been attended by the Council Vice-Chairperson, the chairpersons of the Committees, the spokespersons of the consumer and producer groups, the representative of the Host Government of ITTO headquarters, and the Executive Director and other members of the Secretariat. The full report of the IAG is contained in Annex V.
82. The IAG meeting had been opened by the Council Chairperson, and the Executive Director had also made opening remarks. The IAG had adopted the following agenda for discussion:
- A. Brief background of the IAG:
 - Decision 2(LI);
 - Report of the IAG at its Thirty-first Meeting, 26 November 2017;
 - General observations by the IAG Members;
 - B. Opening of the Fifty-fourth Session of the Council
 - C. Status of the parties to the International Tropical Timber Agreement, 2006
 - D. Filling positions of Council officers/bodies
 - E. Implementation of decisions dealing with the impairment of ITTO funds
 - F. Improving ITTO's Financing Infrastructure and Fundraising Strategies – Decision 9(LIII)
 - G. Rotation in the Framework of the Selection of the Executive Director – Decision 9(LII) and Decision 10(LIII)
 - H. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII)
 - Projects, Pre-Projects and Activities [Decision 1(LIV)];
 - Environmental and Social Safeguards Guidelines
 - Revision of Staff Rules and Regulations on the Age of Retirement in keeping with Prevailing UN Rules on the Age of Retirement
 - Fundraising
 - Anti-Money Laundering Provisions in the Financial Rules in order to be Compliant with GCF Accreditation Requirements
 - Rotation in the Framework of the Selection of the Executive Director.
 - I. List of possible decisions for the Fifty-fourth Session of the ITTC and report to the Council; and
 - J. Other matters
83. The IAG had been informed of the current status of parties to the Organization, and it had discussed the impairment of ITTO funds. The spokespersons of the caucuses had been informed of the statutory positions in the Council that were vacant.
84. The IAG had considered five draft decisions: on projects, pre-projects, and activities; environmental and social safeguard guidelines; the revision of staff rules and regulations on the age of retirement in keeping with prevailing UN rules; fundraising; anti-money laundering provisions in the financial rules in order to be compliant with the Green Climate Fund accreditation requirements; and rotation in the framework of the selection of the Executive Director. The IAG discussed this list of possible decisions, its report to the Council, and other matters.
85. The Council adopted the report.

ITTO BIENNIAL WORK PROGRAMME – DECISION 2(LII) (AGENDA ITEM 10)

Progress Report on the Implementation of the ITTO Biennial Work Programme

86. The Secretariat (Mr Gerhard Breulmann) presented a progress report on the implementation of the 2018–2019 BWP (Document ITTC(LIV)/4).

87. Mr Breulmann recalled that the BWP 2018–2019 contained 41 activities divided into two parts. Part 1 had 26 activities divided into five groups by funding source. This comprised 19 activities seeking voluntary contributions from the membership, and seven activities (the Tropical Forest Update, the Market Information Service, the Annual Market Discussion, statistics, outreach, expert panel and the biennial review) funded through the core budget. Part 2 comprised 15 activities the Council was addressing and which had no financial implications. The total funds sought in voluntary contributions for the BWP was USD 8 030 000 for both 2018 and 2019, and the pledges received to date amounted to USD 821 000, which was 17.3% of the total sought in 2018 or 10% of the entire amount sought under the BWP. Mr Breulmann presented a table showing all 26 activities illustrating, with a color code, the funding status of each. Eight activities were fully funded, including seven activities under the core budget and Independent Market Monitoring (IMM), which was funded through a grant from the EU. Eight activities had been partially funded and ten had so far received no funding.
88. Of the funded activities, Mr Breulmann mentioned activity no. 3 (“strengthening participation of the private sector in the work of ITTO”), which was a collaborative initiative involving the World Resources Institute, the Peruvian forest industry and others; the IMM, for which a report on the EU furniture sector had recently been published as part of ITTO’s Technical Series and on which a presentation would be made to the CEM; and activity no. 10a on the gender equality guidelines, which had been posted on the ITTO website. Mr Breulmann also drew the attention of delegates to the panel on the role of women in ITTO, organized by the Civil Society Advisory Group (CSAG) with the involvement of the Trade Advisory Group (TAG), which would be convened in the plenary at the current session; activity no. 20, which was the Annual Market Discussion, held in collaboration with TAG, on the theme of private-sector tropical timber promotion initiatives and opportunity for collaboration; and activity no. 4, for which Germany’s pledge at the previous Council session had now been confirmed—the project was valued at USD 1 236 250 and would commence immediately after the session.
89. Mr Breulmann invited Mr Steven Johnson (Secretariat) to present on activity no. 1.
90. Mr Johnson reported that activity no. 1 under the BWP 2018–2019 had been partially funded with USD 50 000 from the Government of the USA, out of a total budget over the two years of USD 300 000. In preparation for the activity the Secretariat had consulted with World Bank colleagues, who were developing a compendium of fiscal incentives such as tax mechanisms and rebates for a sustainable forest sector.
91. In collaboration with the World Bank, the Secretariat had co-organized a workshop two weeks previously to bring together the authors of the chapters of that compendium to review the work that had been on-going and to brainstorm on ways forward. Mr Werner Kornexl from the World Bank would present shortly on the work. In terms of ITTO’s further input, there was a suggestion to undertake case studies in selected producer countries to look at implementing some of the recommendations and to investigate countries that had tried some of the proposed fiscal mechanisms. ITTO’s involvement was dependent on the availability of additional funds from donors for this BWP activity. Mr Johnson introduced Mr Kornexl to make his presentation on this work.
92. Mr Kornexl thanked the Council for the opportunity to present on the initiative, which was a cooperative effort between ITTO, the World Bank and other organizations. Mr Kornexl explained that fiscal mechanisms were rarely part of the dialogue when the Bank and other institutions interacted with ministries of finance, mainly because forest-related activities and fiscal instruments were complex and cross-sectoral and therefore the Bank normally didn’t have the capacity or intent to raise the issue. The initiative, however, had shown the Bank’s fiscal economists that this was highly relevant, and the aim was to bring the information together and also to bring capacity to countries and organizations to lead this.
93. Mr Kornexl outlined the following four main points arising from the initiative to date: 1) the Bank’s fiscal economists saw an absolute need for fiscal policies in the forest sector to be part of the dialogue with ministries of finance, and this was also recognized now by the Bank’s partners; 2) such policies could not be viewed in isolation from good governance; 3) contradictory or perverse incentives needed to be addressed; and 4) good examples existed globally. Mr Kornexl thanked ITTO for its financial contribution, and outlined further possible steps in the initiative, including the convening of a global

expert meeting to present the preliminary findings to representatives of ministries of finance, forestry and environment.

94. Mr Breulmann invited Mr Li Qiang (Secretariat) to present on activity no. 2.
95. Mr Li reported that significant progress had been made on the Global Green Supply-Chain (GGSC) initiative since the previous Council session. In February 2018, an expert meeting was convened in Beijing, China, to discuss the possible establishment of a green supply-chain platform. In June 2018, an international workshop co-organized by ITTO and the International Trade Research Center of National Forestry and Grassland Administration of China was held on global green forest-product supply chains, as well as a dialogue with leading Chinese timber companies. At the end of this workshop, an initiative on jointly building the GGSC was launched, with the participation of 12 Chinese timber enterprises. A committee was established to promote the GGSC. The first meeting of this committee was held in Yingjing, China, on 15 September 2018 focused on the structure of the promotion committee and a strategic roadmap for the GGSC. The charter of the GGSC promotion committee was now being drafted and reviewed, and this committee would hold its second meeting in November 2018 to review the draft GGSC charter. A study tour of selected African countries might also be conducted in January 2019 to promote the GGSC concept and future activities in Central Africa. Mr Li outlined other activities carried out as part of the initiative.
96. Mr Dieterle added that although the GGSC initiative currently involved only Chinese companies, these were among the world's biggest companies in furniture, housing, etc., including one Global 500 company, generating considerable exports from tropical producer countries. This was why the initiative is relevant to ITTO and its producer member countries. About 60% of the global trade of tropical timber is going to China and, in many cases, to these companies, which are now committing themselves to legal and sustainable—green—supply chains. Moreover, the Chinese companies involved are not considering this as a Chinese initiative, or Chinese platform—the platform would eventually be established in a way that it would function at the international level. The initiative had tremendous potential because it was coming from the private sector, with the potential to establish private–private relationships, and it was a new opportunity to secure market access for tropical producer countries. It was anticipated that, over time, the initiative would eventually involve hundreds of companies.
97. Indicating that the Chairperson had asked him to guide discussions on this agenda item, Mr Breulmann invited interventions from the floor.
98. The delegate of Japan thanked the Secretariat for its excellent work on the core business of sustainable supply chains as well as on its fundraising activities, and he welcomed the collaborative work with members of the CPF. He also appreciated the Organization's communication work, especially the renewal of its website, which was important for attracting a wide audience. In collaboration with ITTO, Japan was collecting information on the legal situation and markets in producer countries. In this area, Japan appreciated ITTO's role and would like to continue this collaboration.
99. The delegate of Germany asked how the green supply-chain initiative with Chinese companies could be linked to global ongoing initiatives towards the better verification of timber origin and species. The reason for this question, he said, was that, in Germany, there had been a major increase—almost tripling—this year in the number of samples sent to the country's competent body for the verification of timber origin and species, mirroring an increasing trend in the furniture market. In roughly 30% of the cases, the competent body detected falsely declared origin and species. So how could this initiative be linked with ongoing initiatives on fingerprinting and the tracking of species' origins? For example, one sample produced in an Asian country had been presented as a garden table made of acacia, but it turned out that it contained 25 species from all over the world. This was the reality in supporting the promotion of legal and sustainably sourced timber.
100. Mr Dieterle responded that one element of ITTO's role in the green supply-chain initiative was to help establish and widen the platform to build a process around it. The other, at the core of ITTO's mandate, is to help governments, trade organizations and producers on the ground establish capacities and meet requirements along entire supply chains—in the forest, transport, production and shipment. The

identification of tree species was an important factor in that; certainty was needed on tree species identity and origin.

101. The delegate of Mexico congratulated the Secretariat for the excellent work in accomplishing the BWP and for the interesting proposals on incentives. On that subject, the delegate asked Mr Kornexl on his perceptions of the level of support for the proposal within taxation ministries. It was clear, she said, that, when extra funds were available, the taxation ministry was usually present somewhere in the background. But when it was necessary to obtain a flow of funds with fewer resources, it was more difficult to get the same ministry involved or to make it aware of these policies. That was the situation confronting some countries.
102. Mr Kornexl said the World Bank had had a dialogue on fiscal issues and macroeconomic aspects, but this had not been done systematically regarding natural resources and forests. Such underlying studies existed in very few countries. Dialogues had been conducted with the ministries of environment and forestry, but ministries of finance had been approached in only a timid way. In most cases, ministries of finance did not take action because they were worried about the political economy. It was not an easy debate. Nevertheless, once dialogues were underway with agriculture, mining and other sectors, it was feasible to introduce to ministries of finance well-informed ways in which the fiscal and tax regimes could be improved, and this would help advance the agenda.
103. Mr Kornexl said a first step should be to cancel perverse incentives that used fiscal resources inefficiently. Full implementation involved several steps and in some countries would require parliamentary approval, which was why such reform was a long-term process. Sometimes it was not even the ministry of finance that was in charge of this. It was important to make convincing arguments, which was what the partners wanted to start with in a number of countries. Mexico had already done a great deal on this and was one of the few countries, along with Costa Rica, in which tax resources were being used to fund community forestry and other aspects. These were good examples that needed to be highlighted in other countries.
104. Mr Kornexl said the partners wanted to obtain funds globally for the initiative to provide at least initial steps moving forward. Various other financial instruments could be included, given acceptability and interest in ministries of finance and others.
105. Mr Johnson added that, in many ITTO member countries, either there was no communication between the forestry agency and the ministry of finance, or it was a submissive position. One of the big advantages of working with the World Bank in this kind of initiative was using the partners' joint convening power to get the people in the same room. That was part of the idea of the global expert meeting proposed by Mr Kornexl, to which ITTO could contribute.
106. Referring to Mr Li's presentation and reflecting on the Executive Director's comments, the delegate of Australia said her government was following the GGSC initiative closely and had great interest in it. She said Australia exported a lot of raw timber products to China, and China was a large supplier of processed timber products that needed to be assessed for legality under Australian illegal-logging laws, which had now been in place for five years. She noted that many suppliers of timber products to Australia had developed misconceptions about what was required under Australian laws and how they worked. Australia's laws were risk-based post-border measures whereby timber importers had to conduct risk-assessment due diligence. Many people thought, however, that a specific document was required and, in its absence, that products would be stuck at the border. Through the present initiative, there were real opportunities to demystify for producers what was required. The flip side of talking about the impacts of laws on combating illegal logging and associated trade, captured nicely by the initiative, was that those laws could promote the trade in legal timber products. Australia was keen to be engaged in the initiative if it developed.
107. Mr Dieterle said there was a close relationship between activities 1 and 2 in the BWP between incentive mechanisms and fiscal systems. Ultimately these needed to be in place to make green supply chains work because if the framework is not there, companies could not do what they wanted to. This is why the Secretariat is interested in running the two processes in parallel to ensure they were mutually supportive.

108. The delegate of the USA said, that, regarding BWP activity no. 2, the concept of working holistically with producers up to buyers and creating a platform to connect them and ensure a sustainable supply chain was not new. Several entities, including the Rainforest Alliance and the Tropical Forest Trust, had been trying to do the same thing for the last decade. The delegate said she remembered attending a conference in Shanghai more than ten years previously in which more than 100 buyers discussed the same concept of creating a platform for sustainable green products. In implementing this programme, was ITTO doing something more innovative that would change the effectiveness of what these other entities had been trying to do for the past ten years? Or was it simply complementing those other efforts?
109. Mr Dieterle said competition with other good initiatives should be avoided. The value of the present initiative is that it was generated by the private sector itself. The involved companies had taken the initiative, and this was why it deserved full support. A process was underway to map out other initiatives and to work together with those because this would increase the impact in the long run. The initiative was at a stage at which the companies involved had developed a charter and initial rules on how they would work together; the next step would be how they related to other initiatives and other countries. This was something that could become a broader platform. Mr Dieterle mentioned that the initiative would be discussed with TAG.
110. The delegate of Costa Rica said his country was implementing a policy to provide fiscal incentives to promote forest conservation. In many countries, where sectors such as agriculture were financially more competitive, forest degradation continued because those responsible for combating such degradation lacked proper incentives to do so. In 1992, at the Earth Summit, it was considered that sufficient resources existed to avoid forest degradation on the basis of closer cooperation, but nothing had happened. Forest degradation continued today, and it was becoming increasingly difficult to sustainably manage forests in developing countries. An instrument that had been discussed for many years was payments for carbon sequestration to enable forests to compete with other land uses. A study sponsored by the World Bank had established that a price of USD 40–50 per ton of carbon dioxide was needed by 2030 and up to USD 80 by 2050. Today, however, one ton of carbon dioxide on the market was worth much less than that, so Costa Rica's expectations had not been met. Countries would not be interested if the price on offer was much less than what governments needed to pay small producers for forest conservation. There was an imbalance and distortion at the international level. If nothing was done about this, forest degradation would continue to increase and trees would continue to be felled, sustainable forest management would not become a reality, and global warming would continue. Forests were important for reaching the targets of the Paris Agreement, but not much was happening at the international level to ensure that forests would help meet these objectives.
111. Mr Kornexl said if the general price for carbon was USD 50, the price for forest carbon should be higher given all the ecosystem services that forests provided. Natural resources were not accounted for appropriately, and natural capital accounting could help address this. It was true that international incentives were much lower than the values those natural resources provided in the country.
112. The delegate of Cameroon said his country was one of the Congo Basin countries, a number of which had signed VPAs. Cameroon had signed its VPA in 2010 and ratified it in 2011. This VPA was now under implementation, and various initiatives were being taken. A forest information management system is being developed and a compliance system implemented. Cameroon is also developing a traceability system as part of its forest information management system. It is important, therefore, to support these countries; ITTO should look at what Cameroon is already doing and see how it could support it in improving supply chains and ensuring timber legality. Regarding taxation and fiscal incentives, Cameroon had a forest development fund that was supposed to be financed by forest resources, but the income from forest products was insufficient to supply the fund. With ITTO support and working with other ministries, it could be possible to generate more traction for this fund so that it is sufficient to protect and regenerate forest resources.
113. The delegate of China expressed appreciation to ITTO for its support and engagement in efforts to promote the GGCS initiative. China considered that the enterprises involved were good players in the trade of forest products. The Chinese government, therefore, was happy to see that these enterprises

wanted to follow market rules and regulate their own behavior in sourcing timber from legal sources. The initiative's secretariat was holding an event in connection with the China Import and Export Expo, which Mr Li from the ITTO Secretariat would attend. The delegate said China was a linkage point between producer and consumer countries. The initiative could pilot efforts to engage enterprises in entire supply chains to promote the trade of sustainably produced forest products. If such pilot efforts could accumulate experiences, they could be expanded to the global level and more enterprises from across the world could be attracted to the initiative. Thus, the initiative was not in competition with existing mechanisms, such as FLEGT. Ultimately, the aim was to provide added value in promoting the trade of forest products from legal and sustainable sources. China would closely follow the progress of the initiative and would be happy to work closely with other ITTO members in this regard.

114. Mr Li clarified that the private sector, not ITTO, was behind the GSSC. Moreover, the mechanism is not a platform for the verification of legality or the identification of species; rather, it is designed to help members conduct such work in different ways. Nor is it a Chinese mechanism: although initiated by Chinese companies, it is intended to become global. Discussions are underway with colleagues from other countries, and field visits to Africa were planned for next January. Finally, although there is nothing new about the concept, the conversation is new because it aims to bring all stakeholders together, especially those in the private sector.

(a) Enhancing Cooperation between ITTO and CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)

115. The Secretariat (Mr Steven Johnson) informed the Council that the next Conference of the Parties (COP) to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) would be held in May 2019 in Sri Lanka, and the deadline for proposals for new listings of tree species on the CITES Appendices is end 2018. To date, no new proposals had been submitted, although there had been unofficial reports that some countries might be working on proposals. The European Commission had recently issued new guidance to member states regarding due diligence for timber entering the EU market with CITES permits. The EU Timber Regulation contained a provision that timber imports with CITES permits were exempt, but that had been tightened and the provision had been made for countries to undertake a similar type of due diligence to that being carried out for other wood entering the market.
116. In previous years, Mr Johnson said, he had reported on a large multidonor mechanism for work on cooperation with CITES that was funded largely by the EU, with the support of many other donors. The contract with the EU had been completed in 2016, and the final payment under that contract had recently been received, although other donors were continuing to contribute funds.
117. The CITES Secretariat had signed a contract with the EU to carry this work forward and was now implementing the CITES Tree Species Programme. ITTO had signed contracts with the CITES Secretariat to receive close to USD 700 000 to assist in implementing this programme. ITTO's assistance included reviewing proposals submitted by ITTO member countries, of which there had been many. ITTO and CITES were also convening three regional meetings, of which two (in Asia and Latin America) had been held and a third was planned for Africa in March 2019. These meetings brought together country proponents of projects to advance their proposals and to discuss how to make best use of the resources available under the programme.
118. ITTO was undertaking regional trade studies of tree species in trade in the three regions as part of its work with the CITES Tree Species Programme. When projects funded through the programme began implementation, ITTO will be assisting with implementation and possibly co-funding some projects.
119. Mr Johnson said ITTO is a member of the CITES Tree Species Programme advisory committee. The ITTO Secretariat is in the process of signing another contract with CITES for an additional approximately USD 100 000 to assist with arranging advisory committee meetings and to produce a report on agarwood in the Asia-Pacific region. The advisory committee would meet during the Council session, and he invited all delegates to attend.

120. ITTO continued to receive funds from donors to facilitate its work with countries trying to implement CITES for tree species. ITTO co-hosted a workshop with the Government of Madagascar in June 2018 to finalize a business plan for dealing with rosewood stockpiles that existed in that country. The workshop was held in collaboration with, and had been partially funded by, the World Bank. The results of that workshop was reported to the CITES Standing Committee in October 2018, and elements of the rosewood business plan had been approved. ITTO is in consultations with Madagascar and the World Bank to finalize work on a comprehensive inventory of the stockpiles and to mark them so wood could be moved out of the stockpiles.
121. Mr Johnson said CITES would revisit Madagascar's business plan for rosewood stockpiles and its plan for managing its forests more sustainably in general at its next COP in May 2019 and at the next Standing Committee meeting. His understanding was that Madagascar was revising the business plan.
122. Mr Johnson expressed the Secretariat's gratitude to all donors that had supported ITTO's work on CITES, and he hoped this would continue because there was substantial demand. The number of tree species listed in CITES had grown considerably in recent years. For example, the delegate of the Congo asked yesterday for support to work on Bubinga, a species that had recently been listed in CITES.
123. Mr Johnson introduced Ms Milena Sosa Schmidt from the CITES Secretariat.
124. Ms Schmidt said it was her pleasure to report on the joint activities that CITES and ITTO continued to undertake under the EU project "Supporting Sustainable Management of Endangered Tree Species and Conservation of the African Elephant", for which the CITES Secretariat was the implementing agency. The objectives of the CITES Tree Species Programme, which was a component of the project, are as follows: 1) to ensure the sustainable management of rare and valuable tree species and their products through improved technical and technological capacity; 2) to contribute to legal and traceable trading products from these tree species, including technological advances in identification; 3) to help improve and strengthen forest governance, policies for forest management and enforcement capacity and ensure benefits from long-term support for forest management in areas with CITES tree species; and 4) through the first three objectives, to promote rural development in often remote areas, sustainable economic growth at the country level, a healthy private sector and long-term poverty alleviation.
125. Ms Schmidt said collaboration between CITES and ITTO started in the 1990s but became much more substantial under the ITTO-CITES Programme, which was implemented from 2006 to 2016. That set the basis for robust and effective interagency cooperation. CITES and ITTO complemented each other perfectly as partners in promoting sustainable forest management. A memorandum of understanding was signed between the two secretariats aimed at strengthening and providing a framework for cooperation between the two organizations; this document noted, among other things, the important role ITTO had played and continued to play with respect to the international trade of tropical timber species. The ITTO Strategic Action Plan 2013-2018 called for ITTO to enhance capacity to meet CITES requirements and to help increase the contribution of tropical forests to national and local economies, including through international trade. CITES welcomed the longstanding cooperation between CITES and ITTO and the strong synergies that had developed, especially through work in Bolivia, Brazil, Cameroon, the Congo, the Democratic Republic of the Congo, Guatemala, Indonesia, Madagascar, Malaysia and Peru. Both secretariats intended to be represented at meetings of the CITES COP, the International Tropical Timber Council, and other meetings covering matters of mutual interest.
126. Both CITES and ITTO intend to decide on joint activities based on the availability of resources and to undertake joint fundraising to allow collaborative activities to continue. In line with the memorandum of understanding, Ms Schmidt said she is happy to report that ITTO would provide support to the CITES Tree Species Programme by undertaking the following activities: assess summary and full project proposals submitted for consideration and funding to the CITES Tree Species Programme and advise on the implementing capacities of the proponents and trade trends; participate in electronic and physical meetings of the CITES Tree Species Programme advisory committee and provide advice in line with the mandate agreed for that committee; carry out a study on regional trade patterns and

routes of CITES tree species in Asia to support the work of CITES tree species in that region and to inform decision-making by parties, CITES committees, and the CITES COP regarding trade in these species; undertake region-wide support activities in areas relevant to ITTO's expertise, such as the conservation, management and trade in CITES-listed tree species in Asia; and share the results of studies and assist in the follow-up of their findings.

127. Ms Schmidt said ITTO had also supported the implementation of CITES Decision 17/197 on agarwood-producing taxa, including the co-organization of a workshop in Indonesia. Other activities would be carried out at no cost under the memorandum of understanding. In countries that had signed VPAs with the EU, for example, ITTO would facilitate communications between the CITES Tree Species Programme team and the EU FLEGT facilitators, as needed. ITTO would also ensure that all stakeholders of related ITTO projects and programmes, such as the EU-funded IMM, were aware of the activities conducted under the CITES Tree Species Programme, and ITTO would identify and encourage synergies and contribute relevant articles, etc., for publication on the CITES Tree Species Programme's website and other outreach efforts.
128. Ms Schmidt said the two secretariats had also signed a project cooperation agreement on regional meetings for Central and South America and the Caribbean and Africa. The ITTO Secretariat would provide further support to the CITES Tree Species Programme by undertaking activities similar in nature to those in Asia in the two other regions, addressing a range of species.
129. Ms Schmidt ended her statement by thanking all donors that had made the joint work between 2006 and 2016 possible: the EU, the USA, Switzerland, Japan, Norway, the Netherlands, Germany, New Zealand, and the private sector. For the CITES Tree Species Programme, she thanked the main donor, the EU through the European Commission; she also thanked the USA for its contribution through the ITTO Secretariat. Finally, she thanked individuals who had contributed to the work of the programme. She said she was looking forward to continuing cooperation with ITTO.
130. Mr Breulmann invited comments from the floor.
131. The delegate of Malaysia thanked the EU, the USA and all donors for their contributions. His country had put forward a project proposal under the CITES Tree Species Programme, and he thanked the CITES Secretariat for its assistance in preparing this, the aim of which was to enhance the management and conservation of the threatened species *Aquilaria malaccensis* in Malaysia. He thanked ITTO for funding projects in Malaysia in the past under the ITTO–CITES Programme.
132. The delegate of Thailand informed the Council that Thailand's Department of National Parks and Wildlife Conservation had submitted a project under the CITES Tree Species Programme. He thanked the EU, the CITES Secretariat and ITTO for their assistance in preparing the project document. The project would help in implementing Thailand's CITES obligations and attaining the sustainable management, conservation and development of the country's forest resources.
133. The delegate of Cambodia said his country had also submitted a proposal to the CITES Tree Species Programme. He thanked the donors, especially the EU and the Government of Japan, as well as the CITES and ITTO secretariats, for their support for Cambodia's forest management efforts.
134. The delegate of the USA said her government remained strongly committed to ensuring the successful implementation of CITES tree species listings. Major advances had been made at COP 16 and she looked forward to further progress at COP 17. The USA was also pleased to hear about the strong cooperation between ITTO and CITES. ITTO's involvement helped ensure the on-the-ground implementation of CITES tree listings as technically sound, practical, and with effective support. The USA would continue to support this cooperation through contributions to ITTO under the 2018–2019 BWP.
135. The delegate of the EU said the EU had contributed EUR 7 million to phase 3 of the CITES–ITTO programme on tropical tree species. The EU considered ITTO to be a key partner in this programme and encouraged other members to provide financial contributions to support ITTO/CITES-related work through this activity.

(b) Revision of the ITTO Restoration Guidelines

136. The Secretariat (Mr Hwan Ok Ma) reminded the Council that this activity had been partially funded, and ITTO was engaged in a joint initiative on forest landscapes restoration (FLR) with IUCN as a collaboration partner. Under this initiative, ITTO had received USD 17 600 for an analysis of FLR programs of CPF members, which was now being undertaken by Mr Jürgen Blaser and Mr Cesar Sabogal. A meeting of partners was scheduled in Bangkok immediately after the Council session. With the support of AFoCO, ITTO had been able to sponsor eight member countries to attend and the Royal Forest Department of Thailand was also supporting the meeting. Mr Ma referred to upcoming events at which ITTO would have a presence and would report on its work to revise the restoration guidelines. He invited Mr Blaser to make his presentation.
137. Mr Blaser informed the Council that he and Mr Sabogal had assisted in the preparation of the original guidelines in 2001 and thus had a long history of working together on this issue. In 2001 there had been an estimated 850 million hectares of degraded forest landscapes, comprising degraded primary forests, secondary forests and degraded forestlands. The work on the original guidelines had started in 2000 with a Council decision, and Mr Blaser and Mr Sabogal had worked with CIFOR, FAO, IUCN and WWF International. After the guidelines had been approved, six regional workshops had been convened in 2003–2005 to assist in their uptake. The purpose of the guidelines had been to provide a knowledge base for the restoration of degraded primary forests and the management of secondary tropical forests and to provide a planning tool for local-scale and landscape-scale forest management. The target community for the guidelines comprised land-use planners, decision-makers, government agencies, forest practitioners, forest managers, non-governmental organizations, educational and training institutes, and research institutions. Mr Blaser discussed the scope of the guidelines and explained how natural forests might become degraded through various practices. He described the existing guidelines and the process involved in their development, and he mentioned a complementary publication (produced by ITTO in collaboration with IUCN) called “Restoring Forest Landscapes: An Introduction to the Art and Science of Forest Landscape Restoration”. Together, the two publications contained much that was now being discussed globally, and ITTO had therefore been a pioneer. Mr Blaser described the structure of the existing guidelines, which comprised two main sections – at the policy planning level, and at the stand or local level.
138. Operational guidelines were published in 2005, but ITTO had done relatively little on the ground for the following decade, with only four or five projects funded. ITTO commissioned the World Resources Institute in 2015 to study how the ITTO guidelines had been implemented; this found a lack of awareness about the guidelines and thus no real implementation in a broad sense. The study suggested that the guidelines needed significant revisions, more attractive presentation, greater user friendliness and simpler language.
139. It was concluded, therefore, that the 2002 guidelines needed revision to simplify the structure, merge overlapping principles, and use simpler wording with a view to making the guidelines more applicable to stakeholder needs. At the policy level, there was a need to identify ITTO’s comparative advantages within the Global Partnership on Forest Landscape Restoration and to use this to fill gaps. The task was to align the revision with global emerging issues and to use the Global Partnership to increase the visibility of the ITTO guidelines and support their implementation.
140. Mr Blaser outlined recent developments in forest landscape restoration. Of the 14 members of the CPF, 11 had major programmes in forest landscape restoration. There were at least ten global and three regional forest landscape restoration initiatives, and eight major sets of guidelines, addressing, for example, agroforestry, drylands and tropical forests. Organizations involved in forest landscape restoration had also agreed on a set of six principles, which largely reflected the approach taken in the existing ITTO guidelines. Mr Blaser also mentioned targets for the area of forest landscapes to be restored by 2020 or 2030, showing that there was a high level of political commitment and institutional engagement. The question of who would pay for the restoration, which could cost USD 1700–4000 per hectare, was an open question. The total committed area of forest landscape restoration in ITTO member countries was 87.1 million hectares, said Mr Blaser. ITTO might wish to consider how it could support its members in achieving such targets.

141. Mr Blaser addressed the elements that could be included in the revised ITTO guidelines. The proposal was to broaden the scope with an overall goal of building sustainable forest landscapes in the tropics. Current forest landscape restoration processes were missing certain elements, and these could be addressed in the revised guidelines. Mr Blaser outlined proposed core elements for defining restoration scenarios. He ended his presentation by saying that the work was not finished; rather, it was at the beginning, and the expert workshop to be held in Bangkok after the Council session would provide important inputs.
142. Mr Breulmann invited comments from the floor.
143. The delegate of Colombia thanked Mr Blaser for his comprehensive report. Colombia had restored 217 000 hectares of degraded forest since 2014, thereby exceeding the goal for 2014–2018 of 200 000 hectares, with the overall aim of restoring 1 million hectares, thereby highlighting the commitment of his government to restoration. International cooperation was needed, and the Council's support for the pending project on this issue would be appreciated.
144. The delegate of Guatemala thanked Japan, the USA and the Convention on Biological Diversity for enabling his country to carry out a reforestation programme. What was needed was a project to set out the instruments, criteria, parameters and guidelines for establishing, monitoring and assessing forest restoration in his country as one action that could be summarized in activities to reduce carbon dioxide emissions.
145. The delegate of the EU asked whether Mr Blaser had considered the community of investors as an audience. The guidelines could convey to investors that certain projects might be of interest, which could help attract private investment to restoration activities.
146. Mr Blaser responded that the revised guidelines would indeed consider a range of target communities.
147. The delegate of Cambodia said forest restoration programmes were difficult to implement for some countries due to a lack of resources. The revised guidelines, therefore, should incorporate plantations that could attract the private sector and financial institutions to invest in green development. Thus, the term "restoration" might not fit all circumstances.
148. Mr Breulmann noted that Mr Blaser's report would also be discussed in the Committee on Reforestation and Forest Management.

(c) Communication and outreach related work

149. The Secretariat (Mr Ramón Carrillo) presented a report on ITTO's communication and outreach activities as part of the BWP.
150. Mr Carrillo said the Organization's outreach activities were undertaken under Strategic Priority 5, which was to improve the quality and availability of information on tropical forests, forest products, markets and trade. There were three activities in the BWP: no. 16 on the ITTO communication strategy, which was not currently funded; no. 17 on publication of the Tropical Forest Update newsletter; and no. 18 on enhancing public relations, education and outreach. Other outreach efforts had supported several other activities.
151. Mr Carrillo said the purpose of ITTO outreach was to enhance knowledge sharing and dissemination, leverage knowledge through partnerships, enable knowledge use, and deliver key messages on sustainable forest management to the international community. Key themes included productive forests, sustainable supply chains, gender equality and empowerment of women, wood security, and the Sustainable Development Goals. The target audience comprised ITTO members, current and potential donors, international and regional organizations dealing with forests and environmental issues, partners, executive agencies, the private sector, research institutions and universities, foresters and forest owners, among others.

152. Mr Carrillo said three editions of the Tropical Forest Update had been published to date in 2018 under activity no. 17, and the ITTO website had been updated and relaunched under activity no. 18. Mr Carrillo demonstrated some of the updated website's features. Under activity 18, outreach efforts were undertaken to promote outputs of ITTO funded projects and activities. Also as part of activity no. 18, ITTO had engaged in outreach activities at several international conferences, and it was planning to similarly engage at major conferences in 2019. ITTO had an active presence on various social media platforms, and it had also created a dedicated website to provide coverage of the present Council session, including stories on each day's proceedings, photos, videos and PowerPoint presentations. In closing, Mr Carrillo acknowledged all those who had contributed to ITTO's outreach, including members, colleagues in the Secretariat, consultants, executing agencies, translators, service providers, and users.
153. The Chairperson thanked Mr Carrillo for his presentation and invited interventions from the floor.
154. The delegate of the USA congratulated the Secretariat on the redesign of the ITTO website, which made information far more appealing and accessible and would assist in disseminating the guidelines and other tools that ITTO had worked so hard to develop.
155. The delegate of the EU joined the delegate of the USA in congratulating the Secretariat for the relaunched website, which made navigation much easier and had a fresh look. It was also very useful to have a members' portal for documents that were not publicly available.
156. The delegate of Mexico thanked the Secretariat for its work in improving the website. The update would help users navigate the website, and information could be obtained much more quickly, thereby improving the user experience and no doubt attracting a larger audience for ITTO's work. She encouraged members to publish the results of their projects so these could be viewed on the website and to assist in communication.
157. The delegate of Peru congratulated the Secretariat for the brilliant update of the website. His delegation had been pleased to see how much easier it was to use the website now and the links to social media.
158. The delegate of Costa Rica congratulated the Secretariat for the website, which was now much easier to use and to obtain the necessary information.
159. The delegate of New Zealand joined other speakers in congratulating the Secretariat and Mr Carrillo on the substantial improvement to the website, both in usability and in presenting the image of the Organization. She urged members to make active use of the new website, which could be a valuable forum for information on all forest-related matters. She also encouraged members to alert the Secretariat when they were making announcements or decisions so that links could be provided on the ITTO website.
160. The delegate of Australia said she echoed the compliments paid by other members about the new website. Forestry communication was important, and the revamped website provided a good example of what could be done with a little thought and strategy. She expressed the hope that ITTO could share its learning and knowledge with other members of the CPF to help further collective efforts to promote community understanding of forestry and its issues. The delegate said materials from ITTO's website and publications were being replicated in Australian timber publications and industry newsletters, and ITTO members could do more to promote those materials among industry associations and community organizations as a way of amplifying the effectiveness of the Organization's communication efforts.
161. The delegate of Japan said he shared the views of other delegates in appreciating ITTO's work on communication and outreach. This activity was important for increasing the Organization's visibility and thereby assisting in obtaining financial sources from other international organizations and the private sector. ITTO must continue engaging in and improving its communication effort.

(d) ITTO Fellowship Programme – Decision 4(XXVII)

(1) Progress report on the ITTO Fellowship Programme

162. The ITTO Secretariat (Ms Kumiko Tanaka) presented a progress report on the ITTO Fellowship Programme (Document ITTC(LIII)/8). To date, the programme had enabled 1371 young and mid-career professional from 49 member countries, working for government, universities, research institutions, non-governmental organizations and the private sector, to pursue their professional development and improve their career prospects. Of the awarded fellowships, 30% were in Asia and the Pacific, 32% were in Africa, 25% were in Latin America and the Caribbean, 10% were in developing consumer countries and 3% were awarded to Fellows in consumer countries who had carried out their activities in producer member countries. Seventy-two percent of fellowships had been awarded in the field of reforestation and forest management, 20% in forest industry, and 8% in economics, statistics and markets.
163. Ms Tanaka said that, thanks to the contributions of Japan, Finland, the Netherlands, and the USA, ITTO had funded 18 fellows in 2017, including six women, from 15 producer member countries. Four of these fellowships had already been completed and the rest were ongoing.
164. ITTO had conducted impact assessments of the Fellowship Programme periodically, said Ms Tanaka, the most recent of which had been in 2016, when the vast majority of respondents had given positive feedback about the programme's benefits. Overall, the programme had made significant contributions to human capacity development in ITTO producer member countries over its lifetime and represented a great investment in the future. Ms Tanaka drew the attention of delegates to the financial situation of the Fellowship Programme; after declines in contributions in 2015 and 2016, the programme was now well on the way to recovery thanks to the generous contributions of donors.
165. After her presentation, Ms Tanaka introduced ITTO Fellow Ms Adi Estela Lazos Ruíz to talk about her experiences and skills gained through the Fellowship Programme.
166. Ms Lazos said she was from Mexico, and she had won a fellowship for technical training in Rio de Janeiro, Brazil, in 2014. Among other things she had visited the Rio de Janeiro Botanical Garden, which had a beautiful arboretum and a significant research centre in tropical botany. She had also undertaken a course in environmental history at a university in Rio de Janeiro, which had broadened her perspective. As part of her scholarship she had attended a symposium on young trees and had become acquainted with the difficulty of conserving tropical tree seeds and seedlings. This was an important area for tropical forest restoration, said Ms Lazos. Mexico and the Rio de Janeiro area had much in common, including a high level of biodiversity and similar social realities.
167. Having returned to her home country, Ms Lazos was now working at the Research Center in Environmental Geography at the University of Mexico. She had a growing collaborative network, including excellent relations with Brazilian scientists. ITTO's support had had a cascading effect on her career. She expressed her gratitude to ITTO, saying that the Organization's work and the decisions taken at the Council level had a very strong impact on Fellowship Programme beneficiaries and were making a difference and providing an inspiration for continuing to work in tropical forests.
168. After Ms Lazos's presentation, a short video was shown featuring an ITTO Fellow from Colombia. At the conclusion of the video, the Chairperson invited interventions from the floor.
169. The delegate of Colombia expressed gratitude for the video showing the work of a Colombian ITTO Fellow, and he underscored the seriousness with which his country abided by its commitment to ITTO. He reminded delegates that Colombia still had an ITTO project pending finance that his country wished to move forward in order to continue its work on forest conservation.

(2) Report of the Chairperson of the Fellowship Selection Panel

170. The Chairperson invited the Chair of the Fellowship Selection Panel, Mr John Leigh (Peru), to take the floor.

171. Mr Leigh reported that, for the most part, fellowship selections in 2018 had been conducted electronically, although the panel had met once at this Council session to finalize the selection of successful applicants for the autumn 2018 cycle. The panel had taken into account the balance among the three subject areas and regions as well as the opportunity to promote the participation of women. The panel had also taken into account the Organization's Strategic Action Plan in its selection process. The panel recommended that, subject to the availability of funds, the Council award 22 fellowships, of whom 36% were women, at a total cost of USD 139 563.86. Forty-six percent of the recommended applicants were from Africa, 18% were from Asia and the Pacific, and 36% were from Latin America and the Caribbean.
172. The Chairperson opened the floor for comments on Mr Leigh's report.
173. The delegate of Indonesia thanked the Fellowship Selection Panel for its hard work, and said he appreciated the awarding of fellowships to two applicants from Indonesia. One of these was a PhD candidate from the eastern part of Indonesia, who would use the fellowship to contribute to better forest governance through conflict resolution, and the other was a lecturer who would use the fellowship to promote ecotourism and safeguard protected areas for biodiversity and ecosystem conservation. The delegate expressed belief that both the fellowships granted aligned with ITTO's objectives and would benefit the recipients.

(e) Panel on the role of women in achieving ITTO's objectives – Decision 6(LIII)

174. The Chairperson introduced Ms Sheam Satkuru from the ITTO Secretariat to moderate the panel discussion under this agenda item.
175. Ms Satkuru began the session by quoting Gloria Steinem, who said, "Nothing changes the gender equation more significantly than women's economic freedom", and "it's proof of the power, courage, wisdom and tenacity of women". Regardless of gender, said Ms Satkuru, everyone appreciated that women in their daily lives succeeded in juggling multifaceted challenges and roles. Not only did women strive to move forward in their careers, they also led their households; they were mothers, wives, nurses, slaves, the washing-up lady, the laundry-woman, the supermarket shopper, etc. She quoted Margaret Thatcher, who said, "If you want something said, ask a man. If you want something done, ask a woman". Ms Satkuru introduced a video message from Ms Rosalie Matondo, the Congo's Minister of Forest Economy.
176. In the video, Ms Matondo thanked the Council for the opportunity to convey her message on the empowerment of women in forest governance. In developing countries, she said, forest ecosystems were a major pillar for socioeconomic development, and countries operated in a context of poverty. Women in particular obtained important resources from forests, including wood energy for their households. Cultural practices, however, did not grant equal recognition to the customary rights of women to land and natural resources compared with those of men. The Congo, said Ms Matondo, was vulnerable to climate change, which could lead to the further marginalization of a very important part of the population.
177. As ambassador for the Brazzaville Roadmap on community forestry and Minister of Forest Economy, Ms Matondo said her purpose was to ensure that the expectations of local and indigenous populations were taken into account. She referred to a toolkit developed with assistance from the United Nations Development Programme to help rural communities in increasing incomes, establishing enterprises and improving their quality of life. More than ever, she said, natural resources needed to be managed inclusively, and all stakeholders needed to be brought on board in forest communities, forestry concessions and biodiversity conservation. The forest certification system was a tool for taking into account the value of local and rural communities and indigenous communities, who needed to share in this asset, and women should not be forgotten in that equation. Ms Matondo wished the Council success at the session and invited delegates to make the most of the opportunity to exchange information, renew past commitments, and seek win-win international cooperation to enable the identification of priorities and inclusive policies, plans and projects. She said her country had decided to "pull out all the stops" administratively and financially to ensure it was in line with ITTO requirements and to therefore recover its rights within the Organization. She invited the ITTO Executive Director to

visit the Congo. In concluding, Ms Matondo invited delegates to ensure that communities and women were the *sine qua non* stakeholders of forest ecosystems.

178. Ms Satkuru thanked Ms Matondo for her strong, supportive statement. She said that “communities and women were the *sine qua non* stakeholders of forest ecosystems” should be the day’s quotable quote. She invited Ms Cécile Bibiane Ndjebet to present her keynote address.
179. Ms Ndjebet said the session was a great opportunity to share with delegates the role of women in achieving ITTO objectives. She said her organization, REFACOF, was a regional network. It had a presence in 17 countries in West and Central Africa, including Madagascar, and its main objective was to push for tenure security for women. Most sub-Saharan African countries comprised more women than men; women were largely responsible for the production of food and many forest products and earned much of their income from forests. Women were also key actors in the restoration of degraded forests and in reforestation and conservation and had great knowledge of forests, forest resources and forest use.
180. The role of women was evolving from subsistence towards businesses that added value to forest products, but women faced many challenges in this because forestry was still perceived as a male profession. Women had very limited access to technology, resources, information and training, and they faced many problems because of insecure tenure. In most countries, they lacked awareness on their rights.
181. Ms Ndjebet presented a diagrammatic pyramid showing that most women in the forest sector were forest management operators, many fewer were field supervisors or coordinators, and almost none were board directors, senior managers or shareholders. Of ITTO’s 14 objectives, only one referred to local communities. Therefore, ITTO’s gender guidelines were very important and would help drive change and improve ITTO’s mission. To implement them, there was a need to create visibility by raising awareness and organizing information and communication campaigns. There was a need to promote effective use of the guidelines among member countries, observers, partners, civil-society organizations, communities and all other stakeholders. Implementing the guidelines needed to go beyond project monitoring and formulation and required capacity building. A gender analysis was needed of all ITTO strategic documents. Also needed were gender-disaggregated data to inform the Council and other stakeholders on various issues related to women in the forest sector. Ms Ndjebet proposed the development of a mechanism or framework for monitoring and evaluating the effective use of the guidelines. Gender-responsive tools were needed, as well as means for verification and reporting.
182. Ms Ndjebet made three recommendations: 1) that delegates encourage their government agencies to use the relevant gender policy guidelines to link forestry and gender equality to Sustainable Development Goal 5 on gender equality, as well as to other United Nations guidelines and mechanisms on women’s empowerment; 2) that ITTO members mobilize resources and build the capacities of government agencies, the private sector, civil-society organizations, women and other relevant stakeholders in the effective use of the guidelines; and 3) that the Council mobilize resources to review how the gender guidelines could be fully integrated and to provide specific guidance on the implementation of Sustainable Development Goal 5 and other United Nations guidelines and mechanisms on women’s empowerment. Ms Ndjebet said mobilizing resources to develop guidance materials and awareness tools for all stakeholders should be a fundamental priority for ensuring the successful implementation of the ITTO guidelines on sustainable forest management and forest landscape restoration. The ITTO Secretariat should be authorized to conduct an annual survey to monitor and evaluate progress on the adoption and implementation of the gender guidelines and report back to the Council. The Organization should also support value-chain development and the creation of a sustainable business environment for women in the forest sector, and it should support CSAG and TAG in producing an annual scorecard at each Council session on the status of the implementation of the guidelines. Ms Ndjebet recommended that the BWP include activities and capacity building on the gender guidelines for government, the private sector, civil society and all other stakeholders in the three regions.

183. Ms Satkuru thanked Ms Ndjebet for her presentation and the carefully and well-thought-out recommendations for the Council to consider. She introduced Ms Delphine Ahoussi, president of the MALEBI women's association in Côte d'Ivoire.
184. Ms Ahoussi thanked ITTO for inviting MALEBI to participate in the panel, and she congratulated the organizers for the initiative, which focused on the role and importance of women in forestry. She also thanked the governments of the USA and Japan for financing project PD 725/13 Rev.2 (F), which had supported women in MALEBI and contributed to their empowerment by enabling them to progressively restore Côte d'Ivoire's Ahua gazetted forest.
185. Ms Ahoussi described some of the main achievements of the women supported by MALEBI through the ITTO project, including a contribution to an increase in forest cover through agroforestry activities in the Ahua gazetted forest; an increase in food security and food safety for communities living in the vicinity of the Ahua forest; and a reduction in poverty among the communities involved in the project through the additional income generated. The Government of Côte d'Ivoire had recognized MALEBI for the impact of its work on the communities living in the vicinity of the Ahua forest and in the city of Dimbokoro. The Prime Minister of Côte d'Ivoire had awarded third prize to the MALEBI association for the promotion of community development. Ms Ahoussi informed the Council that the women supported by the MALEBI association were now contributing to the sustainable supply of wood energy and timber through its agroforestry activities aiming at the progressive restoration of the Ahua gazetted forest.
186. A video was shown to the Council, demonstrating MALEBI's work in the Ahua gazetted forest, including interviews with some of the project's beneficiaries.
187. Ms Satkuru said the project clearly demonstrated what could be achieved by working together. Moreover, the video showed the benefits that flowed directly from a project that started with reforestation and involved women. Men in the community now realized the benefits of the project for the whole community, and how those benefits flowed in several important directions in their daily lives.
188. Ms Satkuru introduced the next speaker, Ms Adi Estela Lazos Ruíz, who would talk about a project called "Women from Jamapa" in Mexico.
189. Ms Lazos informed the Council that she was presenting on behalf of Ms Patricia Moreno-Casasola from the Mexican Institute of Ecology, who was unable to attend. Ms Moreno-Casasola was the leader of several research projects, including some sponsored by ITTO, such as on the environmental and economic evaluation of coastal-forest ecosystem services on the coastal plains of central Veracruz, Mexico. Ms Moreno-Casasola had had a brilliant career studying the ecology of wetlands and coastal dunes and was a national reference on these topics. She had realized more than 20 years ago the importance of working with people if those ecosystems were to be conserved. Since then, many people from rural areas had been trained, and many students—including Ms Lazos—had done their theses within Ms Moreno-Casasola's research projects. Ms Lazos said her PhD had been financed by ITTO projects located in Veracruz on the coast of the Gulf of Mexico. The state had once been very rich in mangroves and flooded forests, but now only fragments of remnant native vegetation could be found scattered among pastures, agricultural fields, tourism ventures and urban areas.
190. The remnant coastal ecosystems provided important services such as carbon storage, flood regulation, protection against hurricanes, biodiversity habitat and the conservation of soil and water. The participation of rural communities was essential for maintaining such ecosystem services, but it was a major challenge because much work and time was required to achieve change. Problems in rural coastal areas included a lack of employment, difficulties in agriculture, and the risk of climate change. Conservation in rural areas must be linked to productive, sustainable projects. The economies of most families were linked to the use of natural resources, but the income they earned was barely sufficient.
191. In such a scenario, said Ms Lazos, women were especially vulnerable. Women cared for children, grandchildren and the sick and elderly in their families; kept house; cooked; cleaned; and sometimes also contributed to part of the household income. Many women were household heads because of the high level of migration of men to the USA. Many of the women in the area were overweight, even among the young, and many had diabetes—a relatively new disease in the area that had emerged due

to changes in food consumption. Many people no longer grew their own basic foods such as maize meal and vegetables, and their children were growing up with little contact with the ecosystems on which they depended. The way of life and people's lives depended on the ecosystem services around them, especially the region's freshwater swamps and marshes. These communities were vulnerable to climate change, and their adaptation to this threat was an urgent need.

192. As part of two projects financed by ITTO, said Ms Lazos, some strong, intelligent women in the towns of Piñonal and La Matamba in the county of Jamapa had formed a group to defend the swamps and marshes, and they had organized restoration at the edges of the wetlands. As an organized group, the women received training in many aspects of restoration, constructed a nursery, and developed techniques for collecting seeds from dozens of native species and germinating and planting them; the seedlings were used directly for reforestation or sold. The knowledge gained by the women was extremely valuable for restoration actions in tropical coastal areas.
193. The women also started making jewelry for sale, such as earrings and necklaces, using seeds and hard fruits grown locally. These activities brought new insights and learning, allowing the women to organize themselves, work together, and build trust in themselves and in other women, and this process created new capacities and self-confidence and generated economic income. There were sceptics in the beginning, but the work had gradually become recognized as valuable and these women's voices were being heard in their communities. It was a long-term process, and there were still many things to do. Challenges included the marketing of products and overcoming cultural resistance. In discussing their experiences, the women said they valued the time they had spent together during the projects because they could meet, talk about their problems, laugh and share. This was what women in cities did, but in rural areas it had previously been perceived as wasting time instead of doing chores. In rural areas in Mexico, said Ms Lazos, men had common areas where they could meet, but women lacked such areas for socializing, planning and taking courses. Women needed places of their own where they could get together and nurture their souls and spirits, share experiences, learn new things, build capacities and grow as women—in other words, places to facilitate their empowerment. "Casas de mujeres", which meant houses for women, would be places where women could gain knowledge on topics such as health, healthy food and food security and the environment; increase awareness of their links with the ecosystems on which they depended; engage in new productive activities that enabled them to increase their income; build self-trust; become active members and leaders in their communities; interact among themselves; and recover the community structures that had deteriorated in recent decades. Women and men needed empowerment to propel themselves to action, said Ms Lazos. Women were usually the hearts of families—they kept the family together and educated the children. Working with them was a way of transforming communities and creating resilience in the face of climate change.
194. Ms Satkuru thanked Ms Lazos for her presentation and said the projects had clearly shown the benefits of empowering women. Gender equality and women's empowerment were things the international community had talked about for years but had made little progress on, but now it was moving up the agenda. Ms Satkuru invited Ms Francois Van De Ven to make her presentation.
195. Ms Van De Ven said she had been living in Africa for more than 20 years. She repeated an African proverb, which she saw in action every single day: "If women gave up and threw up their hands in despair, the world would crumble". She recounted her experiences working in various countries in Africa, including Gabon, where she was working today. She had started work at a Belgian wood-importing company with subsidiaries in Zaire—today the Democratic Republic of the Congo. She had had an administrative role, but she had been smitten with wood and wanted to get closer to it. She became responsible for the company's trade directorate, initially dealing with clients by telephone but eventually going to see them. She became the deputy trade agent, and then the director for commercial exchanges. And, when the company had been sold, she had become director general for the new entity at a very young age. The company was eventually taken over by a larger company, and, once again, she had been the only woman. Fortunately for her, she did well. Many challenges were thrown her way, many tests: when you were a woman in the timber trade, said Ms Van De Ven, you had to know the business inside out because the men would not cut you any slack. She recalled that, the first time she had met with wood importers in Belgium, there had been 117 men and one woman.

People had come up to her and told her the meeting was reserved for CEOs, and she had had to point out that she was the director general of her company.

196. After a certain amount of time, when she had started to get to know people, she had become "one of the boys", and people had started talking in front of her as if she were a man. She considered herself to have been very lucky to have had her career. When she was about to turn 40, she had thought, "Well, that's enough of Europe, I'm going to Africa now. I'm heading off to Africa."
197. Ms Van De Ven said she had started work when she was 16 years old; she had never attended university but had learned from the people who had crossed her path. She had perhaps underestimated the task in Zaire, where she had gone as company director general, because it was more than managing a sawmill: she was also required to monitor the forest concessions, vessels, lorries and an airplane, and all these different lines had to make a profit. It had taken her time to get her head around all aspects of the job.
198. A war had broken out while she had been in the Democratic Republic of the Congo, and all the company's forest concessions had been in the occupied zone. People had said the war would not last long, but it took many years. She had done something else for some time and returned in 2001 to a company with concessions in the non-occupied zone. She had been the only woman to go into occupied territories in a joint mission with the UN to see what could be done to kick-start activities in those areas when the war ended. Another opportunity had arisen in 2005, when it was decided to create a professional association to represent timber industries, and Ms Van De Ven had become its head. She now held a similar position in Gabon. Ms Van De Ven said that, of four professional forest-sector associations in Gabon, two had women in key positions. However, few companies involved in forest operations had females in senior positions. There were some women sociologists, who were good at reaching out to communities, as well as women in administrative positions and in services such as exports and logistics. Many women worked at the end of processing production lines.
199. Ms Van De Ven said there was a need to strengthen women's capacity and to give them opportunities. Women were especially good at grading timber, and they worked incredibly efficiently and quickly. This was a role in which women should be deployed. Steps that were needed in the future included dealing with glass ceilings—some women had broken through, but women were still absent in many professions in Africa, such as truck-driving. Forests were not always a favorable environment for women. Advanced processing should be opened up more to women in African countries: women were good at aspects such as color, decoration and taste.
200. Ms Satkuru thanked Ms Van De Ven for her presentation, reiterating that women possessed a great eye for detail and yet there was a severe lack of women in high-level positions. She invited Ms Jennifer Conje from the US Forest Service to make her presentation.
201. Ms Conje said she was honored to be on the panel and among such accomplished women leaders working on forestry issues, whose work was inspiring. She wanted to share her experiences working in a national forestry agency in a developed country. She worked with the US Forest Service, and she had had the privilege of serving as a senior policy adviser to the organization's past six chiefs on international forest policy and trade for almost 20 years. The US Forest Service was becoming increasingly diverse in hiring women in minorities, although this change had occurred only gradually over the past 50 years. The Service had begun hiring more women for field work in the 1970s and 1980s, due partly to changes in cultural perceptions, civil-rights legislation and a shift in the public's view of the use of national forests, with growing emphasis on recreation and biodiversity conservation.
202. Ms Conje said she had been struck by Ms Ndjebet's presentation, which had shown that women's participation in Africa was mainly at the field level and that women's representation in leadership became smaller and smaller at higher levels of responsibility. In many ways, this was the reverse in the US Forest Service, where there was a high representation of women at headquarters, and the current chief at the US Forest Service, Victoria Christiansen, was a woman. There were many examples of women in the US Forest Service who had created in-roads in male-dominated roles in forests activities, such as women hotshot crews (comprising individuals who parachuted into the middle of wildland fires to fight them).

203. Nevertheless, much work still was needed in the US forest sector and the US Forest Service. US society was undergoing a transformative time in examining gender relations and sexual harassment in the workplace, and the US Forest Service and the forest sector had not been unaffected. Several investigative media pieces on the US Forest Service had uncovered evidence of a serious residual culture of women being sexually harassed, bullied, intimidated, humiliated and forced to conform to traditional women's roles and behaviors to be accepted, particularly in the field and on fire teams. When such behavior had been reported, there had been an inadequate management response and inadequate penalties for perpetrators. In response, the US Forest Service was providing intensive training for all its employees called Stand Up For Each Other, reminding everyone of their responsibility to protect one another from bullying, harassment and retaliation of any kind. The goal was to ensure a work environment characterized by mutual trust, where employees valued difference and inclusion, listened to each other, and learned from each other. The training also emphasized that, as a forestry agency managing public lands, the US Forest Service was delivering diverse values and benefits to people with varied and conflicting needs, desires and interests, which required employees from diverse professions, skills and backgrounds.
204. Ms Conje said she had been asked to reflect on her personal professional experience in carrying out her job and the challenges and opportunities she had faced as a woman. In her present job she saw herself operating in two worlds: the international policy environment, such as that of the International Tropical Timber Council; and the domestic side of her responsibilities, involving communicating international policy to domestic stakeholders so that it translated into domestic implementation. It was not uncommon, especially when dealing with the forest products industry and foresters, for her to be the only woman in a room filled with older white males. To add to that dynamic, she was an Asian American, which was even rarer than being a woman in the Forest Service and in the US forest sector. She also tended to look young for her age. Many of the men she dealt with professionally were from rural areas with conservative viewpoints, and some were suspicious of the federal government and international governance. It was at times a challenging dynamic in which to work. Ms Conje said she was unsure whether many men realized that, subconsciously or consciously and whether due to bias or outdated perceptions, males gave automatic respect to fellow male competence, whereas women tended to have to prove their competence in professional environments. When she had started her career in the private sector she had noticed that, even though she had been a team leader of a predominantly male group, people had assumed when entering a room that the tallest male or oldest male was the head of the group. She had taken perverse satisfaction when her team had introduced her as the boss.
205. Ms Conje said that, when mentoring younger females in the sector, she made a point of ensuring they were recognized for the ideas they presented at meetings. There was a phenomenon in the US called mansplaining: a manifestation of this was when a woman would present an idea and obtain no reaction, but five minutes later when a male counterpart introduced the same idea, people would say "that's a good idea" and attribute the idea to that individual. When she observed such instances, said Ms Conje, she would always point out that it was the woman who had originally presented the idea. She felt strongly about giving recognition where it was due.
206. Ms Conje said she had been asked whether she thought her gender had been an asset in her career. The type of work done at ITTO and in international negotiations required people skills, partnership-building and emotional intelligence, and psychological studies showed that women tended to have an edge over men in these areas. Nevertheless, Ms Conje had observed the skillset in both men and women in her work at ITTO. She also considered that gender bias was less of a problem in the international policy environment than in undertaking some of her domestic responsibilities. The international negotiation community tended to be composed of educated and diverse individuals, and there was strong evidence in the room of women's representation and leadership in delegations. Her own delegation had strong female leaders. Ms Conje said she had been honored to be Council chair two years previously, but she had only been following in the footsteps of previous women. She was happy to see that Ms Satkuru had been hired as the Assistant Director of Operations in the ITTO Secretariat because it was important for the Organization to have women in professional leadership positions.

207. Ms Conje considered it important for ITTO to build partnerships with entities such as the Forest and Farm Facility, which provided platforms for diverse voices in management decisions and to ensure that women's representation was part of that. As other panellists had pointed out, much of what women did in forests was outside the formal sector, which limited their ability to obtain microloans to help their businesses grow. It was important for ITTO to look at this aspect of micro-enterprises and to facilitate more projects in that area. In conclusion, Ms Conje said she was glad that the panel on gender had been convened and was happy to be part of it. This was the first step in ensuring that ITTO exemplified the gender principles it hoped to espouse in its projects.
208. Ms Satkuru thanked Ms Conje for her presentation and said most of the panellists would identify with the issues she had raised. Ms Satkuru said she also came from a private-sector background, and she recalled many occasions walking into high-level meetings where she was the only non-Caucasian woman in the crowd; sometimes, however, sticking out like a sore thumb could be an advantage.
209. Ms Satkuru asked panellists to imagine they were standing on a crowded bus or train, or in a crowded room, and someone made a very inappropriate gesture towards her, such as touching her in a sensitive area. What would their immediate reaction be?
210. Ms Van De Ven responded that she had experienced such an incident, and she had turned around and slapped the person on the face.
211. Ms Ahoussi said that when people saw her in the forest they were terrified for her because usually only men would go there. She would carry a stick and the men would ask her what it was for and she would say, "It's to hit you, if need be, and to hit you where it's going to hurt you". After that, they would show her respect.
212. Ms Ndjebet said she would understand that it was the man's culture to think that women were only for that, and she would tell him different.
213. Ms Lazos said that something like that had happened to her and she hadn't known how to react. She had been practicing now for two years, so she hoped she would now have the instinct to respond.
214. Ms Conje said that, like the other women, she would probably slap that person's hand away and say, "I'm pretty sure your hand lost its way".
215. Ms Satkuru said she had been in that horrible situation a couple of times and her response had been, "Don't touch what you can't afford". She added that she appreciated Ms Conje's comments about her (Ms Satkuru's) appointment to the ITTO Secretariat, and she thanked ITTO senior management for the fair, open and transparent selection process involved. She then called on all ITTO female staff to come to the podium to stand together with the speakers at the front of the room before formally closing the session. She thanked the panellists for their contributions, and ITTO's female staff for helping make Council sessions so successful. They worked very hard throughout the year and made things happen, she said, but were rarely on the frontline of the Organization. After applause, she closed the agenda item.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO THEMATIC PROGRAMMES (AGENDA ITEM 11)

216. The ITTO Secretariat (Mr Gerhard Breulmann) presented a progress report on the implementation of the ITTO Thematic Programmes, as contained in Document ITTC(LIV)/7.
217. Mr Breulmann reminded delegates that there were five thematic programmes, of which four had received some funding and one, Industry Development and Efficiency, had not received any funding since its inauguration. A total of 79 projects had been approved under the thematic programmes, 29 under Forest Law, Governance and Trade (TFLET); 31 under Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES); 5 under Community Forest Management and Enterprises (CFEME); and 14 under Trade and Market Transparency (TMT). Of the total, 67 had been completed, including two in 2018. Five projects were

ongoing, three projects had been terminated under Decision 6(LII), and four had lapsed into sunset because contract agreements had not been signed in time.

218. Of the five ongoing projects, four had completed fieldwork and completion, financial or audit reports were pending.
219. In terms of funding that had been pledged to individual thematic programmes, TFLET and REDDES had received USD 9–9.5 million each; CFME had received USD 1.1 million in total; and TMT had received USD 2.2 million. No pledges had been made since just before the impairment in 2014, and therefore the last call for proposals had happened in 2014. The more recent funds were TMT CITES funds. TMT projects had all been completed. Of the projects that were either ongoing or had been completed in 2018, three were under TFLET and four were under REDDES.
220. Mr Breulmann described a capacity-building project under TFLET in Indonesia, which had contributed to the expansion of the area under community forest management. In selected communities it had helped improve local infrastructure, including irrigation systems and roads, and it had increased cooperation among government agencies at the local, regional and national levels. A project in Liberia had focused on the training of forest-dependent communities in sustainable forest management using REDD demonstration plots, helping empower community-based organizations and raising awareness of local rights.
221. Mr Breulmann highlighted two other projects that were about to be completed. One of these, a REDDES project in Brazil, had been implemented through the Amazon Cooperation Treaty Organization (ACTO) and involved all eight ACTO countries. This project was a good example of the capacity of ITTO to enhance regional cooperation. It had also leveraged a much more substantial grant from the Amazon Fund, on which ITTO had cooperated closely with ACTO. The other project highlighted by Mr Breulmann was a DNA timber-tracking project in Indonesia, which was highly relevant given ongoing discussions in the Council about sustainable supply chains.
222. The Chairperson thanked Mr Breulmann for his presentation and invited interventions from the floor. There being none, the Chairperson closed this agenda item.

BIENNIAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TIMBER SITUATION IN 2017–2018 (AGENDA ITEM 12)

- (a) Elements for the 2017 and 2018 Biennial Review and Assessment of the International Timber Situation**
- (b) A General Introductory Statement by the Secretariat**

223. The Chairperson introduced consultant Ms Francis Maplesden to present the general introductory statement for the Biennial Review and Assessment of the International Timber Situation 2017–2018.
224. Ms Maplesden said her presentation would focus on country responses and the quality of the 2017–2018 responses to the Joint Forest Sector Questionnaire, which was a collaboration between ITTO, FAO, UNECE and Eurostat and formed the basis of the analysis, along with other sources of information such as the UN commodity trade database (Comtrade).
225. The response rate to the questionnaire in 2017 had been 66% for producers and 84% for consumers. To date in 2018, responses had been received from 44 of ITTO's 73 member countries, comprising 27 consumers and 17 producers. Thus, ten consumer countries and 19 producer countries were yet to submit questionnaires in 2018. The Executive Director would ask those countries that had failed to provide data for two consecutive years for an explanation for their lack of response. Of those questionnaires that had been submitted, not all had provided data of satisfactory quality. In particular, there had been a very poor response to ITTO-specific parts, including the 2018 forecast and data on tropical species; thus, useful information on the tropical timber trade was missing. There had been a better response on components regarding the production and trade of primary and secondary products, but the quality of the data provided by producers was less satisfactory than that provided by consumers. There was particular concern about the quality of production data, meaning that some of

the data would have to be estimated or repeated because no alternative sources of information were available; only 32% of production data for producer countries for the period 1990–2018 were from official channels. In the last four years, production data had had to be repeated from previous years for more than half the producer countries. Alternative sources of information were available for trade data, such as Comtrade, which could provide an important crosscheck for errors and anomalies. Nevertheless, there continued to be issues with the increasing trade of tropical wood products between countries that were unreliable reporters. Ms Maplesden urged producer countries in particular to work with the Secretariat to provide more timely and regular information, particularly on production.

226. The Secretariat was investing considerable effort in improving the database and the ability to generate high-quality data, said Ms Maplesden. Its database was increasing in scope, with the ongoing development of price indices for a number of products. ITTO was still processing an important questionnaire on reviewing and revising conversion factors, such as regarding weight-to-volume conversions. Ms Maplesden reminded delegates that the definition of tropical timber, as per the ITTA, 2006, now included all species of hardwoods and softwoods grown in the tropical zone in both natural stands and plantations. Data submitted for tropical wood products needed to reflect this definition. Ms Maplesden provided observations on a range of trends in the production and trade of tropical wood products, noting that those observations were based on a preliminary analysis that would be updated as new information came to hand. The final version of the Biennial Review and Assessment would be published in mid-2019.
227. The Chairperson thanked Ms Maplesden for her excellent report and reminded delegates that the Committee on Economic Information and Market Intelligence would discuss the issue further, and he invited comments from the floor. There being none, he closed this agenda item.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (AGENDA ITEM 13)

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

228. 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.
229. The delegate of the USA said the United States was pleased to continue its support for the Organization with a voluntary contribution of USD 500 000 for the following activities and projects:
- BWP activity no. 3 to strengthen the work of the private sector in the work of ITTO. This would address issues raised during the Annual Market Discussion by building the capacity of companies to monitor tropical timber supply chains.
 - BWP activity no. 6 (ITTO–CITES cooperation) to ensure that ITTO's expertise continued to enhance action to implement CITES, curb illegal logging and promote sustainable forest management.
 - BWP activity no. 19 to support the continued engagement of civil society and the private sector, which was especially important as ITTO considered how to communicate its core strengths in order to attract more partners and financing.
 - BWP activity no. 9 and BWP no. 12 to support new and ongoing partnerships, including with member organizations of the CPF.
 - The following ITTO projects: PPD 191/18 Rev.1 (F), PPD 849/17 Rev.2 (F) and PD 815/16 Rev.2 (I).
230. The delegate of the USA added that she appreciated the return of additional donors to ITTO and her delegation look forward to working with them as well as with all ITTO members and partners.
231. The delegate of Japan said Japan was now in the process of resuming its voluntary contributions and a budget proposal was about to be submitted to the finance minister.
232. The delegate of the EU said the European Commission was considering additional financial support of about EUR 300 000 for a limited number of activities in the BWP, including activities no. 11 and no. 14. A decision on this was expected at the end of the year and the EU would keep the ITTO Secretariat informed.

233. The delegate of the Republic of Korea pledged USD 100 000 for project PD 836/17 Rev.1 (F); USD 100 000 for project PD 712/13; and USD 150 000 for BWP activity no. 10b.
234. The delegate of China pledged USD 100 000 as a voluntary contribution. China would inform ITTO when a decision had been made on how the funds were to be allocated.
235. The Chairperson said he had been advised by the Secretariat that Germany had earlier pledged USD 1.2 million at the Joint Session of the Committees for an activity under the Biennial Work Programme on 'Enhancing Conservation and Sustainable Management of Teak Forests and Legal and Sustainable Supply Chains in the Greater Mekong Region'. Following the Joint Session of the Committees, a signing ceremony was held to mark the launch of the activity, attended by the delegate from Germany, the Executive Director and representatives of the participating countries.

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

236. The Chairperson of the Panel on Sub-Account B of the Bali Partnership Fund, Mr Luke Thompson (USA), presented his report (Document ITTC(LIV)/9). He reminded delegates that the mandate of the panel was to review the status of Sub-Account B of the Bali Partnership Fund and the earmarked funds of the special accounts and to determine the allocation, if any, of earmarked funds. The total earmarked funds amounted to USD 134 164.16, as of 4 November 2018. The panel considered and unanimously approved two funding allocations: 1) up to USD 20 000 to BWP activity no. 22 (Fellowship Programme) to fully fund the 2018 shortlisted applications, as requested by the Fellowship Panel at this session; and 2) approximately USD 20 000 to project PD 815/16 Rev. 2 (Vietnam) to fully fund its operations. The balance of funds of approximately USD 94 000 was left unallocated in the reserve for future use. Mr Thompson submitted the report for the consideration of the Council. There being no comments from the floor, the Council adopted the report.

IMPAIRMENT OF ITTO FUNDS – DECISION 5(LII), DECISION 6(LII) AND DECISION 7(LIII) (AGENDA ITEM 14)

237. The Secretariat (Ms Sheam Satkuru) referred the Council to previous substantive reports presented at the 52nd and 53rd sessions. She informed the Council that, at the most recent hearing at the Yokohama District Council Court on 25 October 2018, the court had confirmed receipt of the final statements of ITTO and the investment agency against which ITTO had launched legal proceedings. The Secretariat was informed that the judgment would now be delivered on 10 January 2019, rather than by the end of November 2018 as the Secretariat had originally been informed. Once that judgment was received, and depending on the judgement outcome, ITTO might need to decide within two weeks whether to lodge an appeal. If an appeal was lodged, the defendant would have 30 days to object. Once that procedure is completed, the High Court would deliver its judgment within two months of the date from which the appeal had been filed. After that judgment was delivered, the Secretariat would need to consider whether there was any room for moving to the Supreme Court. Apart from these legal processes, the Secretariat had issued three reminder letters to the three ex-members of the Secretariat closely linked to the impairment. No responses had been received. Ms Satkuru said the Secretariat will continue to urge the ex-members of staff to return the proportionate percentages of their provident funds.
238. The delegate of Japan thanked the Secretariat for the explanation and clarification and for the efforts made to date. As the biggest donor country to ITTO, Japan was especially concerned about the impairment. It was now in the process of considering a resumption of voluntary contributions, but, to do so, it is necessary to explain to the government and people that ITTO and the Secretariat would continue to take appropriate actions on this matter. In order for ITTO to move forward, the Organization and Secretariat must continue to be accountable for what had been done and what it was doing about past issues, even though the management had changed. Japan considered, therefore, that the Council should take an additional decision at this session to provide the Secretariat with a mandate to take appropriate actions, especially in response to the latest developments and foreseeable developments in the ongoing court case and concerning further actions against former employees.

239. The delegate of Costa Rica supported the statement by Japan. Costa Rica had joined ITTO in 2014 when the financial impairment had first come to light, and it considered that the Organization should take appropriate measures to punish the people responsible. The delegate said Costa Rica would support any action of the Secretariat in this regard and, if possible, to recover the lost resources. The Organization surely needed those resources—especially producer countries that had submitted project proposals that had been approved but could not be implemented due to a lack of financing.
240. There being no further interventions, the Chairperson closed this agenda item.

IMPROVING ITTO'S FINANCING INFRASTRUCTURE AND FUNDRAISING STRATEGIES – DECISION 9(LIII) (AGENDA ITEM 15)

241. The Chairperson reminded delegates that, at its previous session, the Council had adopted Decision 9(LIII) establishing the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies, and he invited the Executive Director to introduce the item.
242. The Executive Director referred to the report of the Intergovernmental Panel on Climate Change, which had given a strong mandate for ITTO to accelerate its efforts to promote the role of productive forests and sustainable and legal timber trade. There was also a huge wood supply gap in the tropics, he said, which could be as high as eight gigatons by mid-century and which could have tremendous social, environmental, cultural and economic implications, including for employment and livelihoods. At the same time, there was massive ongoing degradation in tropical forests. Thus, the situation was precarious: there was an increasing need to produce more from fewer natural resources. The question, said Mr Dieterle, was why there was not more funding for ITTO despite this need. People might say it was because of the financial impairment and the mismanagement of funds, but the decline in funding had begun before that, after 2008–2009. It was, therefore, a systemic issue. It was important to take a deep look at how donors worked and how donor organizations wanted to spend money. Mr Dieterle presented data on the budget for the 2018–2019 BWP, which, he said, should be in the vicinity of USD 25 million. He had heard producer members question the value of ITTO because they hadn't had projects funded for several years. The purpose of the current discussion, therefore, was to overcome this impasse and determine how to generate funding for the Organization at a larger scale.
243. Mr Dieterle said that, of the 77 project proposals submitted between 2014 and 2016, only 13 had been funded. The frustration of producer countries at this low rate of funding was understandable because of the considerable work they put into the submission of project proposals. Moreover, there was a disconnect between the Organization's various programmes: for example, there was no mechanism by which project proposals submitted as part of the regular programme could also be eligible for funding under thematic programmes. Mr Dieterle showed a diagram indicating the Organization's existing financial structure and what he considered would be the ideal situation.
244. Mr Dieterle reported that The Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies created by the Council at its previous session had met for the first time in September 2018; it had been intended that it would meet earlier, in April, but this had been postponed to enable preparatory work, including taking stock of the existing elements for fundraising. A consultant, Mr Alexander Knapp, had been engaged to relate ITTO's fundraising efforts to those of other organizations. Mr Dieterle said that the meeting of the Ad Hoc Working Group in September had been an important and rewarding exercise, and the group had produced a rich catalogue of recommendations. He introduced the consultant to provide an "outside" perspective of the Organization.
245. The consultant informed the Council that he was the CEO of a small consulting company that specialized in two things: complex project management, and fundraising. His own background was international law, but he had worked for the United Nations for 15 years in peacekeeping, post-conflict reconstruction, humanitarian aid, and refugee affairs. He said the four authors of the report produced by his company had collectively raised USD 2.5 billion over 20 years for the organizations they had worked for, and this experience formed the basis for the recommendations and analysis in the report.

246. The consultant said that official development assistance (ODA) had never been higher in history. He estimated that the ODA funds available for the topics in which ITTO specialized amounted to approximately USD 1.7 billion per year. He presented a chart showing that 31% of ODA comprised the voluntary contributions made by donor member countries to international organizations and that 48% of all ODA (USD 68 billion per year) was distributed through competitively tendered contracts and grants. Organizations competed to win this money and then implement it as technical assistance. The consultant said he had looked closely into this type of funding in an effort to match it with the skills developed over the years by ITTO and its member countries, with encouraging results. He presented a chart showing that, in 2000, the majority of funds were allocated as grants, with a smaller portion awarded as contracts to organizations. This had changed over time, with, in 2017, the large majority of funds given in contracts rather than grants. The percentage of unearmarked funds had declined from 42% to less than 4%.
247. The consultant said that, although ITTO's financial impairment had had an impact, ITTO's funding had started declining in about 2000, mirroring the trend of all organizations working in international development. It was a difficult issue, but one that many organizations had adapted to. The consultant said he had worked for 15 non-governmental and international organizations in accessing the funding that now existed, and he presented some of the recommendations he had brought to the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies for its consideration. He said he had been asked to analyze ITTO's existing funding streams and he identified the following categories: assessed contributions (a legal requirement in the ITTA)—the purpose of these contributions was to fund the annual budget and the BWP, and the Secretariat was responsible for administering those; voluntary contributions—which tended to achieve short-term and longer-term political objectives that changed over time. It was possible to propose to countries what those voluntary contributions could be used for and it was also possible to respond to the country's priorities itself. These voluntary contributions were split into two parts to deliver projects and provide oversight of them.
248. The consultant said he had recommended that, in addition to these important funding streams, ITTO consider testing a new stream involving competitive tenders for projects, in which the source of funds would be from winning proposals to funders. Similarly to voluntary contributions, a proportion of these funds would be allocated to project delivery, and a proportion could be held for strategic investment because the budgets for such tenders would also cover the Organization's indirect costs, such as those associated with running the organization.
249. The consultant said organizations that had accessed this form of funding had done so through a combination of "solutions and services", which were broad, high-level sectors or topics incorporating many individual elements. The consultant recommended breaking down ITTO's solutions and services into business or service lines, as also mentioned by the Executive Director. This modular approach created flexibility in responding to donor priorities. The consultant said that, in looking at examples of contracts that fitted ITTO's expertise, he had found more than USD 500 million worth of contracts over a ten-year period; of those, 60–70% were re-released after the first version ended. He expected that, for at least the next five years, USD 40 million–75 million would be available in funding for projects within ITTO's expertise. These were not guaranteed funds but would have to be applied and competed for. In doing the analysis, the consultant said he had found that ITTO's capabilities were strong. He described two contracts as examples of the two types of programme he thought ITTO should consider focusing on: the UK Department for International Development's forest governance, markets, and climate programme, which amounted to USD 250 million–350 million over ten years; and a grant fund created by the United States Agency for International Development. ITTO, said the consultant, had amazing expertise in grant management, and the Organization's online monitoring system was one of the best he had seen in the industry. The standards it now set matched or exceeded the standards expected from applicants to these types of funds.
250. The consultant said fundraising required a specific skillset. Tenders needed considerable preparation, which, in turn, meant putting in place the necessary resources, agreements and partnerships. ITTO was capable of this type of preparation. The recommendations of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies would enable the Organization to maximize the chances of success in competitive tendering, if the Council chose to take that course.

251. The Chairperson thanked the consultant for his presentation and invited Ms Jennifer Conje, co-chair of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies, to deliver its report.
252. Ms Conje said the mandate of the working group was to consider options and make proposals for improving ITTO's financing infrastructure and fundraising strategies. Several members of the working group were present at the Council session and would no doubt be happy to answer questions on the report. Ms Conje said the spirit of collaboration during the meeting had been very good, and there had been nonstop dialogue. The terms of reference were substantial and even ambitious, and many aspects needed further discussion.
253. Ms Conje pointed out that the Ad Hoc Working Group had had a TAG representative early on in the process but that person had not continued, and she recommended that the TAG nominate someone to continue representation in this important body of work. She outlined the working group's timeline, as set by the Council: it had included a teleconference in early June 2018 and a meeting in Yokohama in early September. Background documents had included previous reports on funding mobilization by Mr Simula and Mr Muthoo, the consultant's report, previous reports on the evaluation of the thematic programmes, and numerous reports on external assessments of funding.
254. The recommendations of the Ad Hoc Working Group had been informed by all this information. There had been unanimous recognition of the need for a substantial change from previous financing and fundraising efforts in order to produce tangible results. The working group had also recognized that, in the past few years, ITTO had taken significant steps to improve its core controls and transparencies, including upgrading its accounting methods and systems, monitoring systems, and gender, social and financial safeguards.
255. Ms Conje said it was important to understand certain sensitivities associated with the working group's recommended actions, and she had therefore structured them into short-term, medium-term, long-term and ongoing. "Short-term" meant recommended actions that needed decisions at the present Council session. "Medium-term" meant recommended actions that needed consideration by the Council at the next session in Togo and the session after that in Yokohama in 2020. "Long-term" meant recommendations that could be considered within three or more years, and "ongoing" meant recommendations that might not need a Council decision and could be worked on now and into the future.
256. The first recommendation was to develop and pilot an additional fundraising track focused on competitive tendering and contracts, which was essentially the approach previously recommended by Mr Knapp. It was recommended that, when this pilot was undertaken, its effectiveness would be reviewed in three years and some sort of advisory board appointed to provide transparency and direction as well as feedback to the Executive Director in undertaking the competitive bids. Ms Conje pointed out that this would not replace the voluntary contribution track, and the aim would be to bring more money into the Organization and to generate sufficient overhead to help fund project proposals in the voluntary track.
257. It was also recommended that the Secretariat engage an appropriate fundraising and marketing specialist to develop service lines, as described by Mr Knapp. Such service lines would require further deliberation and input by the Council. It was recommended to conduct an electronic survey of members to gain additional information on the value members perceived of ITTO and how it could be transformed to become a more attractive investment for partners and funders.
258. Concerning the next sets of recommendations, Ms Conje said they were not undertaken lightly and the working group was well aware of the sensitivity regarding the project cycle. It had felt, however, that it would be important to suspend the project cycle for one year, for numerous reasons. One was to ease the backlog of unfunded projects, and another was to free up the Organization's resources to allow it to seek new sources of funding and to transition to a more streamlined process for project development. There was recognition in the working group that there was a disconnect between the project development process and the available financing and donor priorities, and there was a need for further work for the existing working group or another such group, that could present, at the next Council session, a streamlined concept of how the new project cycle process would work. The working

group urged the prioritization of projects by individual members with multiple projects in the fundraising pipeline. The working group realized that this could be controversial for members, but such prioritization would help give direction to the Executive Director in terms of countries' priorities and give signals to donors.

259. Ms Conje said another short-term recommendation was the clustering of existing projects under appropriate themes, of which the Executive Director had provided an example in his address to the Council. This model could be used in approaching both existing and new donors. These actions, said Ms Conje, were time-sensitive and needed a decision at this Council session to move the work forward.
260. The final short-term recommendation was an extension of the working group or the creation of another working group or advisory group, with three purposes. The first would be to work with the Secretariat to further develop a paper on a streamlined project cycle to be presented at the Council session in Togo. The thinking was that if the Council was to approve such a project cycle in Togo, it could be implemented in 2020 and the project cycle restarted. The working group had had initial discussions on this but hadn't wanted to rush the process. The renewed working group or advisory board would also be used to provide timely advice and feedback to the Executive Director and to ensure that the activities undertaken or proposed in competitive bids were aligned with ITTO objectives and mandates. Third, the working group would assist in the creation of the service-line messaging.
261. Ms Conje outlined the Ad Hoc Working Group's medium-term recommendations, which could be discussed at forthcoming sessions. One was the introduction of a streamlined project cycle process. Another was to consider closing those thematic programmes that had received little or no funding and looking at the financial threshold of the thematic programmes and whether these needed to be lowered. Members might wish to consider whether they wanted to postpone or draw out discussion on the strategic action plan, which was due to commence at the next Council session, to incorporate the new funding infrastructure. One of the reflections of both the Executive Director and Mr Knapp was the need for more coherence between ITTO's two main documents—the strategic action plan and the BWP. The Council, therefore, might wish to give thought to creating new formats and structures for both those documents.
262. Ms Conje presented the long-term recommendations, which were not as time-sensitive. One was the introduction of new thematic programmes based on the outcomes of the competitive tender pilot. A second was to consider the effectiveness and relevance of the Bali Partnership Fund and the thematic programmes in the next ITTA renegotiation. Another was to look at the mandates of both the TAG and CSAG with a view to strengthening them and fostering greater collaboration, including on fundraising. Yet another was that, rather than relying on short-term consultants for marketing and proposal development, ITTO could, pending the availability of funds, consider hiring a full-time person with expertise in marketing and market proposal development or investing in the training of the Secretariat staff.
263. Ms Conje outlined the ongoing recommendations, including continuing to apply to the Green Climate Fund and the Global Environment Fund; collaborate with the Global Forest Financing Facilitation Network; reaching out to the Consumer Goods Forum; and implementing the various safeguards and guidelines.
264. Ms Conje noted that the Executive Director was focused on sustainable supply chains and the role of production in achieving sustainable development. It was important, she said, for the Council to provide him with feedback on this vision to ensure that members agreed with it. It was important for the Council to encourage the Executive Director to approach non-traditional donors, and to consider allocating time at each Council session for the Secretariat to report on new innovative partnerships. It would be possible to invite new partners to present on their organizations or their new grant financing. It was also important for the ITTO website to incorporate the new service lines, should the Council determine that they wanted to develop these. A final ongoing recommendation was to encourage members to consider making additional voluntary contributions and for members to pay their assessed contributions on time.
265. The Chairperson thanked Ms Conje for her presentation and invited general comments from delegates.

266. The delegate of the EU thanked the Ad Hoc Working Group, the ITTO Secretariat, Ms Conje, Mr Knapp and the Executive Director for the presentations and for the work undertaken on this matter. In the EU's view, ITTO was at the crossroads after a difficult period, especially regarding its financial model, requiring the rebuilding of trust in the Organization's capacity. Ensuring good governance was the top priority at this stage, and increasing transparency was important, therefore, to lessen the risks to the Organization. The EU considered it important to undertake a survey of members on the added value of ITTO and how ITTO could become more attractive for investors. It was also important to rebuild capacity in fundraising in the ITTO Secretariat to identify the available funding opportunities and take subsequent relevant actions. Effective communication was a key part of every successful organization, especially for fundraising, and it was important, therefore, to improve communication skills in the Secretariat and to send the right messages to attract potential donors. The EU recognized that the terms of reference adopted at the previous Council session were ambitious, and it understood the time limitations for the Ad Hoc Working Group to fully implement its mandate. The EU, therefore, supported in principle an extension of the mandate of the working group, and it also strongly encouraged TAG to participate actively given its expertise in tropical timber and to work more closely with ITTO. The delegate said that because ITTO was a treaty-based international organization, any approach leading to ITTO acting as a consultancy company aimed at making profit should be treated with caution. She ended by saying that the EU had not yet been able to fully analyze the Ad Hoc Working Group's recommendations.
267. The delegate of Mexico congratulated Ms Conje for her excellent presentation, which reflected the work done by the Ad Hoc Working Group, of which she was also part. The working group had worked hard with the common goal of reshaping the Organization's financial infrastructure and its fundraising strategies to enable it to fulfil its goals. The recommendations were very important, and she was available to help clarify any uncertainties.
268. The delegate of Peru, speaking as producer spokesperson, said the decision to establish the Ad Hoc Working Group had been in view of the Organization's ongoing financial crisis. This crisis had begun three or four years ago due to the misuse of funds. Nevertheless, there had been a steady decrease in the availability of funds for programmes over the past ten years or more, including for the BWP, projects, the Bali Partnership Fund, thematic programmes, and so on.
269. The Ad Hoc Working Group and the consultant had made the Organization face up to the situation and shown the seriousness of the problem. The lack of funds was an international trend, but the problem was not only the lack of availability but also in knowing how to access whatever was available. There was perhaps a problem with the view of the way forward and in recognizing the Organization's leverage or comparative advantage compared with other organizations. ITTO's leverage was that it had 36 producer member states with about 90% of the world's tropical forests. These countries were responsible for the management of those forests and for making forest production competitive through sustainable forest management.
270. The producer spokesperson said ITTO's objectives were about sustainability, which was in line with major international objectives such as the Sustainable Development Goals, and this was perhaps the key to opening the door to additional funds for projects. As pointed out by the consultant and the Ad Hoc Working Group, the existing financing system, based solely on voluntary contributions, was unsustainable. There was a need, therefore, to seek funds elsewhere. For that, a clear picture was needed of what the Organization was hoping to achieve through sustainable forest management, and this was an analysis that still needed to be thrashed out in the Ad Hoc Working Group. The work done to date was excellent, but there was a need to link the technical financial economic diagnosis with an institutional political diagnosis or analysis. This could be done as part of the review and updating of the ITTA, 2006. There was a lot of work to be done in the producer caucus, which still needed to carry out a detailed analysis of the short-term, medium-term, long-term and ongoing recommendations contained in the report.
271. The delegate of Costa Rica thanked Ms Conje, Mr Knapp and the Executive Director for the valuable information they had presented, which in many respects would guide the action ITTO needed to take to strengthen its administrative and financial aspects. He reiterated the comment by the producer spokesperson about the systematic decline in funding for tropical forests among the international

community. Forests represented 37% of the solution to climate change but obtained less than 1% of the finance provided by the international community. It was important to manage tropical forests sustainably. The delegate asked rhetorically what response he could offer to organizations and small producers in his country that had invested considerable effort in the development of project proposals to improve forest management, only to find out, two years later, that their project had still not been funded? An immediate solution was needed, and the Organization needed to make the necessary changes and management to become stronger and to instill greater confidence among donor countries on the appropriate management of their funds.

272. In recognizing further speakers on this item, the Chairperson reminded delegates that the Committee on Finance and Administration (CFA) would continue to discuss this agenda item.
273. The delegate of Japan said the initiative was important. It might be helpful to start with a pilot programme, with a condition of transparency. Also, Japan agreed with other delegations that the work of the Ad Hoc Working Group should continue. Additional expert inputs might be helpful, such as in marketing and in learning more about the approaches taken by other international organizations and funds. Finally, additional funding might be needed to continue these activities, and Japan supported the working group's recommendation to suspend the project cycle for at least one year, thereby allowing the Organization to focus on streamlining and obtaining additional resources from outside. This would also enable savings that could be used for the working group and pilot projects.
274. The delegate of the USA thanked the members of the Ad Hoc Working Group, which combined outside expertise able to offer an objective perspective with the experience of the consumer and producer members and the leadership of the Secretariat. The Ad Hoc Working Group had outlined key elements that the Council should decide at this session. The USA concurred with the working group's recommendations, and it added its voice of confidence in the changes that had been made in the Organization in the last several years to improve accountability, control and transparency. The delegate cautioned that, should the Council agree that ITTO could proceed with the pilot for competitive tenders and service lines, that it be done in accordance with the Organization's mandate and preserving the particular value of ITTO in translating policy into action, including by maintaining technical capacity and the relationship with the ITTO membership.
275. The delegate of the USA also asked about the process for arriving at a decision at the present session because there was no relevant item on the agenda of the CFA. Her delegation, therefore, was unclear on the suggestion that this agenda item could be referred to that committee. It might be worthwhile to establish a contact group on the matter.
276. The Secretariat clarified that, if the Council agreed, in-depth discussions on this agenda item could be deferred to the CFA, given that the item pertained to financial and administrative aspects. On the other hand, the Council might prefer to continue to discuss the item in plenary. It was also possible to form a contact group.
277. In responding to the Secretariat, the delegate of the USA said the CFA currently lacked a co-chair, which might make a full discussion difficult. The preference of her delegation was to continue discussing the matter in the Council or in a contact group, but she would welcome the views of others.
278. The Chairperson said this was an important issue that would continue to be discussed in the Council. Nevertheless, it would also be valuable for the CFA to discuss and consider the matter in greater depth. He invited the producer caucus to inform the Council regarding the vacancy for vice-chair of the Committee.
279. The producer spokesperson responded that this matter had been discussed in the producer caucus. It was agreed that the vacancy should be filled by a producer country from Latin America, and the delegate of Costa Rica, Mr Jorge Rodriguez, was nominated.
280. The Chairperson thanked the producer spokesperson for this good news.

281. The delegate of Cameroon thanked all those who presented on this agenda item and commended the Ad Hoc Working Group for its work. It was important for the recommendations to be implemented effectively and to stay clear of any danger of status quo. He suggested that the Council set up an ad hoc committee that would be responsible for following up on the recommendations. This committee would draft an annual report to be submitted to Council that would look at the recommendations and give guidance on how to proceed.
282. The delegate of Australia said the presentations made by the Executive Director, Mr Knapp and Ms Conje had been very informative and illustrative of the issues in front of the Organization. She recorded her delegation's appreciation for the work of the Ad Hoc Working Group and the detailed approach it had taken to the broad terms of reference, which provided a useful basis for moving forward. She said her government wanted to avoid duplication among multilateral and regional forestry organizations, to many of which Australia made financial contributions. The presentation by Mr Knapp had left her pondering who was currently accessing the wealth of funds and whether there was a need for more coordination, for example among members of the CPF, to ensure that the various bodies funded by donors were not randomly competing with each other. Further information on which organizations were "winning the jackpot" in these processes would therefore be welcome. The delegate commended Ms Conje on the clarity of her presentation regarding options and timeframes. She would reflect more on the important issues with the aim of diversifying and future-proofing ITTO's funding. In particular she wanted to reflect on what this would mean for all stakeholders in the project process. The ultimate aim was to obtain a mechanism that was as simple as possible for all stakeholders, was effective and transparent, and that maximized efficiencies. This had to be part of the guiding mandate, and she saw it reflected in the Ad Hoc Working Group's report. Such issues were useful for considering any further work of the existing working group or a future body. She would welcome further discussions in the CFA.
283. The Chairperson asked whether there were any objections to continuing discussion on fundraising in the Committee on Administration and Finance. There being none, he requested the Committee to report back to the Council for further deliberation.

ROTATION IN THE FRAMEWORK OF THE SELECTION OF THE EXECUTIVE DIRECTOR – DECISION 10(LIII) (AGENDA ITEM 16)

284. The Chairperson reminded delegates about previous decisions related to this agenda item. He opened the floor for discussion, inviting the two spokespersons to speak first.
285. The producer spokesperson said this was one of the session's key issues. For the past three years, there had been efforts to find a solution to the procedure for the selection of executive directors. Article 14 of the ITTA clearly established that the Council would decide on this procedure. The Council had previously held serious discussions and reached agreements on this issue, including at the 51st, 52nd and 53rd sessions.
286. At the 51st session in Kuala Lumpur, it had been agreed that rotation was the most appropriate procedure for achieving a friendly compromise on the selection of the executive director. This was also agreed at the 52nd session in Yokohama, with producers agreeing to rotation despite the existing tradition that the executive director should be from a producer country. Some delegations even withdrew their candidates to facilitate the selection of an executive director from a consumer country. This was within the spirit of a compromise that rotation was fundamental for a sustainable process and the sustainable administration of the Organization.
287. In view of this and after the report prepared by the Ad Hoc Working Group to Consider Rotation in the Framework of the Selection of the ITTO Executive Director, the Council had had a long discussion at its 53rd session in Lima and made a clear decision at the last minute, which was Decision 10/LIII. In addition to the preambular text explaining how the decision had been reached, that decision had two aspects. The first was to accept the principle of rotation in the selection of the executive director; as far as the producers were concerned, this was a very clear decision and the outcome of long, heated and complex negotiations. There was unanimous consensus that the rotation system would be a compulsory methodology in the selection of the Organization's executive director. The second aspect

of the decision was that once the decision was taken to adopt the rotation process, further consideration would be given to the options, as set out in the table contained in the report of the Ad Hoc Working Group. At this Council session, the final decision should be about this table. The starting point for reaching consensus on the most appropriate option, through a friendly discussion between the caucuses, should be that the rotation principle had been adopted. This was no longer just something the producers wanted: it was a Council decision. Thus, the options selected should by necessity include the rotation methodology between producers and consumers.

288. The Chairperson thanked the producer spokesperson for his remarks and invited the consumer spokesperson to take the floor.
289. The consumer spokesperson thanked the producer spokesperson for his eloquent summation of the recent history of this issue, and she welcomed and echoed his reference to friendly discussions. The issue had been discussed many times and she hoped it could be resolved today. She considered that it was the wish of all delegations to deal with the issue and thereby allow the Organization to move forward and look to the future. The consumers were united in the view that it was critically important to seek and appoint the most qualified candidate for the position of executive director.
290. The producer spokesperson expressed full agreement with the words spoken by the consumer spokesperson that the candidate for executive director should be of the highest possible professional and personal standards. This was one of the required conditions for all options in the rotation system.
291. Reconvening later, the Chairperson noted that a joint session of the producer and consumer caucuses had enabled a good exchange of ideas and comments on rotation. He summarized that the first principle was that the Council must select the best talent and the second principle was rotation. He proposed setting up a contact group, to be co-chaired by the two spokespersons, which would meet immediately after the plenary session with the aim of bringing a draft decision to the Chairperson's Open-ended Drafting Group. He opened the floor for comments.
292. The delegate of the EU welcomed the morning's meeting of the joint caucuses. Following the previous Council session, the EU had coordinated intensively by looking into the options set out in the report of the Ad Hoc Working Group. After consultations between the 28 EU member states at the level of forest, environment and foreign affairs ministries, the EU's preferred option was option 3 of the Ad Hoc Working Group, which was rotation among individuals. This would allow the potential candidates to be treated equally and thus provide the highest probability of obtaining the highest-quality leadership for ITTO. In adopting this preferred option, the EU had kept in mind the issue of establishing a precedent. Regarding the term of office, the EU position was to opt for a four-year term with a two-year extension, because this would enable a fairly frequent rotation and provide more opportunities for new executive directors than the four-plus-four-years option. Moreover, the EU position would be that any decision on rotation and on the term of office should apply after any possible extension of the current Executive Director.
293. Regarding the preconditions in the framework for the selection of the executive director, the EU considered that the vacancy announcement should emphasize the management of organizations in terms of leadership, human resources and finance while taking into account biodiversity and forestry expertise. It was also important that the selection committee should be able to exclude any candidate if it detected a conflict of interest, rather than leaving this aspect to the Council. Vacancy announcements should contain the provision that executive directors could be dismissed before the completion of their term with a relevant decision by the Council in case of substantial reasons or the poor performance of their duties.
294. The producer spokesperson said he had left the joint caucus meeting of producers and consumers with some hope of an approaching consensus, and there seemed to be a better understanding between the positions put forward by the two groups. This better understanding involved the integration of the two principles underlined by the Chairperson: the principle of rotation and the principle of high quality of candidates.

295. The producer spokesperson noted that the principle of rotation had been included in Decision 10(LIII) and therefore could not be ignored. The other principle picked up on the hope of the producer group that the candidates should be of the highest international standard in the institutional management of organizations. Such details, while important, could be included in the improved terms of reference for candidates, which had been worked on at the 49th session of the Council in Gabon.
296. The producer spokesperson noted the persistent position of the EU of preferring option three, even though this excluded rotation in contradiction to Decision 10(LIII). He called on the distinguished delegates of consumer members to reflect on this because, if the Council persisted on this path, the institutional situation would become more complicated and the Organization would continue suffering from problems of financing and fundraising. It was time to conclude this issue at this session to allow the Council to concentrate on its fundamental objectives, which were sustainable forest management and the development of markets for sustainably produced forest products.
297. The consumer spokesperson recalled the Chairperson's words that it was important to seek common ground. All delegates agreed on the importance of selecting the best candidate, and this was a starting point from which the Council could further elaborate a decision that allowed the Organization to move forward. She welcomed the Chair's suggestion to take up some of the issues in a contact group.
298. The Chairperson reiterated that everyone agreed it was crucial to select the best talent to serve the Organization. If, however, candidates were of equal merit, it was necessary to rotate because ITTO was an international organization representing all groups equally. He asked delegates to agree on the two principles: the best candidate, and rotation.
299. The delegate of Ghana said he wanted to agree with the submission that there must be an emphasis on selecting the best candidate, but it was also important to adhere to the principle of rotation, which had been agreed at the previous session in Decision 10(LIII). The producer spokesperson had also mentioned some of the elements that had been discussed during the joint session of the two caucuses, and producers had been taken aback by the submission of the delegate of the EU.
300. The delegate of Ghana reminded the Council of the stalemate that had existed from 2014 to 2016 before the election of the current Executive Director. There had been talk from the EU of broadening the partnership, and the producers had agreed on that. The element of rotation had then been injected, which had also been agreed, and the Executive Director was elected by consensus. Mr Dieterle has shown a high level of competence since assuming office, and the producer caucus was fully in support of his leadership and wanted to continue to support him. Nevertheless, it was necessary to come back to the element of rotation, also emphasizing the need to choose the best-qualified candidate.
301. The delegate of Ghana appealed to the distinguished delegate of the EU to provide the opportunity to move to the next level so that the issue of rotation could be agreed at this session. The Council would then be able to meet in Lomé, Togo, to discuss partnerships, projects and financing. If no decision was made here, interest would wane on the part of the producer caucus. Delegates would have to report back to their capitals, their respective governments, and it was not feasible to spend four or five years talking about rotation and to not put more emphasis on project formulation. As had been mentioned this morning, the best candidates could be found in every corner of the globe, and the color of their skin didn't matter; race and gender didn't matter because this was a global village. The delegate of Ghana appealed again to the distinguished delegates of the EU to look more into this so that it was possible to move forward.
302. The Chairperson reiterated that he had requested the Council to adopt the two points that would be fully reflected in the decision and to avoid those details that had not been agreed upon. Seeing no flags, he asserted that the Council had adopted the two principles on the issue of Article 16. He asked the spokespersons of the producers and consumers to organize a contact group to draft a decision that fully reflected these two principles. He asked whether there were any objections or comments on this recommendation.

303. The delegate of Togo said he appreciated the quality of the debate. Regarding Decision 10(LIII), he requested the Chairperson to inform the Council whether it had the authority to disregard the terms of that decision by considering other options.
304. The Chairperson emphasized that the Council would definitely follow the decisions it had previously made. In the two principles it had accommodated the positions of both the producers and consumers. Therefore, he hoped it would be possible to consolidate and unite on these principles rather than debating details that had not yet been agreed.
305. The consumer spokesperson raised a point of procedure regarding the Chairperson's decision, which, in her view, the Council had not been ready to adopt. She requested consideration of the procedure and confirmation of what the decision had been and the mandate for it.
306. The Chairperson clarified that his proposal had been that the Council adopt the principles to give direction to the contact group in drafting the decision. That was the purpose of his proposal.
307. The delegate of the USA said her delegation was confused by the Chairperson's approach, and a contact group would discuss the substance of the issue. Her delegation's understanding was that the Chairperson would establish a contact group to discuss the substance of the issue and that what he had described as guidance was what the contact group would decide. The contact group would not be a drafting group. Thus, the notion that the Council would here determine and instruct or guide the contact group was not her delegation's understanding of appropriate procedure and would prefer that the contact group was struck to discuss the issues at hand.
308. The Chairperson said the Council was the supreme body of ITTO and should find a solution to the issue on rotation. His purpose in proposing that the Council adopt the two principles rather than having it discussed in the contact group was to provide guidance. Thus, he had opened the floor to ask whether the Council agreed on these two principles and he had seen no flag raised and had therefore used the gavel. If, however, these two principles were not agreed, the contact group could be asked to discuss it further. He invited further interventions from the floor.
309. The producer spokesperson said that, as far as the producers were concerned, the Chairperson's proposal was clear and based on a consensus because nobody had taken the floor when the opportunity had been offered. The producers had considered that there had been a consensus on the two principles on which the decision would be based: the principle of rotation and the principle of the high standard of the executive director to be appointed. He indicated the producers' willingness to participate in the contact group, and they would base discussions in that group on the two principles. It could be called a drafting group or a working group, or a contact group, but the producers would go to the group on the basis of the two principles they thought had been adopted, and a draft decision could be produced to incorporate those two principles.
310. The delegation of Togo said the Council was now questioning one of the principles of the Organization. It was as if the Council had decided to leave aside the crucial issues and, instead, to challenge, session after session, what had been decided beforehand. He did not understand why the Council was challenging the principles that were the basis of the Organization. The principle of rotation was included in Decision 10(LIII) in point 1a, but it was now being revisited because the EU did not agree. The Council had had long debates to decide on point 1a, but then another contact group had been created to discuss the same thing. Decision 10(LIII) was very clear.
311. The delegate of the USA said her comments were purely procedural and did not go to the substance of the issue, which would be addressed in a contact group. Her delegation had not heard consensus in the room and hence the need for a contact group. From a purely procedural perspective, this was probably the only way to proceed at this time.
312. The delegate of the EU said her delegation supported the intervention of the USA and believed it would be beneficial for a contact group to discuss the substance of the matter and thereby enable the Council to reach a decision at this session.

313. The delegate of Ghana reiterated the sentiments expressed by the delegate of Togo. A decision had been made in Lima—Decision 10(LIII). Based on this, the Chairperson had raised two issues: to examine the issue of competency, and to address the framework of rotation. What was there for a contact group to discuss? It was his understanding that, according to the Chairperson, the contact group would make reference to Decision 10(LIII) and draft a decision based on the two principles of competency and rotation. There was a need to move forward and make a decision at this session to enable discussions to recommence on projects, partnerships and financing in Lomé next year. Several of his colleagues in the producer caucus had expressed the view that, if a decision could not be made at this session, the sustainability of the Organization would be in question.
314. The delegate of Japan said he fully agreed with the comment from Ghana and producer countries that a decision on this issue had been made at the previous session. The principles stated by the chairperson were a reconfirmation of the contents of that decision. Regarding procedure, his delegation agreed with the comment of the USA that a contact group would have a discussion on the basis of Decision 10(LIII). In that case, Japan would be pleased to join the contact group.
315. The delegate of Indonesia said he echoed the view expressed by the delegates of Ghana and Togo.
316. The Chairperson said there was disagreement on the role of the contact group, and he sought further guidance on whether the contact group should discuss the principles or whether these could be agreed in the plenary. He referred to the intervention by the delegate of the USA raising a question of procedure and to the comments made by the delegates of Ghana and Togo supported by Japan and Indonesia. He sought further guidance from delegates.
317. The producer spokesperson said recent comments from delegates had been helpful. He thought the principle of rotation had been decided on in Decision 10(LIII) and what was still outstanding was how this would be implemented and which of the options tabled by the Ad Hoc Working Group would be adopted. To create a contact group to discuss the principle of rotation would be inappropriate because it would be backtracking and re-hashing the arduous debate the Council had had in Lima, which had given rise to Decision 10(LIII). He understood the Chairperson's use of the gavel to indicate that the two principles of rotation and qualifications and competencies had been agreed. The contact group, therefore, should debate the future implementation of these two key principles.
318. The Chairperson said the principle of rotation had been adopted at the previous Council session, and he suggested that the contact group would discuss what rotation implied and how it should be reflected in a decision to be adopted by the Council. He adjourned the session.
319. Reconvening on this agenda item later, the Chairperson said he had been advised that the previously constituted contact group had engaged in an encouraging dialogue. He invited the two co-chairs of the contact group to report on the progress made.
320. The consumer spokesperson said she would have termed the discussions as intense, valuable and frank, in which all parties had shared their positions and endeavored to be constructive in finding common ground and a way forward. The delegate of Papua New Guinea had provided a draft text, which had been circulated to some delegations. After clarifying that it was a draft text that hadn't been agreed by the contact group, she summarized its elements, as follows: reaffirming the desire of the council to select the most suitable executive director for ITTO; recalling the principle of rotation; acknowledging that rotation had already commenced with the current executive director; and operative paragraphs deciding to accept that the selection of executive director would alternate between caucuses and potentially within subdivisions of each caucus, in a sequence agreed by Council. The decision would direct the executive director to outline the sequence of rotation in the vacancy notice when the position was advertised, and it would indicate that the terms of the executive director would be four years with the option of extending for an additional two years, upon approval of the Council commencing with the current Executive Director.
321. The producer spokesperson thanked members of the contact group for the goodwill they had shown, and he said it had been a pleasant and positive meeting. The group had kept in mind the recommendation of the Chairperson that it work on the basis of the two fundamental principles. The

contact group had been established not to renegotiate rotation or the high quality of candidates. The dialogue had not been easy but there had clearly been a common understanding: the Organization needed executive directors of the highest possible quality. The contact group had analyzed the alternatives for the rotation. The producer group was proposing option 1B, which was similar to 1A, and the consumer group had tabled option 3, which, however, did not include rotation. Thus, it was necessary that the principle of rotation was the starting point of the work of the contact group. Step by step, common ground had been achieved. The rotation process had commenced with the current Executive Director. There was a possibility of extending his mandate, but that would depend on the Council. The delegate of Papua New Guinea had kindly assisted in formulating a draft decision, which the consumer spokesperson had just summarized. The producer caucus fully supported this proposal, which contained almost all the issues that had been discussed previously in relation to the two principles: the highest possible standard, and rotation. The draft could no doubt be improved in the drafting group to express the ideas in a more appropriate form.

322. The Chairperson said that, after listening to the reports of the two co-chairs, he considered that the contact group had made substantial progress and had found common ground on which to proceed. The draft decision provided a good basis for further work. He encouraged the contact group to continue working and to bring the draft decision to the Chairperson's Open-ended Drafting Group that evening. He said it appeared that not all members had received a copy of the draft, and the Secretariat could distribute it to all.
323. The consumer spokesperson clarified that the text was still a work in progress, and she sought the Chairperson's permission for continuation of the contact group to work further on the text so it would be more ready for the Chairperson's drafting group that evening.
324. The Chairperson said he thought this was possible and asked other delegations whether they agreed.
325. The producer spokesperson pointed out that it was possible to show a version of the draft on the plenary screen.
326. The consumer spokesperson said she agreed it would be valuable for other delegations to see the text, and she reiterated her request to continue with the contact group to avoid using up the Council's valuable time. The process would undoubtedly involve much more discussion, which could take considerably more time. She asked whether it would be possible to print the text and make it available to delegations so they could start familiarizing themselves with it while the contact group continued.
327. The producer spokesperson agreed that immediately continuing the work of the contact group would be appropriate.
328. The delegate of China said the Organization's procedures were flexible, and delegates were constructive. The worst result of this process would be no result, and he hoped delegates would continue to show the friendship and partnership needed for a positive outcome.
329. The delegate of Togo said it would be possible to convene the contact group immediately.
330. The Chairperson invited the delegate of Japan to take the floor.
331. The delegate of Japan said further discussion was needed in the contact group. He supported the intervention by the delegate of China that it was important to reach a decision at this session, but a poor decision could be disastrous for ITTO.
332. The Chairperson adjourned the session to enable the contact group to reconvene.

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 17)

333. The full reports of the Committees are contained in Annex IV.

Committee on Reforestation and Forest Management

334. Mr Dambis Kaip (Papua New Guinea), Chairperson of the Committee on Reforestation and Forest Management (CRF), presented the committee's report, as contained in document CRF(LII)/5. The committee had met three times at the session to consider 15 agenda items. It had reviewed the work of eight completed projects, all of which had contributed to the achievement of ITTO objectives in the area of reforestation and forest management by assisting ITTO member countries to strengthen forest policies and help put them into practice on the ground. In policy work, the CRF had deliberated on the following: the restoration, conservation and sustainable use of mangrove ecosystems; progress in the application of and collaboration on criteria and indicators for sustainable forest management; the updating of the ITTO Guidelines for Forest Landscape Restoration; fire management in tropical timber-producing forests; developments in the United Nations Framework Convention on Climate Change regarding forests and their potential implications for tropical forests and the world tropical timber economy; the Joint ITTO/Convention on Biological Diversity Collaborative Initiative for Tropical Forest Biodiversity; and the development and implementation of guidelines on environmental and social risk and impact assessment in ITTO projects.
335. Mr Kaip further informed the Council that the CRF had had productive discussions on the objectives, focus and scope of revising the ITTO reforestation guidelines, including a comprehensive presentation by Professor Jürgen Blaser. The committee encouraged the advancement of this revision and looked forward to its finalization. Regarding the safeguards guidelines, which had been approved in 2016 and were under pilot implementation, the CRF had reviewed potential implementation problems and recommended refining the guidelines. It recommended that this refinement should be made available in advance of the next session of the committee.
336. Mr Kaip congratulated Mr Jobst-Michael Schroeder (Germany) for his election as CRF Chairperson for 2019 and Mr Bruno Areas Rivers (Guatemala) for his election as Vice-chairperson.

Committee on Economics, Statistics and Markets

337. Mr Bjorn Merzell (Sweden), Chairperson of the Committee on Economics, Statistics and Markets (CEM), presented the CEM's report, as contained in document CEM-CFI(LII)/4. The CEM had met jointly with the Committee on Forest Industry (CFI), co-chaired by the CEM and CFI chairpersons. The CEM had reviewed progress in the implementation of five ongoing projects and examined nine projects pending finance. It had considered and had substantive discussions on the following: market access; forest and timber certification; IMM progress report; and elements of the Biennial Review and Assessment of the World Timber Situation. CEM had agreed to include market access, forest and timber certification, and IMM in its policy work in 2019 and to add a new item on assisting the collection of relevant information for Japan's Clean Wood Act website covering Brazil, Ecuador, the Lao People's Democratic Republic, the Philippines and Thailand, to be reported at the next session.
338. Mr Merzell reported that the Annual Market Discussion on the theme of private-sector tropical timber promotion initiatives and opportunity for collaboration had been lively. Moderated by TAG's co-chair, Mr Andre de Boer, the discussion had focused on market promotion efforts to win over consumers. The TAG had decided to defer its decision on the theme of the 2019 Annual Market Discussion, and the Secretariat would convey the theme in advance of the next Council session.
339. The CEM recommended that funding be made available immediately for project proposals that were pending financing and that adequate time for discussions be provided at future Council sessions for market-related issues—for example by allocating a full day of the session to the Annual Market Discussion. On behalf of the committee, Mr Merzell expressed his appreciation to organizers and staff for the smooth running of the session.
340. Mr Merzell congratulated Mr Bruno Mfou'ou Mfou'ou (Cameroon) and Ms Catherine Karr-Colque (USA) for their unanimous election as Chairperson and Vice-Chairperson of the CEM for 2019, respectively.

Committee on Forest Industry

341. Ms Anna Tyler (New Zealand), CFI Chairperson, presented the CFI's report, as contained in Document CEM-CFI(LII)/4. The CFI had met three times jointly with CEM during the session and had had fruitful deliberations despite the tight schedule. The committee had noted the work carried out under one project completed in Indonesia that had supported value adding, increasing the productivity of bamboo products and promoting the livelihoods of local communities through a community-based bamboo industry. The project had developed a platform for expanding project results into national bamboo development, while also strengthening regional and international cooperation. The CFI had noted the inclusion of a new item under the policy work funded by the Government of Germany to enhance the conservation and sustainable management of teak forests and legal and sustainable wood supply chains in the Greater Mekong Subregion, and progress on this item would be reported at the next session of the committee. The CFI recommended to the Council at this session five project proposals listed under pending finance for immediate financing.
342. Ms Tyler extended her appreciation to all members of the committee, the CEM Chairperson, the Secretariat and interpreters. She congratulated Mr Mohd Kheiruddin Mohd Rani (Malaysia) for his election as CFI Chair in 2019 and thanked him for his assistance at the present session. She congratulated Ms Catherine Karr-Colque for her election as Vice Chair of the committee for 2019.

Committee on Finance and Administration

343. Mr Luke Thompson (USA), CFA Chairperson, presented the CFA's report, as contained in document CFA(XXXIII)/7. Overall, positive signals had emerged from previous financial reforms that ITTO was getting back on a more solid financial footing. The CFA was happy to report that it had found the financial reports to be comprehensive, reflecting the rapid and successful transition to the IPSAS accounting standard. In addition, members had praised the development of the ITTO internal audit system, which the external auditors had noted was compliant with international standards. In addition to routine items examining the resources of the Organization, the CFA had considered the following three items: 1) an amendment to the retirement age in the ITTO staff rules to align with the United Nations staff regulations, effectively extending the ITTO retirement age from 62 to 65; 2) a previously adopted policy on anti-money laundering and counter terrorism financing and whether this should now be adopted via a Council decision to formally incorporate it into the ITTO financial rules as an annex for the purposes of supporting ITTO's application process for accreditation to the Green Climate Fund; and 3) examination of the report and recommendations of the Ad Hoc Working Group on Finance and Fundraising and the development of a draft Council decision with a view to advancing ITTO's objective of improving financing and better achieving its mission. This latter task had required concerted discussions and the careful balancing of the needs and priorities of members.
344. Mr Thompson congratulated Mr Jorge Mario Rodriguez Zuniga as CFA Chair in 2019, and the consumer caucus would confirm the nomination for vice-chair at a later date.
345. The committee had made the following recommendations to the Council: 1) to approve the financial reports prepared in accordance with the ITTO financial rules and procedures, as contained in document CFA (XXXIII)/6; 2) to continue to appoint Ernst and Young ShinNihon LLC Tokyo to audit the Organization's accounts for the 2018 financial year; to consider, at the next Council session, amending the financial rules to extend the audit term to match best practices in the market; 4) to endorse the list of sole providers as contained in Annex 1 of CFA (XXXIII)/4 Rev.1; and 5) to examine and take actions to secure the needed resources to achieve the objectives of the Organization. Mr Thompson thanked the Secretariat for its support, the Vice-chair, Mr Rodriguez, for stepping in unexpectedly to serve in that role and to help facilitate the process, and all members of the committee.

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2019 (AGENDA ITEM 18)

346. The Consumer Spokesperson proposed the election, by acclamation, of Mr John Leigh (Peru) as incoming Chairperson of the Council.

347. There was no nomination by the Producer Spokesperson for the Vice Chairperson of the Council. The consumer caucus was invited to nominate a candidate inter-sessionally.
348. Mr John Leigh said he was honored to accept the position of Chairperson for the upcoming year. He would endeavor to follow in the footsteps of his predecessor, who, in an excellent way, had helped the Council make decisions about the future of the Organization. He looked forward to working with all delegates to discuss issues in depth and to implement the Organization's mandate. He thanked the Council for its confidence in him. In closing his address, Mr Leigh presented the outgoing Chairperson with a token of appreciation from the Council.

DATES AND VENUES FOR THE FIFTY-FIFTH AND FIFTY-SIXTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 19)

349. The Chairperson reported that the Council had decided, at its Fifty-third Session in Lima, Peru, that the Fifty-fifth Session would be held in Lomé, Togo. He invited the delegate of Togo to take the floor.
350. The delegate of Togo confirmed that the Fifty-fifth Session of the Council would be held in Lomé, Togo, on 2–7 December 2019. He introduced a video on what delegates could expect when visiting Togo.
351. The Chairperson invited countries to express interest in hosting the Fifty-sixth Session of the Council.
352. The delegate of Japan said that Japan and the City of Yokohama would be pleased to host the 56th Session of the Council.

OTHER BUSINESS (AGENDA ITEM 20)

353. No items of business were raised under this agenda item.

DECISIONS AND REPORT OF THE SESSION (AGENDA ITEM 21)

354. The decisions adopted by the Council are contained in Annex III. The full text of all decisions, including annexes, is available on the ITTO website.
355. The Chairperson reminded delegates that, as per general practice, all Council decisions had been drafted by the Chairperson's Open-ended Drafting Group and reviewed by all members of the Council.
356. The Chairperson introduced draft Decision 1(LIV) "Projects, Pre-projects and Activities". There being no comments, the Council adopted the decision.
357. The Chairperson introduced draft Decision 2(LIV) "Reconfirmation of further measures and mandating of legal actions regarding the financial impairment". There being no comments, the Council adopted the decision.
358. The Chairperson introduced draft Decision 3(LIV) "ITTO Anti-money Laundering and Counter Terrorism Financing Policy (AML/CFT)". After an amendment to correct a grammatical error, the Council adopted the decision.
359. The Chairperson introduced draft Decision 4(LIV) "Amendment of Staff Regulations and Rules of the ITTO". The producer spokesperson said he had no amendments to this decision but wished to comment that there was an ongoing need to give full consideration to achieving a regional balance in the staff of the Organization, which had previously been the tradition. There being no further comments, the Council adopted the decision.
360. The Chairperson introduced draft Decision 5(LIV) "Enhancing the financing architecture and fundraising of the organization". There being no comments, the Council adopted the decision.
361. The Chairperson introduced draft Decision 6(LIV) "Selection of the candidates for the position of Executive Director of the ITTO". The producer spokesperson recalled some of the history behind this

decision and said there was an urgent need to finalize the issue of rotation so the Council could address policy issues relevant to its mandate. He said some delegations were feeling discouraged and frustrated that fundamental issues were not being dealt with. There had also been a long-term reduction in funding that required correction. The producer spokesperson referred to the process of developing the draft decision at this Council session, saying that producers had expected to see the draft decision reflect what had already been agreed, and that it should state explicitly that the next executive director should be from a producer country. He offered suggestions for redrafting elements of the draft decision.

362. The delegate of Cameroon said he fully agreed with the analysis offered by the producer spokesperson, and he highlighted what he considered to be inconsistencies in the draft decision.
363. The delegate of Ghana said he fully agreed with the submissions made by the producer spokesperson and the delegate of Cameroon, and he questioned further the process by which the decision had been drafted. Given that the draft decision did not reflect the outcome desired by producers, it was as if producers had not been present during its drafting, but they had been. It was as if the producers were being treated with disdain.
364. The Chairperson asked the Council for guidance on how to proceed in light of the comments just received from the producer spokesperson and the delegates of Cameroon and Ghana.
365. The producer spokesperson laid out the paragraph-by-paragraph changes the producer caucus wished to see made to the draft decision.
366. After an adjournment, the Chairperson requested the two spokespersons to speak. The producer spokesperson said that, during the adjournment, internal discussions in the producer caucus had confirmed the position outlined previously regarding the redrafting of the proposed decision. The consumer spokesperson said the consumers were concerned that the producers' proposal was not in accordance with the procedures of the Organization and constituted a substantial procedural irregularity. But, for the sake of a possible compromise, the consumer caucus offered alternative wording for the decision, operative paragraph 2, so that it reads 'that from among the qualified candidates the final selection should take into due consideration the rotation between producer and consumer caucuses for the term of the appointment, commencing with the producer caucus for the next selection of the Executive Director'.
367. The Chairperson said it appeared that there were now two versions of the draft decision, the one proposed by the producer caucus and the other proposed by the consumer caucus.
368. The delegate of the USA raised a point of order about what she suggested were serious procedural irregularities. There were not two versions, she said: the only legitimate draft was the one in which the proper procedures had been followed and had come from the contact group, had been reviewed by the Chairperson's Open-ended Drafting Group, and was now presented to the Council.
369. The Chairperson again clarified the process by which the draft decision had been developed as the outcome of a contact group established by the Chair. This contact group had worked from noon to midnight yesterday. The Chairperson's Open-ended Drafting Group had received this draft after midnight and had reviewed the draft and made small revisions, resulting in the draft decision. The Chairperson asked the Secretariat to clarify the issue about procedure raised by the delegate of the USA.
370. The Secretariat (Ms Sheam Satkuru) clarified that there was only one draft, but there were two versions of amendments to the original draft – one proposed by the consumer spokesperson and an amended paragraph proposed by the producer spokesperson.
371. The delegate of Cameroon said that his delegation supported the explanation given by the Secretariat.

372. The delegate of the EU said her delegation fully shared the position expressed by the USA and suggested caution on what had been said by the Secretariat regarding versions of amendments being tabled during the Council session in accordance with the rules of procedure.
373. The producer spokesperson said he was confused by what he had just heard about irregularities. The producers had fully respected the original text, and that was the basis on which they had worked. The document distributed by the producers was the same as the original document they had received on this decision, plus the amendments they wanted to make. It was the Council that had the final word on whether any draft decision would be adopted. Nevertheless, he was grateful for the understanding of the consumers, and finally a way could be seen out of the stalemate.
374. The Chairperson led the Council through a discussion of the wording of the decision and the retention or otherwise of paragraphs. After a break, the consumer spokesperson informed the Council that the consumer caucus had serious concerns about the procedures taken in the decision-making process. She requested the Secretariat to take note on the record that this process should not constitute a precedent to be repeated in future proceedings of the Organization. On that basis, however, the consumer caucus was happy to agree to the producer proposal to delete paragraph 7 ('To note that this decision is taken without prejudice to future deliberations and decisions of the Council, or the possible renegotiation of the ITTA, 2006'), which had been introduced to the draft decision by the contact group. The producer spokesperson then confirmed that, with this concession from the consumers, the producers were also in a position to agree to the decision. The Council thus adopted Decision 6(LIV).

CLOSING OF THE SESSION (AGENDA ITEM 22)

375. The Chairperson invited statements from organizations represented at the Council session.
376. The CSAG representative applauded the Council and the Secretariat for the opportunity to convene the first CSAG-branded plenary session during the Council session. CSAG believed it was possible to work together on topics of common interest in order to provide relevant advice and inputs to the Council's deliberations.
377. CSAG urged ITTO members to increase stakeholder engagement in policy development and implementation at the national level. It expressed disappointment that many ITTO member countries had not been paying their dues given the serious financial impairment facing the Organization. These funds were indispensable to the implementation of ITTO's work programme, including the funding of projects. CSAG was also concerned by the lack of member responses to the Joint Forest Sector Questionnaire, given that information and data were fundamental for supporting trade, market transparency and improved policies and decision-making. CSAG encouraged member countries to pay their dues to the Organization, and also to submit responses to the joint questionnaire.
378. The CSAG representative said ITTO had now adopted policy guidelines on gender equality and empowering women, in addition to its other policy documents. However, ITTO's policy documents remained little known and their implementation by member states was limited. CSAG would continue to advocate and share the various guidelines widely and recommended that Council prepare a decision for the Secretariat to conduct a regular monitoring and evaluation in collaboration with CSAG, perhaps through an annual questionnaire of ITTO members on progress towards the implementation of ITTO guidelines, and sharing those results with the Council. CSAG was committed to involvement in the rollout of ITTO's guidelines on gender equality and empowering women and looked forward to working with the Council and Secretariat to make it happen.
379. CSAG strongly encouraged the Council to ensure the availability of adequate resources for the ongoing participation of civil society and women in Council deliberations, reminding delegates that other United Nations processes had strong commitments towards civil-society participation and engagement. The CSAG representative had been actively involved in the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies and CSAG wished to be involved in piloting a fundraising initiative. The CSAG network involved women, local communities and indigenous peoples, all of whom faced challenges related to tenure, access and rights in their forests and who aspired to

access international markets for legal and sustainable wood products. Tens of millions of women and men lived in marginalized forest landscapes worldwide and needed sustainable livelihoods built on the use of their natural resources, including timber and non-timber forest products, to enable them to send their children to school and to get out of the poverty trap. Local communities, smallholders and other forest communities could also have huge impacts on attaining the ITTO objective of sustainable forest management and sustainable trade in timber products. CSAG was encouraged by the TAG statement, which emphasized the role of sustainability in which legality underpinned sustainable forest management and good forest governance. CSAG fully supported the emphasis on sustainability and emphasized that legality was just a step towards sustainable forest management and good governance.

380. The CSAG representative said certification could be a good tool for sustainable forest management and supply chains and could provide a level playing field for all stakeholders, but special conditions were required for smallholders, local communities, women, indigenous peoples, and other marginalized communities. Fiscal incentives, on which ITTO was working with the World Bank, could complement the successful application of social and environmental sustainability practices in the forest sector. She said other CSAG recommendations were included in its full statement distributed to members.
381. The representative of the United Nations Forum on Forests (UNFF) said that, on 27 April 2017, the United Nations General Assembly had adopted the first ever United Nations Strategic Plan for Forests. This strategic plan built on the vision of the 2030 Agenda for Sustainable Development and set a shared global vision and mission on forests. It included six ambitious Global Forest Goals and 26 associated targets, including groundbreaking targets to increase forests globally by 3% or 120 million hectares and to eradicate extreme poverty for all forest-dependent people by 2030.
382. Realizing this shared vision and mission depended entirely on the voluntary actions of countries and stakeholders at all levels, including ITTO. The strategic plan called for stronger cooperation, coordination, coherence, synergies and political commitment and action at all levels. It also encouraged the CPF and other stakeholders to strengthen synergies between the strategic plan and their policies and programmes, including their contributions to the Sustainable Development Goals.
383. The UNFF representative reiterated the invitation to ITTO to integrate the implementation of the UN Strategic Plan for Forests with its programmes. The UNFF had always enjoyed strong ties with ITTO, both as a member of the CPF and on a bilateral level, and it looked forward to continued cooperation in the implementation of the strategic plan and achievement of the Global Forest Goals. She invited delegates to share in side-events that the UNFF could be hosting at forthcoming meetings and reminded them of the dates of the next session of the UNFF at United Nations headquarters. The UNFF would also be convening three expert group meetings in January 2019.
384. The Chairperson opened the floor for statements by other international organizations, observers, and members. There being none, he invited the Executive Director to make a statement.
385. The Executive Director said delegates and other participants had worked during the session in a constructive atmosphere and with a spirit of trust, and the Secretariat had received strategic guidance from the Council, especially on the important question of increasing finance for the Organization. The Secretariat would invest all efforts to bring in new and additional financial resources for the benefit of people and forests in member countries. This was the Secretariat's key priority and commitment to the Council.
386. Mr Dieterle said solving the complicated issue of rotation with regard to the position of executive director allowed the Council to now fully focus on substance and on assisting producer and consumer countries in making progress towards the Sustainable Development Goals and increasing the benefits of forests for people and the planet. It would also allow the Organization to pursue new initiatives as a proactive member of the CPF and to highlight the role of productive forests, forest products and green supply chains in inclusive growth, poverty alleviation, fighting climate change, biodiversity conservation, and the environment in general.

387. Mr Dieterle expressed his deepest appreciation and thanks to the Government of Japan and the City of Yokohama for their unwavering support for the Secretariat, which had been essential for making the meeting a success and continuing the work. He thanked the service providers and the many volunteers who had worked behind the scenes effectively and efficiently and for long hours over the past few days. He thanked the interpreters, who always made sure delegates always had the same understanding, irrespective of language and culture. He also thanked the ITTO team, which had devoted its full energy during the week. He thanked the chairs and co-chairs of the caucuses and committees, who had made sure there was a solid basis for the work in the coming 12 months. He thanked the TAG and CSAG for their support and advice and their fascinating contributions. It was the Organization's firm commitment to bring trade more strongly into the Council in the future, and to involve civil society much more in the work. Mr Dieterle said he looked forward to working closely with the new Council chair, Mr John Leigh. He thanked the Government of Togo and especially its head of delegation, Mr Richard Gbadoe, who was directing preparations for the next Council session and for which he had been recalled from retirement by his minister. Finally, Mr Dieterle thanked the outgoing Chairperson, Mr Zhang, with whom he had enjoyed a fruitful and effective collaboration in the preparation of, and throughout, the session. He had guided the Council over many hurdles when views had diverged. Mr Dieterle said he hoped delegates would enjoy the next day's field trip to Doshi village, and he wished them all a safe trip home.
388. The Chairperson thanked the Executive Director for his statement. He said that, after four days and nights of hard work, and with the support, cooperation and indulgence of all, the Council session had ultimately been an effective and successful one. The Council had adopted a series of decisions, and especially—at the last minute—a decision on rotation, which showed that all members had worked in a spirit of compromise and unity. ITTO was a family, and the spirit shown at this session would ensure a bright and healthy future. The Chairperson expressed his heartfelt gratitude to all participants for making the session a success, and he officially closed the Fifty-fourth Session of the International Tropical Timber Council.

ANNEX I

LIST OF PARTICIPANTS

Document: ITTC(LIV)/Info. 2



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LIV)/Info.2
8 November 2018

ORIGINAL: ENGLISH

FIFTY-FOURTH SESSION
5 – 9 November 2018
Yokohama, Japan

LIST OF PARTICIPANTS

This list is based on communications received to date. The format and data of the entries in this list are as provided to the Secretariat. A final list will be issued in due course and, to facilitate this, delegations are requested to give corrections or additions in writing to the ITTO Secretariat

* * * * *

LISTE DES PARTICIPANTS

La présente liste a été établie d'après les communications reçues à ce jour. La présentation et le contenu des renseignements sont reproduits tels qu'ils ont été communiqués au secrétariat. Une liste finale des participants sera publiée en temps opportun; à cette fin, les délégations sont priées de communiquer toute correction ou addition par écrit au secrétariat de l'OIBT.

* * * * *

LISTA DE PARTICIPANTES

Esta lista está basada en las comunicaciones recibidas hasta la fecha. La forma y los datos de las inserciones en la lista son los facilitados a la Secretaría. Oportunamente se distribuirá una lista definitiva de participantes y para poder hacerlo con mayor facilidad se ruega a las delegaciones que proporcionen a la Secretaría sus correcciones o adiciones por escrito.

MEMBERS

AUSTRALIA

- * Ms. Emma Hatcher
Director, International Forest Policy Section,
Department of Agriculture and Water Resources,
Canberra

BENIN

- * H.E. Mr. Makarimi Adechoubou Abissola
** Mr. Daouda Takpara
** Mr. Hounmenou Cauthier Ayelo
Ambassador, Embassy of Benin, Tokyo
Directeur Général, Office National du Bois (ONAB),
Cotonou
Directeur Technique de Office National du Bois
(ONAB), Cotonou

BRAZIL

- * Ms. Gabriela Resendes
Counselor, Embassy of Brazil, Tokyo

CAMBODIA

- * Ms. Chheang Dany
Deputy Director, Department of Wildlife and
Biodiversity, Forestry Administration, Phnom Penh

CAMEROON

- * H.E. Dr. Pierre Ndzengue
** Ms. Eheth Nee Ongmanong Victoire
** Mr. Bruno Mfou'ou Mfou'ou
** Mr. Martin Cyrille Nkie
** Ms. Bekolo Ebe epse Bebey Ejangué Viviane
Ambassador, Embassy of Cameroon, Tokyo
Chef de Division de la Cooperation et la
Programmation, Ministère des Forêts et de la
Faune, Yaoundé
Directeur des Forêts, Ministère des Forêts et de la
Faune, Yaoundé
Attache, Services du Premier Ministre
Premier Conseiller, Embassy of Cameroon, Tokyo

CHINA

- * Mr. Zhang Zhongtian
** Mr. Wang Dazhong
** Ms. Xiao Wangxin
** Ms. Hu Yanjie
Deputy Director General, National Forestry and
Grassland Administration, Beijing
Deputy Director, Ministry of Commerce, Beijing
Deputy Division Director, National Forestry and
Grassland Administration, Beijing
Professor, Research Institute of Forestry Policy
and Information, Chinese Academy of Forestry,
Beijing

Notes: * Representative/Représentant/Representante
** Alternate representatives/Représentant suppléants/Representantes suplentes
*** Advisers/Conseillers/Asesores

COLOMBIA

- * Mr. Alejandro Posada Baena
Minister Plenipotentiary, Embassy of Colombia, Tokyo
- ** Mr. John Alexander Quintero Valderrama
Third Secretary of Foreign Affairs, Embassy of Colombia, Tokyo
- ** Ms. Paula Esguerra Laserna
Regional Cooperation Officer, Embassy of Colombia, Tokyo

CONGO, REPUBLIC OF

- * H.E. Mr Felix NGOMA
Ambassador, Embassy of the Republic of Congo, Tokyo
- ** Dr. Ewossaka Arsene
Coordonnateur de la Cellule OIBT, Ministère de l'Economie Forestière, Brazzaville

COSTA RICA

- * Sr. Jorge Mario Rodriguez Zuniga
Director General, Fondo Nacional de Financiamiento Forestal, San Jose

CÔTE D'IVOIRE

- * H.E. Mr. Jérôme Klôh Weya
Ambassador, Embassy of Côte d'Ivoire, Tokyo
- * H.E. Mr. Alain-Richard Donwahi
Ministre, Ministère des Eaux et Forêts, Abidjan
- ** Mr. Guy Serge Guillaume Bekoin
Sous Directeur de la Planification et Mobilisation des Ressources, Ministère des Eaux et Forêts, Abidjan
- ** Mr. Diarrassouba Issa
Chef de la Cellule de Contrôle et de la Planification, Office Ivoirien des Parcs et Reserves, Abidjan
- ** Mr. Konan Jérôme N'Guessan
Conseiller, Embassy of Côte d'Ivoire, Tokyo
- ** Mr. Jean Baptiste Constant Hangui Yapo
Directeur de la planification, des projets et des financements, Société de Développement des Forêts (SODEFOR), Abidjan

EUROPEAN UNION

EUROPEAN COMMISSION

- * Ms. Emmanuelle Maire
Head of Unit, Multilateral Environmental Cooperation, Directorate-General for Environment
- ** Ms. Argyro Zerva
Policy Officer, Directorate-General for Environment
- ** Mr. Patrice Moussy
Head of Sector Forest, International Cooperation and Development

GENERAL SECRETARIAT OF THE COUNCIL OF THE EUROPEAN UNION

- * Mr. Yves-Marie Leonet
Senior Administrator, Directorate General for Foreign Affairs Development

PRESIDENCY OF THE COUNCIL OF THE EU, AUSTRIA

- * Ms. Katharina Kuehmayer
Deputy Director Foreign Trade-Legal Department, Federal Ministry of Digital and Economic Affairs, Vienna

ESTONIA

- * Mr. Rauno Reinberg
Senior Officer, Forest Department, Ministry of the Environment, Tallinn

FINLAND

- * Ms. Marjukka Mähönen
Ministerial Adviser, International Affairs, Ministry of Agriculture and Forestry, Helsinki

FRANCE

- * Ms. Catherine Rivoal
International Forest Policy Adviser, Ministry for Agriculture and Forestry, Paris

GERMANY

- * Mr. Matthias Schwoerer
Head of Division, International Forest Policy Division, Federal Ministry of Food and Agriculture, Bonn
- ** Mr. Markus Utsch
Deputy Head of Division, International Commodity Policy, Federal Ministry of Food and Agriculture, Bonn
- *** Mr. Jobst-Michael Schroeder
Senior Scientist, Thuenen Institute of International Forestry and Forest Economics, Hamburg

NETHERLANDS

- * Mr. Rob Busink
Senior Policy Advisor, Ministry of Agriculture, Nature and Food Quality, The Hague
- ** André de Boer
Secretary General, European Timber Trade Federation

SPAIN

- ** Mr. Fernando del Cubo Alvariza
Trade Attaché, Embassy of Spain, Tokyo
- ** Mr. Emilio Blanca Canda
Trade Officer, Embassy of Spain, Tokyo
- ** Mr. Carlos Arroita Martinez
Trade Officer, Embassy of Spain, Tokyo

SWEDEN

- * Mr. Bjorn Merzell
Forest Policy Advisor, Swedish Forest Agency

GHANA

- * Hon. Benito Owusu-Bio
Deputy Minister, Ministry of Lands and Natural Resources, Accra
- ** Mr. Daniel Nsowah
Senior Planning Officer, Ministry of Lands and Natural Resources, Accra
- ** Mr. Gordon Sarfo-Adu
Head, Donor Relations/Projects, Forestry Commission, Accra
- ** Dr. Mohammed Nurudeen Iddrisu
Director, Operations, Timber Industry Development Division, Forestry Commission, Accra

GUATEMALA

- * Mr. Bruno Enrique Arias Rivas
Assistant Manager, National Institute of Forests (INAB), Guatemala City
- ** Mr. Roberto Andrés Bosch Figueredo
Member of the Government Body, INAB, Guatemala City

GUYANA

- * Mr. Clayton Andrew Hall
Project Coordinator, Ministry of Natural Resources,
Georgetown

INDIA

- * Mr. Deepak Kumar Sinha
Inspector General of Forests, Ministry of
Environment, Forest and Climate Change, New
Delhi
- ** Mr. Rohit Tiwari
Deputy Inspector General of Forests, Ministry of
Environment, Forest and Climate Change, New
Delhi

INDONESIA

- * Mr. Arief Mahmud
Director of Betung Kerihun and Sentarum National
Park
- ** Dr. Riva Rovani
Forestry Attaché, Embassy of Indonesia
- ** Ms. Ary Sri Lestari, MM
Head of Sub-Directorate of Conservation Area
Management, Directorate of Nature Conservation
Planning and Information, Java
- ** Mr. Sya'roni Agung Wibisono
Head of Sub Division Multilateral Cooperation II,
Ministry of Environment and Forestry, Jakarta
- ** Dr. Retno Maryani
Researcher of Research Development and
Innovation
- ** Ms. Desy Ekawati
Project Coordinator on Community Bamboo
Industry Development, Forestry and Environment
and Forestry, West Java
- ** Dr. Eka Novriyanti
Researcher, Forestry and Environment Research
Development and Innovation Agency, Ministry of
Environment and Forestry, Jakarta
- ** Dr. Hiras Sidabutar
Managing Advisor, Indonesian Sawmill and Wood
Working Association (ISWA), Jakarta
- ** Mr. Dani Pitoyo
Indonesian Wood Panel Association (APKINDO),
Jakarta

JAPAN

- * Mr. Koji Hongo
Deputy Director General, Forestry Agency, Tokyo
- ** Mr. Tadashi Sato
Director, Global Environment Division, International
Cooperation Bureau, Ministry of Foreign Affairs,
Tokyo
- ** Mr. Yasunori Fujihira
Deputy Director, Global Environment Division,
International Cooperation Bureau, Ministry of
Foreign Affairs, Tokyo
- ** Ms. Yoshiko Motoyama
Deputy Director, Global Environment Division,
International Cooperation Bureau, Ministry of
Foreign Affairs, Tokyo
- ** Ms. Asako Nagano
Director, Wood Use Promotion Division, Forestry
Agency, Tokyo
- ** Mr. Shigeki Hata
Director, Wood Products Trade Officer, Forestry
Agency, Tokyo
- ** Mr. Rikiya Konishi
Deputy Director, Wood Products Trade Office,
Forestry Agency, Tokyo
- ** Ms. Makiko Uemoto
Deputy Director, Wood Products Trade Office,
Forestry Agency, Tokyo
- ** Ms. Yoko Ichikawa
Deputy Director, Wood Products Trade Office,
Forestry Agency, Tokyo

- ** Mr. Kenro Takahashi Associate Director, Wood Products Trade Office,
Forestry Agency, Tokyo
- ** Mr. Yoshio Onoue Section Chief, Wood Products Trade Office,
Forestry Agency, Tokyo
- ** Ms. Yuki Nakamura Section Chief, Wood Products Trade Office,
Forestry Agency, Tokyo
- ** Ms. Akiho Sakurada Technical Official, Wood Use Promotion Division,
Forestry Agency, Tokyo
- ** Mr. Makoto Ozawa Senior Policy Analyst for International Affairs,
Forestry Agency, Tokyo
- ** Ms. Naoko Tsukada Director, International Forestry Cooperation Office,
Forestry Agency, Tokyo
- ** Mr. Nobuyuki Muto Deputy Director, International Forestry Cooperation
Office, Forestry Agency, Tokyo
- ** Mr. Masaki Yamashita Deputy Director, International Forestry Cooperation
Officer, Forestry Agency, Tokyo
- ** Ms. Akiko Nakano Assistant Director, International Forestry
Cooperation Officer, Forestry Agency, Tokyo
- ** Mr. Ryosuke Ujihashi Assistant Director, International Forestry
Cooperation Officer, Forestry Agency, Tokyo
- ** Ms. Yukiko Sawa Section Chief, International Forestry Cooperation
Officer, Forestry Agency, Tokyo
- ** Mr. Junichi Fujihara Deputy Director, Biodiversity Policy Division,
Nature Conservation Bureau, Ministry of
Environment, Tokyo
- *** Mr. Ken Akaoka Director General of International Affairs Bureau,
City of Yokohama
- *** Mr. Toru Hashimoto Executive Director of Development Cooperation
Department, International Affairs Bureau, City of
Yokohama
- *** Ms. Yoko Suzuki Director of Development Cooperation Division,
International Affairs Bureau, City of Yokohama
- *** Mr. Hironori Komuro Manager for Development Cooperation Division,
International Affairs Bureau, City of Yokohama
- *** Ms. Ruriko Kawaguchi Manager for Development Cooperation Division,
International Affairs Bureau, City of Yokohama
- *** Ms. Ayako Hirano Staff, Development Cooperation Division,
International Affairs Bureau, City of Yokohama
- *** Ms. Chisato Otake Staff, Development Cooperation Division,
International Affairs Bureau, City of Yokohama

MALAYSIA

- * Mr. Mad Zaidi Bin Mohd Karli Senior Undersecretary, Ministry of Primary Industry,
Putrajaya
- ** Mr. Mohd Kheiruddin Mohd Rani Trade Development Director, Malaysian Timber
Industry Board (MTIB), Kuala Lumpur
- ** Ms. Alexis Chang Nwei Yee Director, Malaysian Timber Council, Kuala Lumpur
- ** Mr. Ismail Bin Parlan Head of Natural Forest, Forest Research Institute
Malaysia (FRIM), Selangor
- ** Mr. Hamden Bin Mohammad Director of Forest, Forest Department Sarawak,
Kuching
- ** Ms. Zarina Shebli Assistant Director, Forest Department Sarawak,
Kuching
- ** Mr. Abu Hassan Bin Yusuf Assistant General Manager, Hardwood Timber Sdn
Bhd (Forest Department Sarawak), Kuching
- ** Ms. Annie Ting Yien Ding Senior Manager, Sarawak Timber Association
(STA), Kuching

MEXICO

- * Ms. Berenice Hernández Toro
Chief of the International Affairs Team and
Financial Promotion, CONAFOR, Zapopan
- ** Mr. Hugo Medrano Farfán
Development Manager of Commercial Forest
Plantations, CONAFOR, Zapopan
- ** Mr. Jorge Ruíz Morales
Chief of the Promotion, CONAFOR, Zapopan

NEW ZEALAND

- * Ms. Anna Tyler
Senior Policy Analyst, Ministry for Primary
Industries, Wellington

PAPUA NEW GUINEA

- * Dr. Ruth Caroline Hitahat Turia
Director, Forest Policy and Planning, Papua New
Guinea Forest Authority, Boroko
- *** Mr. Dambis Kaip
Manager Policy & Aid Coordination, PNG Forest
Authority, Boroko
- *** Mr. Gewa Gamoga
Senior Officer Climate Change, PNG Forest
Authority, Boroko

PERU

- * H.E. Mr. Harold Forsyth
Ambassador, Embassy of Peru, Tokyo
- ** Mr. John Leigh
Director Ejecutivo, Servicio Nacional Forestal y de
Fauna Silvestre (SERFOR), Lima
- ** Mr. Leoncio José Calderon Acosta
Director of International Cooperation Office,
SERFOR, Lima
- *** Mr. Mario Bustamante
Representante Permanente Al Terno del Peru ante
la OIMT, Embassy of Peru, Tokyo
- *** Dr. Josefina Takahashi
Asesora de la Delegación Peruana, SERFOR,
Lima
- *** Mr. Jorge Malleux
Asesor Forestal SERFOR, Lima

REPUBLIC OF KOREA

- * Mr. Sang-Hyeop Lee
Deputy Director, Korea Forest Service, Daejeon
- ** Mr. Hyeondeck Choi
Policy Officer, Korea Forest Service, Daejeon
- ** Ms. Jihyoung Shin
Programme Officer, Korea Forest Service, Daejeon
- ** Mr. Sangjoon Lee
Research Scientist, Korea Forest Research
Institute, Seoul

SWITZERLAND

- * Ms. Anne Schick
Program Manager, State Secretariat for Economic
Affairs (SECO), Bern
- ** Mr. Ivo Kaufmann
Head of Economic and Financial Affairs, Embassy
of Switzerland, Tokyo

THAILAND

- * Mr. Sapol Boonsermsuk
Director of International Forestry Cooperation
Division, Royal Forest Department, Bangkok

- ** Ms. Prattana Meesincharoen Potts Foreign Relations Officer, International Forestry Cooperation Division, Royal Forest Department, Bangkok
- *** Mr. Phongwarut Sangsurin Forestry Technical Officer, Practitioner Level, Department of Marine and Coastal Resources, Bangkok

TOGO

- * Mr. Richard Gbadoe Edjidomele Directeur Général, Office de Développement et d'Exploitation des Forêts, Lomé
- ** Mr. Komla Detse Directeur Technique, Office de Développement et d'Exploitation des Forêts, Lomé

UNITED STATES OF AMERICA

- * Ms. Christine Dawson Director, Office of Conservation and Water, U.S. Department of State, Bureau of Oceans and International Environmental and Scientific Affairs, Washington D.C.
- * Ms. Catherine Karr-Colque Division Chief for Forests, Office of Conservation and Water, U.S. Department of State, Bureau of Oceans and International Environmental and Scientific Affairs, Washington D.C.
- ** Mr. Luke Thompson Foreign Affairs Officer, Forest Division, Office of Conservation and Water, U.S. Department of State, Bureau of Oceans and International Environmental and Scientific Affairs, Washington D.C.
- *** Mr. James Wall Senior Program Analyst, United States Department of State, Washington D.C.
- *** Ms. Jennifer Conje Senior Policy Advisor, US Forest Service, United States Department of Agriculture, Washington, D.C.

VIET NAM

- * Mr. Luu Tien Dat Official, Department of the Science, Technology and International Cooperation, Viet Nam Administration of Forestry (VNFOREST), Ministry of Agriculture and Rural Development (MARD), Ha Noi
- ** Dr. Hoang Lien Son Forestry Economic Research Center, Vietnamese Academy of Forest Services (VAFS), Ha Noi
- ** Mr. Ngo Sy Hoai Vice Secretary General, Viet Nam Timber and Forest Products Association (VIFORES), Ha Noi

OBSERVERS

Potential Member

SOLOMON ISLANDS

Dr. Vaeno Wayne Vigulu	Permanent Secretary, Ministry of Forest and Research
Mr. Reeves Micah Moveni	Commissioner of Forest Resources, Ministry of Forest and Research
Mr. Samuel Pitakaka Vazu	Supervisor of Under Secretary, Ministry of Forest and Research

Permanent Observers

CITES (UNEP)

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

UNITED NATIONS FOOD AND AGRICULTURE ORGANIZATION (FAO)

Mr. Hiroto Mitsugi	Assistant Director-General, Forestry Department
--------------------	---

UNITED NATIONS FORUM ON FORESTS SECRETARIAT (UNFF)

Ms. Afsa Kemitale	Senior Programme Officer
-------------------	--------------------------

Governmental Organization

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA), JAPAN

Mr. Takahiro Morita	Deputy Director General
Mr. Hiroshi Nakata	Senior Advisor
Mr. Hiroaki Okonogi	Executive Technical Advisor
Mr. Takaaki Kato	Project Coordinator, JICA Technical Cooperation Project on Capacity Development for Sustainable Forest Resource Management in Solomon Islands

Non-Governmental Organizations

APF NET, CHINA

Ms. Lu Qian	Officer of Governance and Membership
-------------	--------------------------------------

COMMUNICATION FORUM OF COMMUNITY FORESTRY (FKKM), INDONESIA

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

FOREST STEWARDSHIP COUNCIL, MEXICO

Ms. Shizuka Yasui	Quality Assurance Coordinator, Asia Pacific
Mr. Eishi Maezawa	Director, FSC Japan

FRIENDS OF THE EARTH, JAPAN

Mr. Junichi Mishiba	Executive Director
Mr. Muhammad Yayat Afianto	Forest Campaigner

Ms. Yukiko Takeda Forest Campaigner

INSTITUTE FOR GLOBAL ENVIRONMENTAL STRATEGIES (IGES), JAPAN

Dr. Makino Yamanoshita Senior Researcher
Mr. Taiji Fujisaki Researcher
Mr. Henry Scheyvens Program Director

INTERNATIONAL WOOD PRODUCTS ASSOCIATION (IWPA), U.S.A.

Ms. Cindy L. Squires, Esq Executive Director

MALEBI, COTE D'IVOIRE

Ms. Delphine Ahoussi nee Ayouo Logbochi President
Ms. Gnima N'Gbalamou epse Kissi Vice President

REDE MULHER FLORESTAL (FOREST WOMEN NETWORK), BRAZIL

Ms. Fernanda Rodrigues Director

REFACOF, CAMEROON

Ms. Ndjebet Cecile President & Founder
Ms. Daniéle Marie Viviane Ramiaramanana General Secretary
Ms. Jacqueline Gwogon Ngwet Regional Coordinator (Littoral Region-Cameroon)
Ms. Chiméne Musanga Timani Coordinator of Center Unity
Ms. Rose Pélagie Masso Cooperation and Planning Officer

TRAFFIC INTERNATIONAL, MALAYSIA

Mr. Hin Keong Chen Timber Trade Programme Leader

AUTHORIZED INVITEES

Dr. Michael Adams
Dr. Jürgen Blaser
Dr. Paul Piang Kong Chai
Mr. Barney Chan
Mr. Francis Kemaworlee Colee
Dr. Kusuma Dewi Sri Yulita
Mr. Tatsuya Kajiya
Mr. Yuji Kamijo
Mr. Alexandre Knapp
Dr. Werner Kornexl
Ms. Adi Estela Lazos Ruíz
Ms. Frances Maplesden
Mr. Seiichi Mishima
Mr. Rupert Oliver
Mr. Alastair Sarre
Dr. Markku Simula
Ms. Sarah Storck
Dr. Ivan Tomaselli

Mr. Yosuke Fujimoto	Auditor
Mr. Takashi Kubo	Auditor
Ms. Yoko Tanaka	Auditor

Mr. Jobbé-Duval Benoit	Market Discussion Speaker
Mr. Ngo Sy Hoai	Market Discussion Speaker
Mr. Qian Meng	Market Discussion Speaker
Mr. Eric de Munck	Market Discussion Speaker
Mr. Gleisson Omar Tagliari	Market Discussion Speaker
Mr. Robert Tate	Market Discussion Speaker
Ms. Françoise Van de Ven	Market Discussion Speaker

Earth Negotiations Bulletin - Reporting Staff

Ms. Deborah Davenport
Mr. Wangu Mwanki
Ms. Ikuho Miyazawa
Mr. Richard de Ferranti
Mr. Michael Mouzourakisi

Semira Comunicaciones Sac

Mr. Cesar Hildebrandt
Ms. Milagros Ruiz

LANGUAGE TEAM

Interpreters

Ms. Andrea Subercaseaux-Bateman

Ms. Barbara Grut

Ms. Carmen Solino

Mr. Daniel Glon

Mr. Guillaume Fleury

Mr. Jean-Pierre Allain

Mr. Jon Porter

Mr. Manuel Pastor

Ms. Odile Bertin Faull

Ms. Susana Hovell

Ms. Suzanne Kobine-Roy

Mr. Tyrone Carbone

Translators

Ms. Claudia Adan

Ms. Claudine Fleury

OFFICERS OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL AND ASSOCIATED COMMITTEES

Council

Chairperson	Mr. Zhang Zhongtian
Vice-Chairperson	Mr. John Leigh

Economic Information and Market Intelligence

Chairperson	Mr. Björn Merzell
Vice-Chairperson	Mr. Bruno Mfou'ou Mfou'ou

Reforestation and Forest Management

Chairperson	Mr. Dambis Kaip
Vice-Chairperson	Dr. Jobst-Michael Schroeder

Forest Industry

Chairperson	Ms. Anna Tyler
Vice-Chairperson	Mr. Mohd Kheiruddin Mohd Rani

Finance and Administration

Chairperson	Mr. Luke D. Thompson
Vice-Chairperson	Mr. Marcel Holland Oseida de Leon

Spokespersons

Producers	Mr. Jorge Malleux
Consumers	Ms. Anna Tyler

ITTO SECRETARIAT

Dr. Gerhard Dieterle
Executive Director

Dr. Steven E. Johnson
Director, Trade and Industry

Ms. Sheam Satkuru
Director, Division of Operations

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. Ramon Carrillo Arellano
Outreach and Communication Officer

Mr. Youngtae Choi
Programme Officer, Ecosystems Restoration, Forest Management

Mr. Simon Kawaguchi
Finance/Administrative Officer

Ms. Kanako Ishii
Secretary / Program Assistant

Ms. Naho Tamura
Secretary

Ms. Maiko Suzuki
Senior Finance / Administrative Assistant

Mr. Jean-Christophe Claudon
Statistical Assistant

Ms. Masako Sakai
Secretary

Ms. Manako Hanawa
Secretary

Ms. Adriana Sugihara
Secretary / Program Assistant

Ms. Lingyun Yang
Secretary

Ms. Etsuko Kagawa
Finance Assistant

Mr. Kenneth Sato
Communications Assistant

Ms. Kumiko Tanaka
Fellowship Coordinator

Ms. Shoko Suzuki
Finance/Administrative Assistant

Mr. Takumi Akama
Administrative Assistant

Ms. Reiko Otani
Assistant

Mr. Tomoya Inoue
Driver

* * *

ANNEX II

AGENDA

DOCUMENT: ITTC(LIV)/1 Rev.1



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LIV)/1 Rev.1
18 October 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5 - 9 November 2018
Yokohama, Japan

PROVISIONAL AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Report of the Credentials Committee
6. Distribution of Votes for the 2018 – 2019 Biennium
7. Admission of Observers
8. Statement by the Executive Director
9. Report of the Informal Advisory Group (IAG) – Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI)
10. ITTO Biennial Work Programme – Decision 2(LIII)
Progress Report on the Implementation of the ITTO Biennial Work Programme
 - (a) Enhancing Cooperation between ITTO and CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)
 - (b) Revision of the ITTO Restoration Guidelines
 - (c) Communications and Outreach related work
 - (d) ITTO Fellowship Programme – Decision 4(XXVII)
 - (1) Progress Report on the ITTO Fellowship Programme
 - (2) Report of the Chairperson of the Fellowship Selection Panel
 - (e) Panel on the role of women in achieving ITTO's objectives – Decision 6(LIII)
11. Progress Report on the Implementation of the ITTO Thematic Programmes
12. Biennial Review and Assessment of the International Timber Situation in 2017 – 2018
 - (a) Elements for the 2017 and 2018 Biennial Review and Assessment of the International Timber Situation
 - (b) A General Introductory Statement by the Secretariat
13. Special Account and Bali Partnership Fund
 - (a) Pledges to the Special Account and the Bali Partnership Fund
 - (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)
14. Impairment of ITTO Funds – Decision 5(LII), Decision 6(LII) and Decision 7(LIII)

15. Improving ITTO's Financing Infrastructure and Fundraising Strategies – Decision 9(LIII)
16. Rotation in the Framework of the Selection of the Executive Director – Decision 10(LIII)
17. Reports of the Associated Sessions of the Committees
18. Election of Chairperson and Vice-Chairperson of the Council for 2019
19. Dates and Venues of the Fifty-fifth and Fifty-sixth Sessions of the Council and the Associated Sessions of the Committees
20. Other Business
21. Decisions and Report of the Session
22. Closing of the Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 - Opening of the Session

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

Item 2 - Ascertainment of the Quorum

The Executive Director will report to the Council on the state of the quorum requirement for the start of the Session.

Item 3 - Adoption of Agenda and Organization of Work

[Document ITTC(LIV)/1 Rev.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(LIV)/10]

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

Item 5 - Report of the Credentials Committee

[Document ITTC(LIV)/3]

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

Item 6 - Distribution of Votes for 2018 – 2019 Biennium

[Document ITTC(LIV)/1 Rev.1 Annex]

The distribution of votes for the 2018 – 2019 biennium, in accordance with Article 10(7) of the ITTA, 2006, is shown in the Annex of the Provisional Agenda [Document ITTC(LIV)/1 Rev.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. The distribution of votes for the 2018-2019 biennium was approved by the 53 ITTC in Lima, Peru.

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 2018 – 2019 biennium.

Item 7 - Admission of Observers

[Documents ITTC(LIV)/Info.3 and ITTC(LIV)/Info.5]

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.

In accordance with Decision 3(LI), operative paragraphs 2 and 3, the Executive Director has reviewed applications for compliance with respective requirements and the results of the initial review will be published on the ITTO website two weeks prior to the Council Session.

The Council will consider the admission of Observers in accordance with Article 16 of the ITTA, 2006 taking into consideration the initial review.

Item 8 - Statement by the Executive Director

The Executive Director will address the Council and report on activities of the Organization and other developments of relevance to the Organization.

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

[Document ITTC(LIV)/2]

Pursuant to Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI), and in order to organize its work for the Session, the Council may consider the report of the Thirty-second Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 4 November 2018. The report of the Thirty-second Meeting of the IAG will be presented to the Council by the Chairperson.

Item 10 - ITTO Biennial Work Programme 2018-2019 Decision 2(LIII)

[Documents ITTC(LIV)/4, ITTC(LIV)/5 and ITTC(LIV)/6]

The Council will receive the progress report on the implementation of the ITTO Biennial Work Programme for 2018 – 2019 as contained in Document ITTC(LIV)/4.

- (a) The Council will receive an update on the cooperation between ITTO and CITES
- (b) The Council will receive an update on the revision of the ITTO Restoration Guidelines.
- (c) The Council will receive an update on Communications and Outreach related work
- (d) ITTO Fellowship Programme – Decision 4(XXVII)
 - (1) The Council may consider the progress report prepared by the Secretariat on the implementation of the ITTO Fellowship Programme, as called for in Decision 4(XXVII) [Document ITTC(LIV)/5];
 - (2) The report of the Fellowship Selection Panel presented by its Chairperson [Document ITTC(LIV)/6]. The Council will announce the final selection of awards based on the Chairperson's report.
- (e) Panel on the role of women in achieving ITTO's objectives – Decision 6(LIII)

Item 11 - Progress Report on the Implementation of the ITTO Thematic Programmes

[Document ITTC(LIV)/7]

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

Item 12 - Biennial Review and Assessment of the International Timber Situation in 2017 – 2018

[Document ITTC(LIV)/8]

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

- (a) Elements for the 2017 and 2018 Biennial Review and Assessment of the International Timber Situation

This is prepared by the Secretariat and comprises statistics and available data on production, imports and exports of timber products, emphasizing tropical timber products, and an analysis of economic and market developments. The Elements for the 2017 and 2018 Biennial Review will be partly based on information extracted from national responses to the ITTO/UNECE/FAO/EUROSTAT Joint Forest Sector Questionnaire and partly from other sources.

- (b) A General Introductory Statement by the Secretariat

Using various sources of information including the Elements for the 2017 and 2018 Biennial Review, the Statement will give an overview of the world timber situation, focusing on tropical timber, including recent developments and the short-term outlook based on available forecasts.

The Council may also decide after due discussions the type of statistics and information and the format of presentation members shall furnish on timber, its trade and the activities aimed at achieving sustainable management of timber producing forests as stipulated in Article 27(3) of the ITTA, 2006.

Item 13 - Special Account and Bali Partnership Fund

[Document ITTC(LIV)/9]

- (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(LIV)/9].

Item 14 - Impairment of ITTO Funds – Decision 5(LII), Decision 6(LII) and Decision 7(LIII)

The Council will receive an update on the implementation of Decision 5(LII), Decision 6(LII) and Decision 7(LIII).

Item 15 - Improving ITTO's Financing Infrastructure and Fundraising Strategies – Decision 9(LIII)

The Council will receive an update on the implementation of Decision 9(LIII).

Item 16 - Rotation in the Framework of the Selection of the Executive Director – Decision 9(LII) and Decision 10(LIII)

Pursuant to Decision 10(LIII), the Council will continue discussions and take a decision on an option for rotation in the framework of the selection of the Executive Director of ITTO on the basis of the Report of the Ad Hoc Working Group to consider rotation in the framework of the selection of the Executive Director.

Item 17 - 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 18 - Election of Chairperson and Vice-Chairperson of the Council for 2019

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2019. 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 19 - Dates and Venues of the Fifty-fifth and Fifty-sixth 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 reconfirm/set the dates and venues of its Fifty-fifth and Fifty-sixth Sessions.

At its Fifty-third Session convened in Lima, Peru, the Council decided that its Fifty-fifth Session would be convened in Lome, Togo from 2–7 December 2019. The Council may wish to confirm the dates and venue of the Fifty-fifth Session and set the dates and venue for its Fifty-sixth Session to be convened in 2020.

Item 20 - Other Business

The Council may consider any matters brought under this item.

Item 21 - 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 consistent with Decision 7(XXXIII) and taking into account the abbreviated duration of ITTC 54:
 - Council Day 1: The Chairperson presents the proposals to Council as part of the IAG report and the proposals for draft decisions are discussed in Caucuses and via informal consultations.
 - Council Day 2: 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. The Chairperson's Open-Ended Draft Group convenes to discuss and draft decisions.
 - Council Day 3: The Chairperson's Open-Ended Drafting Group convenes to discuss and finalise draft decisions. 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 22 - Closing of the Session

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

Annex**DISTRIBUTION OF VOTES FOR 2018-2019 BIENNIEUM****PRODUCER MEMBERS**

	<u>2017</u> <u>No. of Votes</u>	<u>2018/2019 Biennium</u> <u>No. of Votes</u>
Africa		
Benin	21	21
Cameroon	22	22
Central African Republic	21	21
Congo	22	22
Côte d'Ivoire	21	22
Democratic Republic of the Congo	22	22
Gabon	22	22
Ghana	21	21
Liberia	21	21
Madagascar	21	21
Mali	21	21
Mozambique	22	22
Togo	21	21
Asia & Pacific		
Cambodia	18	19
Fiji	14	14
India	28	28
Indonesia	94	88
Malaysia	97	90
Myanmar	54	49
Papua New Guinea	39	44
Philippines	16	15
Thailand	30	37
Vietnam	16	16
Latin America/Caribbean		
Brazil	130	120
Colombia	24	23
Costa Rica	12	13
Ecuador	18	18
Guatemala	12	12
Guyana	16	15
Honduras	12	12
México	25	24
Panamá	13	12
Peru	28	28
Suriname	15	14
Trinidad and Tobago	11	10
Venezuela	-	20
TOTAL:	1,000	1,000

CONSUMER MEMBERS

	<u>2017 No. of Votes</u>	<u>2018/2019 Biennium No. of Votes</u>
Albania	10	10
Australia	16	16
China	265	278
European Union	382	375
Austria	10	10
Belgium	15	15
Bulgaria	10	10
Croatia	10	10
Cyprus	10	10
Czech Republic	11	11
Denmark	11	11
Estonia	10	10
Finland	10	10
France	33	29
Germany	19	19
Greece	11	11
Hungary	10	10
Ireland	13	13
Italy	22	22
Latvia	10	10
Lithuania	10	10
Luxembourg	10	10
Malta	10	10
Netherlands	30	29
Poland	11	11
Portugal	13	13
Romania	10	10
Slovakia	10	10
Slovenia	10	10
Spain	15	14
Sweden	11	11
United Kingdom	27	26
Japan	164	156
New Zealand	11	11
Norway	10	10
Republic of Korea	58	60
Switzerland	11	11
United States of America	73	73
TOTAL:	1,000	1,000

ANNEX III

TEXT OF THE DECISIONS

ADOPTED BY THE COUNCIL AT ITS FIFTY-FOURTH SESSION

DOCUMENT: ITTC(LIV)/11
DOCUMENT: ITTC(LIV)/12
DOCUMENT: ITTC(LIV)/13
DOCUMENT: ITTC(LIV)/14
DOCUMENT: ITTC(LIV)/15
DOCUMENT: ITTC(LIV)/16



INTERNATIONAL TROPICAL TIMBER COUNCIL

ITTC(LIV)/17
Page 89

Distr.
GENERAL

ITTC(LIV)/11
8 November 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5 – 9 November 2018
Yokohama, Japan

DECISION 1(LIV)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Fifty-fourth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM-CFI(LII)/4 and CRF(LII)/5; and the report of the Twenty-fourth Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(LIV)/9;

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 2018;

1. Decides to:

- (i) Endorse the approval obtained through the time-bound electronic no objection procedure for the following Projects and Pre-Projects for project cycle of 2018:

PPD 191/18 Rev.1 (F)	Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo (Togo) ITTO Budget \$71,211.00
PPD 192/18 Rev.1 (F)	Strengthening Forest Research to Improve the Efficient Use of Timber and the Conservation and Sustainable Development of Forests in Guatemala (Guatemala) ITTO Budget \$99,913.00
PD 781/15 Rev.3 (F)	Master Plan for the Repositioning of Forest Management as a Competitive Land Use in the Agroforestry Landscape of the Northern Region of Costa Rica (Costa Rica) ITTO Budget \$466,893.00
PD 841/17 Rev.2 (I)	Building Partnerships Among Actors Involving in Acacia and Eucalyptus Value Chain in Vietnam (Vietnam) ITTO Budget \$427,784.00
PD 842/17 Rev.2 (F)	Exploring Innovative and Appropriate Tenure Conflicts Resolution Model on State Forest for Strengthening Forest Management Unit (Kesatuan Pengelolaan Hutan/KPH) in Implementing Sustainable Forest Management (Indonesia) ITTO Budget \$825,138.00
PD 844/17 Rev.2 (M)	Promoting Plantation of the Locally Endangered Species Timoho (<i>Kleinhovia hospita</i> L.), Mentaok (<i>Wrightia pubescens</i> R.Br.) and Terbelo Puso (<i>Hymenodictyon orixense</i> (Roxb.) Mabb.) to Enhance Sustainable Use, Local Communities Livelihood and Culture (Indonesia) ITTO Budget \$592,051.00

PD 849/17 Rev.2 (F)	Increasing Commercial Reforestation Competitiveness in Costa Rica (Costa Rica) ITTO Budget \$346,133.00
PD 868/18 Rev.1 (F)	Improving Local Governance for Landscape Restoration in the San Alejandro River Subwatershed, Padre Abad Province, Department of Ucayali, Peru (Peru) ITTO Budget \$380,000.00
PD 870/18 Rev.1 (I)	Developing Effective System for Sustainable NTFP Utilization through Forest Management Unit Engagement to Improve Community Livelihoods in Nusa Tenggara (Indonesia) ITTO Budget \$605,555.00
PD 873/18 Rev.1 (F)	Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and its Area of Influence in Mexico and Guatemala – Second Phase (Guatemala) ITTO Budget \$940,248.00
PD 881/18 Rev.1 (F)	Gender Mainstreaming in the Development of Actions to Control Deforestation and Forest Degradation in the Congo Basin (Cameroon) ITTO Budget \$846,326.00
PD 884/18 Rev.1 (F)	Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-Descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia) ITTO Budget \$580,235.00
PD 887/18 Rev.1 (F)	Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo (Togo) ITTO Budget \$636,753.00
PD 888/18 Rev.1 (F)	Enhancement of the Participatory Bushfire Prevention and Management System in Togo (Togo) ITTO Budget \$677,846.53
PD 891/18 Rev.1 (F)	Bamboo for Life: An Alternative for the Rehabilitation of Degraded Forest Lands and Sustainable Rural Development in the San Martin Region, Peru (Peru) ITTO Budget \$397,020.00

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

ANNEX

Financing during 2018 for Projects, Pre-Projects and Activities

(i) Approved during the 2018 project cycle:	
PPD 191/18 Rev.1 (F) Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo (Togo) [USA \$71,211.00 (Note 4)]	\$71,211.00
PD 849/17 Rev.2 (F) Increasing Commercial Reforestation Competitiveness in Costa Rica (Costa Rica) [USA \$100,000.00 (Note 4) <i>Pending Finance \$246,133.00</i>]	\$100,000.00
(ii) Approved at earlier Sessions:	
PD 815/16 Rev.2 (I) Increasing Efficiency of Acacia Plantation and Timber Processing Industry in Vietnam (Vietnam) – balance funds [USA \$6,000.00 (Note 4) Unearmarked Fund \$20,480.00 (Note 4)]	\$26,480.00
PD 836/17 Rev.1 (F) Enhancing Capacity of Local Communities and Forest Administration to Effectively Implement Community Forestry Programme (CFP) in Kratie and Mondulkiri Provinces of Cambodia (Cambodia) [Korea \$100,000.00 (Note 4) <i>Pending Finance \$414,651.00</i>]	\$100,000.00
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, Indonesia (Indonesia) [Korea \$100,000.00 (Note 4) <i>Pending Finance \$398,154.00</i>]	\$100,000.00
(iii) Activities approved through Decision 2(LIII) Biennial Work Programme for the Years 2018-2019:	
PP-A/53-324 Strengthening Participation of the Private Sector in the Work of ITTO (ITTO Biennial Work Programme 2018-2019 Activity: 3) – Additional funding [USA \$10,000.00 (Note 5)]	\$10,000.00
PP-A/54-331 Enhancing teak management (ITTO Biennial Work Programme 2018-2019 Activity: 4) [Germany \$1,236,250.00 (Notes 5 and 6)]	\$1,236,250.00
PP-A/52-320 Enhance cooperation between ITTO and CITES (ITTO Biennial Work Programme 2018-2019 Activity: 6) – Additional funding [CITES/UNEP \$20,536.00 (Note 1) USA \$200,000 (Note 5) EU \$68,942.07 (Note 9)]	\$289,478.07

PP-A/52-320A CITES Tree Species Activity (Asia) (ITTO Biennial Work Programme 2018-2019 Activity: 6) – Additional funding [CITES/UNEP \$179,920.00 (Note 1)]	\$179,920.00
PP-A/52-320B CITES Madagascar Stockpiles of Rosewood (ITTO Biennial Work Programme 2018-2019 Activity: 6) – Additional funding [World Bank \$40,000.00 (Note 1)]	\$40,000.00
PP-A/52-320C CITES Tree Species Activity (Africa and Latin America) (ITTO Biennial Work Programme 2018-2019 Activity: 6) – Additional funding [CITES/UNEP \$357,237.00 (Note 1)]	\$357,237.00
PP-A/54-332 Statistical capacity building workshops (ITTO Biennial Work Programme 2018-2019 Activity: 9) [USA \$25,000.00 (Note 5)]	\$25,000.00
PP-A/53-323 Building legal and sustainable forest product supply chains (ITTO Biennial Work Programme 2018-2019 Activity: 2) [China \$100,000.00 (Note 3)]	\$100,000.00
PP-A/54-326 Update ITTO Guidelines for Forest Landscape Restoration (ITTO Biennial Work Programme 2018-2019 Activity:10(b)) [Korea \$30,000.00 (Note 2) + Korea \$120,000.00 (Note 5)]	\$150,000.00
PP-A/54-333 Prevention and management of fire in tropical timber-producing forests (ITTO Biennial Work Programme 2018-2019 Activity: 12) [USA \$15,000.00 (Note 5)]	\$15,000.00
PP-A/50-304 Trade (TAG) and Civil Society (CSAG) Advisory Group involvement (ITTO Biennial Work Programme 2018-2019 Activity: 19) [USA \$20,000.00 (Note 5)]	\$20,000.00
PP-A/52-319 ITTO Fellowship Programme (ITTO Biennial Work Programme 2018-2019 Activity: 22) [USA \$51,000.00 Sub-Account B of the BPF \$16,510.41]	\$67,510.41
 (iv) Other Activities:	
PP-A/53-321 Secondment of Programme Officer from the Korea Forest Service [Korea \$700,597.01 (Note 9)]	\$700,597.01
PP-A/54-326A Landscape Restoration Guidelines [IUCN \$17,600.00 (Note 4)/ Korea \$9,650.00 (Notes 2 and 4)]	\$27,250.00
PP-A/54-327 Study on Clean Wood Act [Japan Forestry Agency \$373,099.52 (Note 4)]	\$373,099.52

Note 1: Inter-sessional pledges received after the Fifty-third Session of the Council.

- Note 2: Inter-sessional pledge received after the Fifty-third Session of the Council, including reallocation of previous pledges.
- Note 3: Inter-sessional pledge received after the Fifty-third Session of the Council, including allocation from donor's funds.
- Note 4: Inter-sessional pledge received through a Memorandum of Understanding.
- Note 5: Pledges received during the Fifty-fourth Session of the Council.
- Note 6: Pledges received during the Fifty-fourth Session of the Council confirmed through a funding agreement.
- Note 7: China has transferred \$100,000 to ITTO's accounts as its Voluntary Contribution for year 2018, whose allocations are yet to be decided.
- Note 8: Total pledges confirmed after the Fifty-third Session of the Council to-date: \$3,989,033.01, less reallocation of prior year's pledge: \$159,650.00 (Korea) amount to net increase in voluntary contribution received after the Fifty-third Session of the Council to-date: \$ 3,829,383.01.
- Note 9: Funds received from pledges made in previous years.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LIV)/12
8 November 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5-9 November 2018
Yokohama, Japan

DECISION 2(LIV)

RECONFIRMATION OF FURTHER MEASURES AND MANDATING OF LEGAL ACTIONS REGARDING THE FINANCIAL IMPAIRMENT

The International Tropical Timber Council,

Recalling Decision 4(LI), Decision 4(LI.1), Decision 5(LII) and Decision 7(LIII) dealing with the loss of 18.2 million USD of ITTO funds;

Noting the findings of the independent investigation carried out under Decision 4(LI);

Acknowledging that the total loss of 18.2 million USD had to be fully covered at the expense of the entire Membership in addressing the financial shortfall pursuant to Decision 6(LII), of which concrete measures were finalized and approved by the Council as set out in document ITTC(LIII)/12;

Bearing in mind the need to take legal actions, within required time limits if any, according to the developments in the ongoing court case against the investment advisor filed in accordance with Decision 4(LI.1);

Decides to:

1. Request the Executive Director, without prejudice to any legal recourse that ITTO may have, to further continue his efforts in requesting the former Executive Director and the two former ITTO staff involved in the loss of funds, (hereinafter referred to as "former ITTO employees"), without any declaration of liability, to contribute to meeting the financial shortfall, including by returning to the Organization its contributions plus interest to their Provident Funds;
2. Request the Executive Director, if so professionally advised according to the developments in the ongoing court case, to maintain the ability of ITTO to pursue further legal action by initiating a third party notice to the former ITTO employees as necessary and without delay;
3. Request and authorize the Executive Director, in addition to the above actions, to use concerted and reasonable efforts and the remaining funds authorized under Decision 4(LI.1) as well as an additional amount not exceeding US\$50,000 from the Working Capital Reserve to take all necessary and appropriate legal actions against responsible parties on this matter; and
4. Request the Executive Director to provide regular updates on the implementation of this Decision to the Chair and Vice-Chair of the Council, and provide periodic reports to the Council on the implementation of this Decision as well as of the above-mentioned Decisions.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

ITTC(LIV)/17
Page 95

Distr.
GENERAL

ITTC(LIV)/13
8 November 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5-9 November 2018
Yokohama, Japan

DECISION 3(LIV)

ITTO ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING POLICY (AML/CFT)

The International Tropical Timber Council,

Recalling that the Anti-money Laundering and Counter Terrorism Financing Policy (AML/CFT) was first introduced at the Committee on Finance and Administration (CFA) at its 30th meeting in 2015 in connection with reviewing required policies for the application for accreditation to the Green Climate Change Fund;

Also recalling that the decision to adopt the AML/CFT policy was deferred at the 30th CFA meeting due to the accreditation to the Green Climate Fund being put on hold until the investigation on the impaired investments was completed;

Is aware that the Green Climate Fund requires implementing agencies to meet certain criteria to be accredited for programme/project funding, including criteria on financial management;

Noting the reports on the AML/CFT guidelines contained in documents CFA(XXX)/9, and the comments provided by Members on this report;

Decides to:

1. Adopt the Anti-money Laundering and Counter Terrorism Financing Policy (AML/CFT) contained in Annex 1 of this Decision;
2. Request the Secretariat to take immediate steps to publish the policy as a new annex to the ITTO Financial Rules and Regulations and implement it;
3. Periodically review and, as needed, update the AML/CFT policy to reflect experience gained and new developments in the field of anti-money laundering and counter terrorism financing.

Annex 1

ITTO ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING POLICY (AML/CFT)

Table of Contents

- I. Introduction**
- II. High-level AML/CFT declaration and linkages with other documents**
- III. High-level decisions to setup AML/CFT system and strategic objectives**
- IV. Content of AML/CFT Program**

I. Introduction

The maintenance of sustainable forest management is based on a good regulatory framework. Today the global efforts to prevent money laundering and to counter terrorism financing are essential to protect the sustainable management and the integrity of financial system.

International Tropical Timber Organization (ITTO) is committed to the highest standards of anti-money laundering and counter terrorism financing (AML/CFT). ITTO requires its management and staff, and the executive agencies to adhere to these standards to protect ITTO and its reputation from being misused for money laundering and/or terrorism financing or other illegal purposes.

ITTO incorporates in its activity the international standards that are established by the Financial Action Task Force (FATF), which is recognized as the international standard setter for AML/CFT efforts. The objectives of the FATF are to set global standards and promote effective implementation of legal, regulatory and operational measures for preventing money laundering and terrorism financing, and other related threats to the integrity of the international financial system.

ITTO examines its strategies, goals and objectives on an ongoing basis and maintains an effective program for the forest management, which reflects the best AML/CFT practices. ITTO recognizes that increasing the transparency of its projects can also help to reduce illegal timber activities.

II. High-level AML/CFT declaration and linkages with other documents

AML/CFT standards, developed by FATF, are integrated into the whole financial system as well as into the private sector activities. In June 2015 FATF stressed and raised the understanding of the importance and purpose of FATF standards being integrated with private sector including emerging economies and low income countries.

ITTO AML/CFT program undertakes to supplement a good forest governance clearly understanding the money laundering and terrorism financing risks, and adapting its system to the nature of these risks.

ITTO incorporates AML/CFT policy and program in operational activities bringing risks assessment and mitigation measures in compliance with the FATF Recommendations. AML/CFT is being understood as the prevention of money laundering and terrorism financing or other relevant crimes.

The AML/CFT Program assists ITTO professional staff, the executive agencies and partners to prevent money laundering and terrorism financing and to propose ways to mitigate the risks.

The procedures of adequate AML/CFT control in the operational activity of ITTO are being understood as the set of established appropriate AML/CFT basic concepts and procedures, and due diligence measures according to the FATF standards.

An integration of new AML/CFT measures with the existing ITTO due diligence controls incorporates such actions as adequate and strict identification and verification requirements ("Know Your Customer", KYC), record keeping of on-going transactions and relations, screening and monitoring procedures, risk assessment and risk-based approach, simplified and enhanced due diligence measures, and regular review of all existing business relationships.

ITTO designs the procedure for applying actions in case of suspicious activity detection. ITTO undertakes to conduct training of its staff for AML/CFT and to incorporate an audit of AML/CFT function into ITTO audit procedures.

The ITTO AML/CFT program should be implemented globally and throughout all business operations. The ITTO AML/CFT program protects the integrity and stability of ITTO by establishing the preventive component as the first barrier against the commission of acts of money laundering and the financing of terrorism.

This document has linkages with the following main documents:

- a) *International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation - the FATF Recommendations – 16 February 2012;*
- b) *Improving Global AML/CFT Compliance: on-going process – 26 June 2015;*
- c) *FATF Guidance: Politically Exposed Persons (Recommendations 12 and 22);*
- d) *Guidance on Transparency and Beneficial Ownership;*
- e) *National money laundering and terrorist financing risk assessment;*
- f) *Best Practices Paper: The Use of the FATF Recommendations to Combat Corruption;*
- g) *FATF Guidance on Anti-Money Laundering and Terrorist Financing Measures and Financial Inclusion and its update;*
- h) *FATF Guidance: The Implementation of Financial Provisions of United Nations Security Council Resolutions to Counter the Proliferation of Weapons of Mass Destruction;*
- i) *FATF Report: Risk of Terrorist Abuse in Non-Profit Organizations;*
- j) *FATF response to the public consultation on the revision of the FATF Recommendation.*

III. High-level decisions to setup AML/CFT system and strategic objectives

With the purpose of making a significant contribution to the global efforts towards preventing money laundering and terrorism financing and of minimizing the reputation risks of unwilling association with money laundering and terrorist financing, the International Tropical Timber Council (ITTC) approves the ITTO AML/CFT Policy.

The requirements of FATF should be integrated into the ITTO AML/CFT day-to-day activities.

By adopting a risk-based approach, ITTO ensures that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified. Based on risk assessment, ITTO will allocate its own resources in the most effective way to prevent money laundering and terrorism financing.

According to its AML/CFT Program, ITTO incorporates the mechanism to identify, assess, monitor, manage and mitigate money laundering and terrorist financing risks. ITTO takes enhanced measures to manage and mitigate the higher risks and in case of lower risks, simplified measures may be permitted.

The Program reflects the nature of ITTO business, its relations with executive agencies and other partners, existing AML/CFT capacities and requirements for the AML/CFT system. The AML/CFT Program shall be approved by the Executive Director of ITTO and reviewed annually. The AML/CFT report will be an integral part of ITTO annual report. The ITTO staff is required to act in compliance with the AML/CFT Program.

The Executive Director has a vital position in ensuring that AML/CFT controls work effectively in ITTO and has authority to deny new relations with partner or to terminate the existing ones in case of any non-compliance with AML/CFT requirements.

The Executive Director designates a Compliance Officer to be responsible for AML/CFT function, namely providing advice, drafting policies and monitoring assurance/oversight including a postponement of suspicious transactions. The Compliance Officer exercises such other functions as may be appropriate to fulfil the objectives of the ITTO. The Compliance Officer undertakes to report to the Executive Director, in case of necessity, directly, and to the ITTC annually.

The Compliance Officer is responsible for ITTO's adherence to applicable AML/CFT standards and assists the executive agencies and partners to follow such policies. In addition, the Compliance Officer is responsible for establishing and maintaining ITTO AML/CFT training of its staff and supporting robust country coordination with regard to the identification, assessing, monitoring and managing risks related to money laundering, terrorist financing and predicate offences.

The Compliance Officer acts as a focal point for ITTO AML/CFT activities and cooperates, in case of necessity, with relevant national authorities through the country focal points. The Compliance Officer has a level of authority and independence within the ITTO and access to resources and information sufficient to carry out AML/CFT duties.

IV. Content of AML/CFT Program

The content of AML/CFT Program shall include the following:

1. *AML/CFT Basic Concepts*
2. *Money laundering and terrorism financing risks applicable to ITTO and their mitigation*
3. *AML/CFT Procedures*
4. *Due Diligence Measures*
5. *Actions in Case of Suspicious Activity Detection*
6. *ITTO Training for AML/CFT*
7. *Audit of AML/CFT Function*

Annexes

* * *



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(LIV)/14
8 November 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5-9 November 2018
Yokohama, Japan

DECISION 4(LIV)

AMENDMENT OF STAFF REGULATIONS AND RULES OF THE ITTO

The International Tropical Timber Council,

Recalling that the United Nations revised their Staff Regulations and Rules on 1 January 2018 in document ST/SGB/2018/1 to reflect the increase in mandatory age of separation to 65 years to all staff members;

Noting that most revisions to the compensation package of the United Nations are automatically adopted by ITTO in accordance with the prevailing ITTO Staff Regulations and Rules;

Recognizing the responsibilities of the Committee on Finance and Administration, documented in Decision 7(LII), to recommend to Council any modifications judged necessary to the Organization's Rules of Procedure, Staff Regulations and Rules or the Financial Rules and Rules Related to Projects;

Decides to:

1. Amend the Staff Regulations and Rules (Second Edition) [Document ITTC(LII)/18 Annex] as follows:
 - a. "...beyond the age of 62 years" in Regulation 7.4(a) shall read "beyond the retirement age prescribed by the United Nations".
 - b. "...staff aged 62 or over" in Regulation 7.4(b) shall read "staff at the retirement age or over".
 - c. "...retirement at the age of 62 years or more" in Rule 701 shall read "retirement under Staff Regulation 7.4".
 - d. Add a new Rule 712 "Acquired right to normal retirement age" which shall read "Staff members have an acquired right to their normal retirement age as defined under Regulation 7.4. Staff members who joined the Organization prior to 1 November 2018 may choose to separate from service at the age of 62, or anytime thereafter, before the age prescribed under Regulation 7.4. Staff members who wish to exercise their acquired right and separate from service before the age prescribed under Regulation 7.4 shall give written notice consistent with Rule 703."

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LIV)/15
8 November 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5-9 November 2018
Yokohama, Japan

DECISION 5(LIV)

ENHANCING THE FINANCING ARCHITECTURE AND FUNDRAISING OF THE ORGANIZATION

The International Tropical Timber Council,

Recognizing the need to examine and improve the current funding structure of the Organization;

Recalling Decision 9(LIII) that called for the establishment of an ad-hoc working group to consider options and make proposals in its report to the Executive Director for improving ITTO financing infrastructure and fundraising strategies;

Taking note of the report of the Ad Hoc Working Group on Financing Infrastructure;

Further recognizing that international donor trends have changed significantly since 2000 and as well as the mechanisms of Official Development Assistance (ODA) transfers;

Acknowledging that the Organization has taken substantive steps to strengthen internal controls and decision making processes, including through the implementation of the IPSAS accounting requirements and development of gender, social, and environmental safeguards, in order to increase transparency and re-establish the Organization's credibility, effectiveness and integrity since the financial impairment that occurred 2015-2017;

Further recognizing that in order to increase funding for ITTO, additional approaches to fundraising must be undertaken by the Organization;

Urging Members to make additional resources available through voluntary contributions and pay their assessed contributions in a timely manner;

Understanding the need to streamline the ITTO project development process and to improve chances of project proposals being financed;

Decides to:

1. Request the Executive Director to pilot an additional fundraising approach focused on pro-active development of proposals with potential sources of funding and/or participate in tenders which address/contribute to the objectives of the ITTA and the strategic priorities of the Organization, taking into consideration the need for transparency, and opportunities for member engagement;
2. Authorize the Secretariat to engage appropriate short term fundraising and/or marketing specialist(s) to build and supplement internal capacity related to fundraising efforts of the Organization, as necessary;

3. Requests the Secretariat, building upon the results of the past 2013 survey, to carry out an electronic survey prior to the next Council Session in order to gain more information on what Members see is the value and competitive advantage of ITTO and how it could transform to become a more attractive investment for members/partners/funders. The survey will help inform the development of ITTO's services and fundraising strategies;
4. Extend for one year the mandate of the ad-hoc working group established in accordance with Decision 9(LIII) to:
 - Closely collaborate with Secretariat, to develop a proposal for a new "streamlined project cycle" concept to be presented at the Fifty-fifth Council Session;
 - Assist in the development of appropriate themes to be used in fundraising proposals.
5. Urge prioritization in the submission of projects, to the extent possible, by individual Members with numerous projects in the pipeline to facilitate efforts for their financing;
6. Requests the Executive Director to cluster existing projects awaiting financing and incoming ones under appropriate themes and to explore emerging funding opportunities;
7. Request the Executive Director to report annually to Council on the progress made in the implementation of this Decision;
8. Requests the Secretariat to include in the annual financial report for calendar years 2019, 2020 and 2021 the revenue, direct and indirect costs associated with implementing the pilot;
9. Request the Executive Director to undertake a review of the implementation of this Decision in 2022, including the long-term effectiveness and feasibility of the pilot approach, and that the outcome report will be provided to Members no later than 90 days prior to its consideration at the Fifty-eighth Session of Council;
10. Authorizes the Executive Director to utilize the remaining funds from Decision 9(LIII), which allowed for an amount not exceeding US\$300,000 from the Working Capital Reserve and authorize up to an additional US\$50,000 from the Working Capital Reserve in 2019, if needed;
11. Request the Executive Director to develop an estimated budget for additional funding requirements, if needed, to be considered at subsequent Council Sessions.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LIV)/16
8 November 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5-9 November 2018
Yokohama, Japan

DECISION 6(LIV)

SELECTION OF THE CANDIDATES FOR THE POSITION OF EXECUTIVE DIRECTOR OF THE ITTO

The International Tropical Timber Council,

Recalling Article 14 of the ITTA, 2006;

Recalling Decision 5(LI) which established an open and transparent procedure for identifying qualified candidates for the Council to appoint an Executive Director;

Recalling Decision 9(LII), establishing an Ad Hoc Working Group to consider rotation in the framework of the selection of the Executive Director of the ITTO;

Recalling Decision 10(LIII), in which the Council accepted the principle of rotation in the selection of the Executive Director as set out in the Report of the Ad Hoc Working Group;

Emphasizing that the paramount consideration in the appointment of the Executive Director shall be to secure the highest standard of efficiency, competence and integrity;

Acknowledging the joint partnership among all members of ITTO;

Decides:

1. That the paramount consideration in the shortlisting/selection/ appointment of the Executive Director shall be to secure the highest standard of efficiency, competence and integrity as set out in the Recruitment notice;
2. That from among the qualified candidates the final selection should take into due consideration the rotation between **producer and consumer caucuses** for the term of the appointment, commencing with the producer caucus for the next selection of the Executive Director;
3. That the term of future Executive Directors is 4 years, with the option to extend up to another 2 years, upon approval by the Council;
4. To establish an Ad Hoc Working Group, consisting of 3 producer and 3 consumer members, to:
 - (a) review and revise as needed the terms of reference and procedure for the selection panel and procedures for selection of the candidates, including the formulation of criteria related to:
 - Significant management experience, such as in international organizations
 - Experience and knowledge in fields relevant to the organization
 - Conflict of interest

- Provisions for early dismissal (for poor performance, misconduct or other violations)
 - Compliance with the obligations of the ITTA, 2006
- (b) propose a formal process, if appropriate, for the extension of the term of the Executive Director
- (c) report its work and recommendations to the Fifty-fifth Session of the Council for consideration
5. To authorize the Executive Director to utilize an amount not exceeding US\$50,000 from the Working Capital Reserve to meet the expenses related to the Working Group;
6. To emphasize that this decision is intended to address the unique organizational requirements of ITTO and is not intended to and does not constitute a precedent for other international organizations or processes.

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES

**Documents: CEM-CFI(LII)/4
CRF(LII)/5
CFA(XXXIII)/7**



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON ECONOMICS,
STATISTICS AND MARKETS**

COMMITTEE ON FOREST INDUSTRY

Distr.
GENERAL

CEM-CFI(LII)/4
8 November 2018

ENGLISH ONLY

FIFTY-SECOND SESSION
5 – 9 November 2018
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**FIFTY-SECOND SESSION OF THE
COMMITTEE ON ECONOMICS, STATISTICS AND MARKETS
AND THE COMMITTEE ON FOREST INDUSTRY**

Table of Contents

Report

Appendix A: Report on the ITTO Annual Market Discussion – 2018

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

Appendix C: Market Access

Appendix D: Forest and Timber Certification

REPORT

1. Opening of the Session

The Fifty-second Session of the Committees was opened on 5 November 2018 at the Joint Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), co-chaired by Mr. Björn Merzell (Sweden), Chairperson of CEM and Ms. Anna Tyler (New Zealand), Chairperson of CFI. Mr. John Leigh (Peru), Vice-Chairperson of the Council chaired the Joint Session of All Committees. The list of participants is presented in document ITTC(LIV)/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(LII)/1 was duly adopted. The Joint Session of the CEM and the CFI met on 5, 7 and 8 November to consider items 1, 2, 3, 6, 7, 8, 9B, 10, 11, 12, 13, 14 and 15 of the Agenda. The Joint Session of All Committees met on 6 November 2018 to consider items 4, 5 and 9A of the Agenda.

3. Admission of Observers

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

4. ITTO Annual Market Discussion – 2018

The Committees noted the summary of the ITTO Annual Market Discussion – 2018, held in the Joint Session of All Committees on 6 November 2018, as contained in Appendix A. The theme of the Market Discussion was “Private Sector Tropical Timber Promotion Initiatives – An Opportunity for Collaboration”. Mr. André de Boer (TAG Co-coordinator) chaired the Market Discussion.

The following feature presentations were made during the Market Discussion (available on www.itto.int):

Mr. Benoît Jobbé-Duval, Managing Director
Association Technique Internationale des Bois

Fair and Precious, the Umbrella Brand to Support Certified Tropical Timber

Ms. Françoise van de Ven, Secrétaire-Générale
Union des Forestiers Industriels du Gabon et Aménagistes (UFIGA)

Tropical Forest, Legality, Sustainability, Certification and Soccer Fields!

Dr. Qian Meng, Research Associate
Research Institute of Forestry Policy and Information
Chinese Academy of Forestry

The Newly Launched Global Green Supply Chain (GGSC) – A Chinese Private Sector Initiative for Sustainable Timber Purchasing

Mr. Eric D. de Munck, MSc.
Netherlands Timber Trade Association (NTTA)
Timber Information Centre

Strengthening Sustainable Tropical Timber in Civil Works – a Dutch Private Sector Promotion Initiative

Mr. Ngo Sy Hoai, Vice Secretary General
Vietnam Timber and Forest Products Association
Secretary General, Vietnam Forester Club

Promoting Partnership between Private Sector and Small Households for Sustainable Production and Marketing of Planted Wood in Vietnam

Mr. Gleisson Tagliari, Director
Mato Grosso State Timber Production and Exportation Industries Center (CIPEM)

Responsible Production – Forest Guardians

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

North America – A Multi-Modal Collaborative Tropical Timber Promotion Strategy

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

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

The Joint Session of All Committees considered the report of the Expert Panel for Technical Appraisal of Project Proposals presented by panel member, Mr. Jobst-Michael Schroeder (Germany), as contained in document ITTC/EP-53.

In its general findings and recommendations, as derived from the appraisal of 39 proposals (33 projects and 3 pre-projects), the Fifty-third Panel noted that the quality of the proposals improved in comparison to those assessed in the previous Panel, which is reflected by the fact that:

- Five (5) Proposals (13 percent of the total) received a category 4, indicating that the Expert Panel does not commend these to the Committee for approval as they require complete reformulation;
- Eighteen (18) Proposals: 1 Pre-project and 17 Project Proposals (46 percent of the total) will be sent back to proponents for essential revisions, rated as category 2;
- Sixteen (16) Proposals: 2 Pre-project and 14 Project Proposals (41 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1).

Only 3 of the total 39 proposals were categorized under Forest Industry, 5 were categorized under Economics, Statistics and Markets and 31 (79%) under Reforestation and Forest Management. Government agencies submitted 15 proposals, research organizations submitted 13 proposals, and NGOs submitted 11 proposals. Only 2 proposals were submitted from a Women's Association and none from youth related Associations. Only one proposal focused on transboundary conservation and two proposals were focused specifically on gender issues. Although the Panel noticed that more proposals included gender aspects, there is still a need to further integrate gender according to the ITTO Policy Guidelines on Gender Equality and Empowering Women (GEEW).

The presentation also highlighted general findings and recommendations of the Expert Panel at its Fifty-third meeting, which include the need to include relevant elements from the ITTO Policy Guidelines on Gender Equality and Empowering Women (GEEW) and the Guidelines for Environmental and Social Risks and Impacts Assessment in ITTO Projects in the Panel members' Scoring Sheet.

6. New Projects and Pre-projects

The Committees noted the projects that were approved in September 2018 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 Fifty-third Meeting as follows:

Committee on Economics, Statistics and Markets		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 844/17 Rev.2 (M)	Promotion Plantation of the Locally Endangered Species Timoho (<i>Kleinhovia hospita</i>), Mentaok (<i>Wrightia pubescens</i>) and Terbelo Puso (<i>Hymenodictyon Orixense</i>) to Enhance Sustainable Use, Local Communities Livelihood and Culture	Indonesia

Committee on Forest Industry		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 841/17 Rev.2 (I)	Building Partnerships Among Actors Involving in Acacia and Eucalyptus Value Chain in Vietnam	Vietnam
PD 870/18 Rev.1 (I)	Developing Effective System for Sustainable NTFP Utilization through Forest Management Unit Engagement to Improve Community Livelihoods in Nusa Tenggara	Indonesia

7. Review of Projects and Pre-projects in Progress

The Committees considered the Report of Projects and Pre-projects in Progress as contained in document CEM-CFI (LII)/2 and took note of progress in the implementation of the following projects and pre-projects:

(A) Projects under implementation

Committee on Economics, Statistics and Markets

1. PD 599/11 Rev.1 (M) Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration (Philippines)
2. PD 692/13 Rev.1 (M) Implementation and Operationalization of a National Information System for the Sustainable Management of Forest Resources (Côte d'Ivoire)
3. PD 732/14 Rev.2 (M) Improve Forest Governance in Mozambique
4. PD 751/14 Rev.3 (M) Sustainable Forest Management in the Chimbo River Basin, Ecuador: Conserving Forest Resources and Agroforestry Systems as a Mechanism to Strengthen the Economic Inclusion of Community Families, Particularly Rural Women, Settled in the Area
5. PD 756/14 Rev.1 (M) Development of a Business Management Services Program of Forest MSMEs (Micro, Small and Medium Enterprises) in Guatemala

Committee on Forest Industry

1. PD 737/14 Rev.2 (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
2. 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
3. PD 815/16 Rev.2 (I) Increasing Efficiency of Acacia Plantation and Timber Processing Industry in Vietnam

(B) Projects and Pre-projects pending financing

Committee on Economics, Statistics and Markets

1. PD 791/15 Rev.3 (M) Community Forest Landscapes and Small Enterprises Contributing to Legal Timber Trade in Ghana
2. PD 796/15 Rev.2 (M) Establishing a System for the Collection, Storage, Processing and Dissemination of Forest and Wildlife Statistics in Cameroon
3. PD 819/16 Rev.2 (M) Market Survey for Forest Products in Peru
4. PD 832/16 Rev.2 (M) Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala
5. PD 839/17 Rev.1 (M) Strengthening and Consolidating the National Process for Controlling Illegal Logging and Associated Trade in Cameroon – Phase 2

6. PD 844/17 Rev.2 (M) Promotion Plantation of the Locally Endangered Species Timoho (*Kleinhovia hospita*), Mentaok (*Wrightia pubescens*) and Terbelo Puso (*Hymenodictyon Orixense*) to Enhance Sustainable Use, Local Communities Livelihood and Culture (Indonesia)
7. PD 845/17 Rev.1 (M) Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana
8. PD 858/17 Rev.1 (M) The Trends of Chinese Wood Product Markets and their Dependence on International Trade of Tropical Timber Towards 2030
9. PD 863/17 Rev.1 (M) Development and Strengthening of the Domestic Market for Non-Timber Forest Products and Environmental Services in Guatemala

Committee on Forest Industry

1. 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)
2. PD 761/14 Rev.2 (I,M) Promoting Partnership between Farmer Group and Forest Industry (Indonesia)
3. PD 788/15 Rev.2 (I) Achieving Sustainable Forest Management through Enhanced Competitiveness of Small & Medium Wood Industries (SMWIs) in Ciamis District of West Java Province, Indonesia
4. PD 841/17 Rev.2 (I) Building Partnerships Among Actors Involving in Acacia and Eucalyptus Value Chain in Vietnam
5. PD 870/18 Rev.1 (I) Developing Effective System for Sustainable NTFP Utilization through Forest Management Unit Engagement to Improve Community Livelihoods in Nusa Tenggara (Indonesia)

The Committees held discussions on the following projects:

Committee on Economics, Statistics and Markets

- 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)

The Committee noted that this project is expected to submit its final report and financial audit soon and should be reported complete at the Committee's next session.

- PD 692/13 Rev.1 (M) Implementation and Operationalization of a National Information System for the Sustainable Management of Forest Resources (Côte d'Ivoire)

The Committee noted that this project is expected to submit its final report and financial audit soon and should be reported complete at the Committee's next session.

- PD 756/14 Rev.1 (M) Development of a Business Management Service Program of Forest MSMEs (Micro, Small and Medium Enterprises) in Guatemala

The Committee noted that this project was now complete and was therefore considered under Item 8.

PD 796/15 Rev.2 (M)

Establishing a System for the Collection, Storage, Processing and Dissemination of Forest and Wildlife Statistics in Cameroon

The delegate of Cameroon reminded the Committee that this project had been partially financed by the USA which had pledged US\$80,000 at the Fifty-third Session of Council. She thanked the USA for its pledge and requested that donors give special attention to providing the remaining funds (US\$487,627) to allow the project to be implemented. The Secretariat informed that Cameroon could maintain the project's approved status under the sunset clause by sending a letter requesting this to the Executive Director.

Committee on Forest Industry

PD 815/16 Rev.2 (I)

Increasing Efficiency of Acacia Plantation and Timber Processing Industry in Vietnam

The Committee noted that this project had commenced during 2018 without full funding of the approved budget (i.e. an amount of US\$26,480 is still required from donors to fully finance the project). The Committee urged Council to immediately provide the remaining funding to this project to allow all of its objectives to be achieved.

8. Report on Completed Projects and Pre-projects

The Committees considered the Report of Completed Projects and Pre-projects as contained in document CEM-CFI (LII)/3 and additional information presented during this Session as follows:

Committee on Economics, Statistics and Markets

PD 756/14 Rev.1 (M)

Development of a Business Management Services Program of Forest MSMEs (Micro, Small and Medium Enterprises) in Guatemala

The Committee noted that the final report and financial audit of this project had recently been submitted to and approved by the Secretariat. The representative of Guatemala (Mr. Bruno Arias) provided a summary of the outputs of the project and its importance to the country and its many small and medium sized forest enterprises. He thanked the project donor (USA) for its support. The Secretariat noted that the pending finance project PD 832/16 Rev.2 (M) to implement traceability in the Guatemalan forest sector (including for SMEs) was a follow-up to this project. The final report is available (in Spanish) from the Secretariat. The Committee duly declared the project complete.

Committee on Forest Industry

PD 600/11 Rev.1 (I)

Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia

The Committee took note of the completion report contained in document CEM-CFI(LII)/3 and the presentation made by Ms. Desy Ekawati, the project coordinator.

All activities of the project have been carried out and outputs achieved satisfactorily. The project has contributed to the improvement of the management utilization of bamboo resources for their sustainable use and provided benefits to local communities

The delegation of Indonesia thanked the donor countries: Japan, USA and Australia and reported that the project's activities have been continued. A platform, '1000 Bamboo Village Development', has been established to promote national bamboo development.

The delegations of Japan, USA and Thailand expressed their appreciation of the successful implementation of the project and acknowledged the excellent communication vehicles/promotional materials produced by the project. The delegation of Japan in particular acknowledged the effective management and supervision of the project by ITTO and suggested that the project's activities be replicated in other countries. The delegation of USA recommended the production of communication vehicles of similar quality for ITTO's fundraising efforts.

The Secretariat informed the Committees that the completion report, technical reports and financial audit report had been delivered by the executing agency in accordance with the project agreement. The Committee duly declared the project complete.

9. 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 is undertaken in a Joint Session of All Committees. There were no ex-post evaluation reports on projects under CEM and CFI at this Session. The Joint Session of All Committees was informed that a Thematic Group assessment on Forest Rehabilitation, Landscape Restoration, and Secondary Forest Management under CRF will be conducted in 2019 in cooperation with IUFRO and other relevant organizations/institutions when the necessary ex-post evaluation funds are made available.

(B) Selection of Projects for Ex-post Evaluation

The Secretariat informed the Committees that all resources of the pooled ex-post evaluation fund had been used to resolve the financial impairment and that it would therefore not be possible to select projects for ex-post evaluation at this Session unless voluntary contributions were pledged specifically for this purpose. The Committees did not select any projects for ex-post evaluation at this Session.

10. Policy Work

Five issues/activities under the CEM and one issue 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 2017-2018 (Appendix C). Four legislative instruments, the EU Timber Regulation, the Lacey Act Amendments, the Illegal Logging Prohibition Act of Australia and the Clean Wood Act of Japan are all in force, regulating timbers entering into the timber markets in EU member states, the United States, Australia and Japan. Meanwhile, attention should also be given to updates of CITES and Regional Trade Agreements (RTAs) in order to be fully informed of market access.

The US delegation commented that in addition to the EUTR, Lacey Act and Clean Wood Act of Japan, there are some other countries with legality legislation related to tropical timber. The update in the future should include the Republic of Korea's new legislation as well as the development in VPA negotiations in Viet Nam. This is also the type of discussion included in APEC's Expert Group on Illegal Logging and Associated Trade (EGILAT). ITTO has been invited by APEC to attend its meetings in the past to build a closer relationship with EGILAT.

The delegation of Japan requested that the Secretariat share information on market access through the ITTO Newsletter and Forest Update as well as its website. Japan is also collecting information on forest legislation and related matters in relevant producer countries as part of its effort to provide a web-based information platform for its wood importers seeking to comply with its Clean Wood Act. The Secretariat noted in relation to this that it had been successful in submitting a bid to the Japan Forestry Agency during 2018 to assist in the collection of the relevant information for the Clean Wood Act website. The contract signed between ITTO and the Japan Forestry Agency provided a total of US\$400,000 for ITTO to collect relevant information in Brazil, Ecuador, Laos, Philippines and Thailand. This work is now underway and will be complete by March 2019. In response to a question from the delegation of USA, the Secretariat and the delegation of Japan clarified that the information being collected for the Clean Wood website included relevant forestry legislation, permits and other clearances required for legal export, etc. There was no intention to make judgements on the legality status of any specific shipments of wood or the effectiveness of specific legislation or other processes. The Committee recommended that the Secretariat provide a follow-up report on the implementation of this work at its next Session under this agenda item.

The delegation of Republic of Congo raised the recent listing of bubinga in CITES Appendix II and noted that in fact the bubinga species that existed in his country were not endangered or threatened. The Secretariat noted that the bubinga Appendix II listing covered 3 species in the *Guibourtia* genus and that all exports of these 3 species by any country required a certificate of legal production and a non-detriment finding (essentially a statement by the CITES Scientific Authority that the export of a specimen was not detrimental to its survival in the wild) to comply with CITES regulations. Support for Congo's efforts to manage bubinga could be sought from ITTO or through the CITES Tree Species Program (which would be discussed in Council).

(ii) Forest and Timber Certification

The Secretariat reported (Appendix D) on recent developments in forest certification in ITTO producer member countries. In 2017, the total area of certified forests in ITTO producer member countries was 56.3 million hectares (up 7.9%), accounting for 9.9% of the world's total area of certified forests of about 512 million hectares. The number of Chain of Custody certificates (CoCs) in ITTO producer member countries was 3,405 (up 4.4%), accounting for 7.5% of world global CoCs.

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

Ms. Frances Maplesden, consultant, presented selected data and analysis from the draft Biennial Review and Assessment of the World Timber Situation 2017-2018, focusing on the global trade in secondary processed wood products. The difficulties in tracking the volume of trade in tropical SPWPs were noted. Some of the tropical exporters had recorded significant growth in exports of SPWPs, particularly Vietnam, although it could be assumed that a proportion of China's exports were of tropical origin, given the volume of imports of tropical primary wood products. China accounted for nearly one-third of global wooden furniture exports in 2017, although its cost competitiveness was declining, leading to a shift in lower cost manufacturing to some of the other Asian tropical producer countries. Demand for SPWP imports continued to be dominated by the USA, EU countries and Japan, and closely linked to construction activity in those markets. While US housing starts and growing consumer confidence had pushed up demand levels in the US markets, in the EU construction activity overall had remained subdued with low demand levels leading to intense competition.

(iv) Progress report on Independent Market Monitoring of FLEGT-licensed timber in 2018

The Secretariat provided a brief summary of progress in implementing the IMM project under the 2018-19 BWP. The IMM was established under an EU-funded ITTO project to support the implementation of bilateral voluntary partnership agreements (VPAs) between the EU and timber-supplying countries and to analyze their market impacts. VPAs are a key element of the EU's Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan and the EU Timber Regulation (EUTR), which define the EU's policy for promoting legal logging and the trade of legal timber.

The IMM 2017 annual report has been completed and will be published on the IMM website soon. The progress report for 2018 is being prepared now along with the audit required by the EC in order to release the next instalment of funds. The progress report, financial audit and request for the third instalment of funds will be sent from ITTO to the EC before the end of November. A budget neutral request to extend the implementation period of the contract signed with the EU/EC governing implementation of the IMM project was approved in October 2018 so the project will now run until the end of 2021.

The IMM lead consultant (Sarah Storck) and market analyst (Rupert Oliver) presented progress achieved by the IMM project during 2018 to the Committee. Work undertaken in 2018 included a survey of furniture importers (published as part of ITTO's Technical Series), several trade consultations and a survey of 96 companies in Europe on the impact of the Forest Law Enforcement, Governance and Trade (FLEGT) timber legality initiative. The latter survey found that most companies now consider that FLEGT licensing is making it easier to import timber products from Indonesia (to date, Indonesia is the only country to have commenced exporting VPA-licensed timber, although there are another 14 countries engaged in various levels of VPA negotiations with the EU).

The presentation also focused on Europe's timber imports and the extent of these imports accounted for by Indonesia and other VPA countries. It also highlighted the falling share of the EU in global tropical timber imports and provided reasons for this falling share. Recommendations arising from the 2018 work

included the need for more promotion for licenced wood products, consistent implementation of the EUTR and wider geographic representation of countries selling FLEGT-licenced timber.

Discussion focussed on steps that could be taken to promote and grow the market for tropical timber in Europe and the role of trade associations in adopting codes of conduct for members and encouraging use of FLEGT-licenced timber. The delegates of Germany and Mexico expressed regret that recent ITTC Sessions had allocated insufficient time to discuss market related issues. The Committees recommended that adequate time for discussions be provided at future ITTC sessions for market related issues, such as allocating a full day of the Council Session for the market discussion, the IMM progress report, CITES matters, statistical reviews, etc.

(v) Items for CEM Policy Work for 2019

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2019:

- Market access;
- Forest and timber certification;
- Clean Wood progress report (see item (i) above); and
- IMM progress report.

Committee on Forest Industry

(i) Items for CFI Policy Work for 2019

The CFI decided to add a new item: 'Enhancing conservation and sustainable management of teak forests in Greater Mekong Sub-region' to report the progress of the Activity No. 4 of BWP 2018-2019 recently funded by the Government of Germany, to its Policy Work agenda at its next Session.

11. Election of Chairpersons and Vice-Chairpersons for 2019

Following the usual consultations undertaken by the producer and consumer groups, Mr. Bruno Mfou'ou Mfou'ou (Cameroon) was elected Chairperson of the CEM for 2019. Mr. Mohd Kheiruddin Mohd Rani (Malaysia) was elected Chairperson of the CFI for 2019. Ms. Catherine Karr-Colque (USA) was elected as Vice-Chairperson of the CEM and CFI for 2019.

12. Dates and Venues of the Fifty-third and Fifty-fourth Sessions of the Committees

The Fifty-third Session of the Committees will be held in conjunction with the Fifty-fifth Session of the International Tropical Timber Council in 2019.

The Fifty-fourth Session of the Committees will be held in conjunction with the Fifty-sixth Session of the International Tropical Timber Council in 2020.

13. Other Business

(i) The Secretariat informed the Committees that as part of the Organization's fundraising efforts, ITTC had submitted a proposal in 2018 to assist the Japan Forest Agency in collecting data on tropical countries' forestry legislation and relevant measures to control illegal logging and illegal forest products trade to be included in a website maintained by the Forest Agency that will inform implementation of the country's Clean Wood Act. This proposal had been successful and ITTC had received US\$400,000 under a contract with the Japan Forestry Agency for this work. ITTC is now working with consultants and governments in Brazil, Ecuador, Laos, Philippines and Thailand as well as the Japanese NGO Institute for Global Environmental Strategies (IGES) to implement this contract. The Committees decided that a follow-up report on this work be provided under the agenda item for Policy Work under the CEM at its next Session.

(ii) The Secretariat introduced a draft concept note for a Central American regional timber tracking proposal which had been developed as an example of the type of fundraising initiative that the Organization may consider under the "business lines" approach being discussed by Council during this Session. ITTC intends to continue working on this proposal (covering El Salvador, Guatemala, Honduras and Mexico), which could also be submitted to the next regular project

cycle. The Secretariat will provide an update to the next Session of the Committees if the work described in the draft concept note is carried forward with support from any funding source.

14. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects approved under the time-bound electronic no-objection procedure for the project cycle 2018:

Committee on Economics, Statistics and Markets

PD 844/17 Rev.2 (M) Promotion Plantation of the Locally Endangered Species Timoho (*Kleinhovia hospita*), Mentaok (*Wrightia pubescens*) and Terbelo Puso (*Hymenodictyon Orixense*) to Enhance Sustainable Use, Local Communities Livelihood and Culture (Indonesia)[US\$592,051]

Committee on Forest Industry

PD 841/17 Rev.2 (I) Building Partnerships Among Actors Involving in Acacia and Eucalyptus Value Chain in Vietnam [US\$427,784]

PD 870/18 Rev.1 (I) Developing Effective System for Sustainable NTFP Utilization through Forest Management Unit Engagement to Improve Community Livelihoods in Nusa Tenggara (Indonesia)[US\$605,555]

- (ii) The Committees recommended that funding for the pending amount be made immediately available for the following project which is currently operational:

Committee on Forest Industry

PD 815/16 Rev.2 (I) Increasing Efficiency of Acacia Plantation and Timber Processing Industry in Vietnam [US\$26,480]

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

Committee on Economics, Statistics and Markets

PD 791/15 Rev.3 (M) Community Forest Landscapes and Small Enterprises Contributing to Legal Timber Trade in Ghana [US\$309,299]

PD 796/15 Rev.2 (M) Establishing a System for the Collection, Storage, Processing and Dissemination of Forest and Wildlife Statistics in Cameroon [US\$487,627]

PD 819/16 Rev.2 (M) Market Survey for Forest Products in Peru [US\$406,459]

PD 832/16 Rev.2 (M) Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala [US\$416,080]

PD 839/17 Rev.1 (M) Strengthening and Consolidating the National Process for Controlling Illegal Logging and Associated Trade in Cameroon – Phase 2 [US\$459,813]

PD 845/17 Rev.1 (M) Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana [US\$146,944]

PD 858/17 Rev.1 (M) The Trends of Chinese Wood Product Markets and their Dependence on International Trade of Tropical Timber Towards 2030 [US\$328,608]

PD 863/17 Rev.1 (M) Development and Strengthening of the Domestic Market for Non-Timber Forest Products and Environmental Services in Guatemala [US\$149,632]

Committee on Forest Industry

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 761/14 Rev.2 (I,M) Promoting Partnership between Farmer Group and Forest Industry (Indonesia) [US\$508,693]

PD 788/15 Rev.2 (I) Achieving Sustainable Forest Management through Enhanced Competitiveness of Small & Medium Wood Industries (SMWIs) in Ciamis District of West Java Province, Indonesia [US\$569,710]

- (iv) The Committees recommended that adequate time for discussions be provided at future ITTO sessions for market related issues, such as allocating a full day of the Council Session for the market discussion, the IMM progress report, CITES matters, statistical reviews, etc.

15. Report of the Session

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

APPENDIX A

REPORT ON THE ITTO ANNUAL MARKET DISCUSSION - 2018 “Private Sector Tropical Timber Promotion Initiatives – An Opportunity for Collaboration” 6 November 2018, Yokohama, Japan

The theme of the 2018 Annual Market Discussion organised by the ITTO Trade Advisory Group (TAG) was private sector tropical timber promotion initiatives - an opportunity for collaboration.

Despite advances in sustainable tropical forest management, certification and legality verification, tropical timber traders continue to be challenged by changes in the species and products exported and loss of market share to engineered wood and, worse from an environmental perspective, alternative materials.

Efforts are being directed to market promotion to win over consumers. Speakers from Gabon, Vietnam, France, USA, Brazil, China and the Netherlands discussed how they perceive and approach tropical timber market promotion and ideas for innovative activities to recapture market share.

Seven speakers addressed Council on tropical timber promotion initiatives;

Mr. Benoît Jobbé-Duval, Managing Director Association Technique Internationale des Bois	<i>Fair and Precious, the Umbrella Brand to Support Certified Tropical Timber</i>
--	---

Ms. Françoise van de Ven, Secrétaire-Générale Union des Forestiers Industriels du Gabon et Aménagistes (UFIGA)	<i>Tropical Forest, Legality, Sustainability, Certification and Soccer Fields!</i>
---	---

Dr. Qian Meng, Research Associate Research Institute of Forestry Policy and Information Chinese Academy of Forestry	<i>The Newly Launched Global Green Supply Chain (GGSC) – A Chinese Private Sector Initiative for Sustainable Timber Purchasing</i>
---	--

Mr. Eric D. de Munck, MSc. Netherlands Timber Trade Association (NTTA) Timber Information Centre	<i>Strengthening Sustainable Tropical Timber in Civil Works – a Dutch Private Sector Promotion Initiative</i>
--	---

Mr. Ngo Sy Hoai, Vice Secretary General Vietnam Timber and Forest Products Association Secretary General, Vietnam Forester Club	<i>Promoting Partnership between Private Sector and Small Households for Sustainable Production and Marketing of Planted Wood in Vietnam</i>
---	--

Mr. Gleisson Tagliari, Director Mato Grosso State Timber Production and Exportation Industries Center (CIPEM)	<i>Responsible Production – Forest Guardians</i>
--	--

Ms. Cindy Squires, Executive Director International Wood Products Association (IWPA)	<i>North America – A Multi-Modal Collaborative Tropical Timber Promotion Strategy</i>
---	---

The presentations were followed by a question and answer session with members of the Joint Committees. Mr. Barney Chan (Trade Advisory Group co-Coordinator, Malaysia) presented the TAG Market Statement (Appendix B). The Chairperson for the session was Mr. André de Boer (Trade Advisory Group co-Coordinator, Netherlands). Presentations made during the 2018 ITTO Annual Market Discussion can be accessed on ITTO's website (www.itto.int).

Summary of Presentations

Fair and Precious, the umbrella brand to support certified tropical timber

Mr. Jobbé-Duval explained that the “Fair and Precious” brand was launched in 2017 to fill a gap in promotion which so far had failed to ensure widespread awareness of the social, environmental and economic benefits of certified tropical timber. Fair and Precious is a collective brand – not a label – for certified tropical timber, which currently covers FSC and PEFC products from the Congo region and targets the European market. However, the brand could include other forms of certification and products from other tropical regions. There is also nothing to prevent the brand being used for promotion in other export regions.

Supporters of the brand commit to the Fair and Precious manifesto encapsulated in 10 principles that parallel closely the UN Sustainable Development Goals, for example to ensure that forests are conserved, biodiversity is protected, support is provided for social infra-structure such as schools and health care, to add value to the resource, provide training, and encourage responsible purchasing of tropical timber. ATIBT has commissioned studies to inform and build on the commitments, for example a recent assessment of biodiversity impacts of sustainable natural forest management in the Congo basin.

At present the brand is supported by six operators supplying certified timber from the Congo region and is also backed by a wide range of other official partners. Mr. Jobbé-Duval ended with a call for a wider range of organisations to support the brand.

“Tropical forest, Legality, sustainability, certification and soccer fields!”

Ms. Françoise van de Ven began with the observation that the link between soccer and tropical forests is usually negative – deforestation is often described in terms of the number of soccer fields lost every minute. Ms. Van de Ven would return to this theme later, but first went on to describe the concerted efforts being made in Gabon to protect forests and the work underway to promote these efforts outside Gabon.

Ms. van de Ven observed that the timber sector in Gabon, which still has 85% forest area, required mandatory compliance to a whole range of regulatory codes covering not only forestry operations, but also issues such as labour relations, taxation, and timber utilisation. A draft forest sector investment code has also been prepared. The regulatory system is itself designed to deliver a sustainable forestry sector. A new forestry code has been developed by consensus by a multi-stakeholder working group involving government, industry and civil society. The text of the new code is now being considered by Parliament in Gabon and is expected to be agreed in 2019. In addition, the Gabon government has just set a target of 2022 for all concessions in the country to be certified and work is underway to develop an implementation strategy.

Although Gabon is negotiating a VPA, signing the agreement has been delayed so far, not because Gabon is uninterested but to allow progress of other countries that have already signed to be monitored and to learn from their experience. Ms. van den Ven said the requirements of the VPA are known to be very exacting, particularly the need to apply to all exporters, however this also has the advantage of ensuring all operators comply with the same standard.

On promotion and marketing, Gabon producers are working closely with ATIBT in support of the Fair and Precious brand. However, Ms. van de Ven also said that forest companies are poor communicators and need to be more innovative and to develop new strategies to change the narrative surrounding tropical forestry. A key message to the consumer is that sustainable tropical forestry not only involves no land use change but actively enhances conservation as well as providing economic and social values.

Global Green Supply Chain (GGSC), a Chinese private sector initiative for sustainable timber purchasing

Dr. Meng introduced the newly launched GGSC, noting as background the rapid growth of China's economy which has driven a massive increase in timber consumption to around 580 million m³ in 2016. Dr. Meng proposed that ITTO could support the development of an international standard for verification of legality. It was noted that at present even companies implementing the best available certification standards struggle to provide assurances of legality and sustainability acceptable in international markets.

Dr. Meng said that GGSC was launched earlier this year with 12 initial members with a total turnover of US\$13 billion including some of China's largest flooring and plywood enterprises. GGSC has established a promotion committee with members from the enterprises, together with government, research, and international agencies. The aims of GGSC are: to establish an orderly and sustainable supply chain; to stabilise the resource base; increase opportunities for market access; and to raise awareness of legality and sustainability. Main tasks include organisation of conferences, workshops, trade negotiations, and overseas visits, and to build capacity and inform the market and media about the global green supply chain.

GGSC has developed a draft roadmap with ITTO assistance. An immediate objective is to identify trade and industry associations in producer countries willing to act as focal points and to sign an MoU including a commitment to implement a series of GGSC guidelines. Dr. Meng encouraged associations and other interests to contact the GGSC secretariat for further information on how to become GGSC focal point or to contribute to the work of the GGSC promotion committee.

Strengthening Sustainable Tropical Timber in Civil Works – a Dutch private sector promotion initiative

Mr. de Munck spoke about private sector promotion initiatives led by Centrum Hout in the Netherlands to increase demand for tropical timber in civil works. As background Mr. de Munck explained that Centrum Hout is a collaboration between the Netherland Timber Trade Association (NTTA) and Dutch Timber Industry Association (NBvT). He observed that the construction sector in the Netherlands, which the main source of demand for tropical wood in the country, was hard hit by the financial crises which led to a sharp downturn in activity in the 2012-14 period. While the economy is growing rapidly again, consumption of tropical timber in the Netherlands in 2017 was only around half that typical before the financial crises.

The Dutch timber trade and industry has taken a proactive approach to develop the green supply chain during the last 20 years, setting ambitious sustainability criteria for all members of the Netherlands Timber Trade Association (NTTA) that together account for 80% of tropical timber imports. NTTA now has a target of 90% wood to be certified sustainable by 2020. Through development and communication of this policy, the trade is recognised by government and NGOs as a credible partner.

However, Mr. de Munck also emphasised that certification alone “will not get the wood sold”. There also needs to be a strong focus on improving competitiveness relative to other materials such as PVC which is gaining market share. Centrum Hout has developed campaigns targeting specific end use applications. For example, one plan which aims to increase use of certified tropical timber in water protection works is supported by 12 companies. All are provided with detailed technical and environmental guidance. Communication activity is also targeted at the most influential decision makers in the specification and procurement process. Civil engineers have been identified as a particularly crucial target group and there is a strong focus on direct contact with the largest engineering firms to identify their concerns and the information they need.

Centrum Hout has also commissioned work on life cycle assessment (LCA) and full life cycle costing studies to assess the relative environmental impact and costs of using different materials on a cradle to grave basis. Science-based LCA studies have shown that tropical timber from sustainably managed forests has a lower environmental impact than key competitors such as concrete, steel and composites. A free online carbon calculator has been developed to allow users to easily calculate the carbon footprint of sustainably sourced tropical timber products. Short fact-sheets engineers, architects and other specifiers have also been prepared covering a range of topics including carbon footprint, the circular economy, and technical properties of tropical timbers. Centrum Hout has established a task force to ensure an immediate expert response to policy and standards changes.

There are signs that these targeted campaigns are having an impact after two years of promotion. Mr. de Munck summed up with the message, “while we obviously have to promote sustainable forest management, it’s also important to share experience of best marketing practices, to carefully target communication, and above all to focus on the competition from other materials rather than competition between different wood products”.

Promoting partnership between private sector and small households for sustainable production and marketing of planted wood in Vietnam

Mr. Ngo Sy Hoai delivered a startling array of statistics to show that Vietnam is rapidly emerging as a major wood importer, producer and exporter. He noted that Vietnam, a country of 95 million people, has 11 million hectares of natural forest and 2.9 million hectares of plantation (mainly acacia, eucalyptus, melaleuca and pine). These plantations now produce 20 million cubic metres annually with another 1.0 million hectares of rubber plantation delivering 3.0 million cubic metres every year. The timber sector comprises around 4,500 enterprises, mainly SMEs, where the labour rate is between US\$250-300 per month. These enterprises export US\$8.0 billion to 120 countries and exports are rising by around US\$1 billion every year.

Most exports are further processed products, notably furniture, some panels and only a small quantity of primary products (rubberwood to China). Most exports are to the US, followed by China and EU. Manufacturers rely heavily on imported raw materials valued at US\$2.2 billion, mainly logs, sawnwood and wood-based panels. Every year Vietnam imports 7 million m³ comprising many species from over 100 countries. The leading wood suppliers are China, USA, Cambodia, Thailand and Laos. Total timber demand in the country is around 31 million m³ per year (not including paper).

Mr. Ngo Sy Hoai said that supply is a significant challenge with domestic production consisting mainly of small sized and poor quality logs while there is intense competition for stocks of good quality wood imported from overseas. Prices are also highly volatile. Another challenge is traceability due to the diversity of supply sources and the fact that most domestic plantations are owned by smaller households. There are over 1 million plantation smallholders in the country. At present only a very limited area is certified, mostly FSC, but Vietnam is now considering development of a national scheme for PEFC endorsement.

Vietnam signed the FLEGT VPA with the EU in October 2018 and will develop a TLAS covering both domestic and imported wood, although fragmentation of the resource and supply chain means this will be a significant challenge. Due to illegal logging, Vietnam is particularly taking steps to reduce imports from Cambodia and Laos.

In international markets, Mr. Ngo Sy Hoai said enterprises complain that “production costs continue to rise to satisfy importers demands for legality verification but there is no compensation just a ‘market’ premium but no ‘price’ premium”. Other challenges for the Vietnamese industry include lack of widely recognised brands and only indirect connection with overseas markets. Most exports are via operators in other countries and Vietnamese wood products are often sold under foreign brands.

Despite the challenges, Mr. Ngo Sy Hoai ended on a bullish note, “I believe for Vietnamese wood processing trading companies, the greater the pressure from the market and from our competitors, the faster we will grow!”

Responsible Production - Forest Guardians

Mr. Tagliari explained that the Mato Grosso State Timber Production and Exportation Industries Center (CIPEM) is a group of eight forest-based employers unions and is one of the most active in Brazil in representing the sector through dialogue with the Brazilian government, civil society. CIPEM also has an active trade promotion function.

As background, Mr. Tagliari said that Brazil has the second largest forest area in world after Russia, with 5.16 million km³ of natural forest, of which 3.5 million km³ is tropical. Almost 70% of this area is potentially available for timber production. Despite this vast resource, the forest sector represents only 1.1% of national GDP, with just US\$250 million dollars per year derived from tropical timber. There is enormous potential to increase the value of tropical timber production. Although Brazil is no longer a large exporter of tropical timber, it has a very strong internal market.

Mr. Tagliari described the far-reaching regulatory controls in Mato Grosso to ensure the sustainability of the forest resource and the steps now being taken to build a robust timber tracking system in the state which, from 2019, will provide an assurance of legality throughout the supply chain, from forest to finished product.

While the forest resource in Brazil offers many natural advantages and progress is being to verify legality, there are also numerous challenges. The industry is still widely regarded as the “great villain of the forest” and associated with forest destruction when the reality is that the industry depends on its long-term survival. Another challenge is that legislation changes too rapidly which in turn creates uncertainty and undermines investor confidence. The tropical wood industry in Brazil is still largely dependent on outdated equipment with low efficiency and capacity and there has been little progress to develop markets for value-added products.

Mr. Tagliari said that CIPEM has five main areas of activity: increasing industry representation in policy making and standards formulation; raising awareness of the positive contribution of the forest sector to the economy and environment; training for both employers and employees; R&D, particularly to develop new products; and marketing and promotion to encourage industry investment and greater market access.

Mr. Tagliari suggested three priorities for ITTO; to support research into innovative wood products; to improve forest monitoring and assessment of impacts; and to focus on positive marketing. He suggested that ITTO’s strong focus on SFM needs to be complemented by wider efforts to promote the technical properties of tropical timber, improve market access and to engage with the private sector. He concluded: “*how can there ever be sustainability without a strong market?*”

North America - A Multi-Modal Collaborative Tropical Timber Promotion Strategy

Ms. Squires explained that IWPA's membership captures the entire supply chain for tropical timber imports into the United States, including overseas producers, traders, and manufacturers. IWPA's objective is to build acceptance and demand for globally sourced products from sustainably managed forests.

Ms. Squires emphasised that marketing is not just about money, or even brand recognition, but is also dependent on building credibility and trust and careful targeting based on good data. This was illustrated by a high-profile campaign to market milk in the US which, following massive media exposure, achieved 91% recognition by the US adult population. However, the campaign failed to halt the slide in milk consumption. Analysis showed that this failure was partly because consumers' needs changed and partly because the health campaigns could be readily challenged.

Ms. Squires agreed with other speakers that sustainability is important, emphasising that meeting this need requires government, industry, and communities to work together, and that associations like IWPA have a role to play to help ensure that consumer demands for SFM are workable. There is still much work required to communicate the benefits of a working forest, and the industry needs to take advantage of emerging opportunities to work with other initiatives to help improve communication and leverage, for example on climate change.

Ms. Squires also noted that "while we talk a lot about SFM and legality, other consumer needs should also be considered and addressed". For example, there are a lot of questions about fitness for purpose, and rules for volatile organic compounds (VOCs). Also, many manufacturers now work to very tight technical specifications and will buy from suppliers able to operate within those tolerances. Industry needs to focus on identifying exactly who is influencing consumption and to better understand their needs.

It was also stressed that companies are best placed to understand and communicate about their own products and a role of industry marketing campaigns is to first identify areas where additional outside input is required and to develop mechanisms to better anticipate change. As an example, Ms. Squires highlighted the opportunity to improve regulation and monitoring, while actively facilitating trade in CITES listed species, by replacing existing paper-based CITES permitting systems with electronic systems. IWPA has identified this need and is now working with a range of agencies to bring about change.

Ms. Squires also highlighted the role of associations like IWPA to build capacity and increase policy leverage in an industry dominated by SMEs. It was noted that much of IWPA's recent work has been to assist small companies with regulatory compliance issues. IWPA has partnered with DFID and WRI to develop a due diligence training program offered both in the US and producer countries. This is not only about the Lacey Act, but also covers VOCs and other risk management issues.

Ms. Squires concluded by suggesting that to better promote tropical timber "we need to be thinking about building confidence in tropical timbers, making sure that they are sustainable and fit-for-purpose, and always with a laser focus on who our customers are and what are their needs".

Discussion and interventions

The delegate from Guatemala, referring to the presentation on the Fair and Precious brand, emphasised the need for certification to be tailored to specific social, environmental and economic conditions of the producer country and for certification systems to be easily applied and accessible in the initial stages with the aim of gradually refining standards over time. He asked for comments from the panel on how to evolve these systems.

Mr. Jobbé-Duval responded that he agreed that certification had to be appropriate to local conditions, as illustrated recently by the difficulties experienced in Africa to implement FSC Motion 45 on Intact Forest Landscapes which was introduced without considering the practical implications in a region like Congo. Mr. Jobbé-Duval also commented that rewards for certification are not necessarily limited to the direct benefits of a price premium for the timber, and that there may be opportunities, for example, to encourage companies like Caterpillar supplying infrastructure and machinery to contribute to marketing of sustainable forest management in the tropics.

The delegate from Germany observed that few cases of illegal wood being placed on the market can undermine years of promotional effort to build reputation. It was noted that this remains an issue, with product testing in Germany identifying cases where species content has been falsely declared and that this

is a particular problem for complex finished products. It was asked how industry associations could help to address this problem.

Mr. de Boer, speaking on behalf of ETTF, noted that the association is very aware of this issue and acknowledged that instances of illegal timber in product are unacceptable and every effort is being made to eradicate this problem.

Ms. Squires observed that there are significant technical challenges to overcome to establish full traceability. An underlying problem is that supply chains have evolved over many years to deliver timber of specific grades and qualities in bulk for particular end-uses. To achieve that usually requires that material is aggregated from a large number of different forest sources. Now laws like EUTR and Lacey and other controls are demanding that supply chains also deliver traceability. Achieving both objectives of supply efficiency and traceability is particularly difficult when the supply chain is dominated by SMEs and forest ownership is fragmented. Ms. Squires suggested that “we need to be clear on what it is we want to achieve. Do we want to trace every single piece of wood back to source, or do we want to change behaviour?” A big part of the solution lies in training and improved supply chain management.

Mr. Ngo Sy Hoai said that he shares concerns about the difficulty of identifying species in manufactured products and that in Vietnam steps are being taken to encourage greater co-operation between manufacturers and farmers to improve uptake of certification, with many successes. However, he also noted that experience in Vietnam suggests most buying organisations now require furniture products to be manufactured in a single consistent species, and that the problem of mixing of unidentified species may be overstated. But he conceded it’s more likely to be a problem for panels than for solid timber.

The delegate from Australia observed that building codes can present significant obstacles to greater timber usage and asked Mr. de Munck if this is a problem in the Netherlands. Mr. de Munck said that Centrum Hout surveys indicated that in the Netherlands barriers are more usually knowledge-based than technical. However, there is work to be carried out to ensure that the positive attributes of timber, both technical and environmental, are fully recognised in government policy measures, for example on climate change and circular economy.

The delegate from New Zealand asked the panel to comment on the potential for blockchain technology to overcome the challenge of traceability. Ms. Squires said she was unaware of blockchain being used anywhere in the forestry sector, although Walmart have been trialing the technology for other products and, so far, are struggling to make it work effectively for complex mixed products. FSC and PEFC are also exploring blockchain, but nothing is yet implemented, while the CITES secretariat has issued a “blockchain challenge” to encourage innovation. Ms. Squires believes that CITES would be a good place to pilot the approach and suggested that a steering group of associations be set up to consider it. However, blockchain is a new technology and it is important not to oversell it. The first stage should be to improve the level of understanding and to carefully assess where the real potential lies.

The delegate from Congo said that the presentation on the GGSC was very enlightening, particularly given the widespread perception that Chinese companies are less focused than their European counterparts on Sustainable Forest Management. He congratulated ITTO on their support for this initiative

The Chair concluded the meeting by thanking all speakers and delegates and reiterated the proposal of the Timber Advisory Group that ITTO should commission a study to examine why the industry’s long-term commitment to sustainable forest management has yet to deliver anticipated market benefits. He also emphasised the need for more co-operation between producers and consumers to improve promotion of tropical timber internationally.

Theme for 2019 Annual market discussion

The Trade Advisory Group (TAG) decided to defer its decision on the theme for the 2019 Annual Market Discussion. A theme will be conveyed to the ITTO Secretariat in advance of the next ITTC session.

APPENDIX B

STATEMENT OF THE TRADE ADVISORY GROUP (TAG)

Presented at the 2018 Annual Market Discussion by
Barney Chan (TAG Coordinator)
6 November 2018

Chairman

Ladies and Gentlemen

Sustainability and legality in the tropical timber trade are crucial issues; nobody knows it better than members of the Trade Advisory Group.

This very point was obvious in the recent trade agreement between Canada, USA and Mexico which pointedly acknowledges the importance of Sustainable Forestry Management (SFM) and noted its importance in sustainable development, conservation and sustainable use of resources. The agreement highlights green managed forests' contribution to global environmental security as well as the critical role of forests in providing essential ecosystem services, job creation and alleviating poverty. Significantly, the agreement has provisions to combat the illegal trade in timber and also, quite importantly, includes support for SFM and legal trade.

But, not many final users are aware of the positive carbon effects of using tropical timber when compared to other materials even though ITTO has started some preliminary work on LCA studies. While ITTO should be supporting more work on LCAs, the Netherlands Timber Trade Association (NTTA) commissioned a LCA study on pile sheeting and found that tropical timber supersedes all competing material like steel and PVC in terms of carbon dioxide emissions. In the *Centrum Hout* of NTTA, there is an online CO₂ calculation tool, supported by factsheets on environmental scores, LCA, CO₂, etc.

However, buyers and users of our wood products are not only looking at sustainability. They also want product reliability and quality. These are important considerations especially in the construction industry. Sadly, there are no universally accepted quality standards for in the international trade. There is a need for a process of certifying that a certain product has passed performance and quality assurance tests and meets qualification criteria stipulated in regulations or specifications.

In recent years, the CITES requirements have become a growing concern in some sectors of the market. The mechanics of administrating the certificates which are required under the different Appendices of CITES is proving to be challenging as some management authorities struggle with the paper work. TAG members feel that efficiencies could be gained if there was a system of e-permitting which was acceptable by all parties. TAG calls upon ITTO and CITES to work on an e-permitting system to enhance trade in CITES certified timber products.

ITTO seems to have lost the initiative gained from its early ground-breaking work on SFM. Today we have different definitions and expectations of sustainable forestry. Indeed the very prerequisite of SFM, "legality" is creating much confusion around the world. Today, the EU-TR, US Lacey Act and the Australian Illegal Logging Prohibition Act all have different definitions of "legality". Worse still, the definitions used by the world's leading timber certification schemes, FSC and PEFC, are not recognized in EU, USA and Australia and therefore do not provide a 'Green Lane' entry into the country. Producers have to consider at least five different approaches to basically the same concept --- legality. This is no joke for tropical timber producers and buyers who say they spend so much time and effort verifying legality that they do not have time to enhance their production or end uses of tropical timber.

In past years, TAG has called upon ITTO to work on a homogeneous definition of both legality and sustainability which everyone can use as this would add sorely needed clarity in the trade. It is time to re-visit this vexing issue.

The tropical timber trade in consumer countries is struggling because of declining market share, in part due to competition from engineered products and other substitutes. This is especially so in the EU.

Indeed the news is grim. In early 2018, a few European companies operating in Africa were badly hit. The French Group Rougier recently filed for bankruptcy blaming persistent difficulties in Cameroon, especially logistical problems in the port of Doula and a taxation system which undermined competitiveness.

Other European companies have scaled back or sold their operations in Africa. The Dutch firm Wijma had to sell several forest concessions in Cameroon to Vicwood, a Hong Kong-based company. Italian-owned Cora Wood, a renowned plywood manufacturer in Gabon, had to sell one of its concessions to a Chinese company. There are rumours that other European companies may soon exit Gabon and Congo. Certification cannot solve all our trade problems.

This is a big 'red flag' which our Organization should sit up and take careful note of. We should take time to work out what went wrong. We have to admit that business as usual is not good enough to save our industry and the forests. We have no choice but to be bold and look for answers outside our comfort zone. But the issues facing the tropical timber sector are huge and we are running out of time. At present ITTO has so few financial resources that our collective technical expertise cannot be deployed.

TAG was very encouraged to hear the Director General of the Japan Forestry Agency say that Japan is working to resume its voluntary contributions to ITTO. This is a very positive message. Meanwhile, all donors please consult among yourselves and take a brave step forward so ITTO can fulfil its mandate.

In conclusion:

ITTO has worked for 40 years on sustainability and trade promotion, yet tropical timber consumption in traditional markets has been declining for years. The TAG recognizes there seems to be a disconnect between ITTC and the timber industry which has allowed this to happen.

We propose a study be undertaken to uncover why SFM has not delivered the promise of an expanding market for tropical timber. From such a study, the ITTC could then decide upon a strategy to reverse this decline. If we do not act urgently, the conversion of tropical forest land will continue.

You, the Council members, have the answers. Let your actions in Yokohama demonstrate your collective commitment to the tropical forests of the world.

Thank you.

APPENDIX C

MARKET ACCESS

EUTR

In 2017, a number of European Commission Member States have stepped up enforcement efforts against noncompliant operators, including Sweden, UK, Germany, Netherlands and Denmark, showing that EUTR enforcement is being more effective in Member States. In addition, the EC launched legal proceedings in October 2017 for the first time against Member States for not enforcing the EUTR, sending a clear signal to all Member States to step up EUTR enforcement efforts.

In 2017 and early 2018, the Commission hosted 5 Expert Group meetings on the EUTR to share information and resources amongst Member States. A draft FLEGT Action Plan Work Plan document and new guidance documents on substantiated concerns and risk mitigation measures were adopted. The latest Timber Regulation Enforcement Exchange (TREE) meeting was held in October 2017, bringing together enforcement officials from EU, Australia and the US to support coordinated efforts to address the trade in illegal timber.

In addition, in early 2018, the EC launched and ran a public consultation on the EUTR product scope to gather evidence and views on whether the current product scope of the EUTR should be amended to a wider coverage for due diligence.

Lacey Act

Since 2008, the Lacey Act has set requirements for legality and declaration of a broader range of plants and plant products. To facilitate import declaration, USDA Animal and Plant Health Inspection Service (APHIS) has enforced ACE (Automated Commercial Environment) business rules since November 2016. In October 2017, USDA/APHIS announced an end to the blanket declaration pilot program in April 2018 which had been implemented since 2009, as importers move to the new ACE system.

In early 2018, USDA added two items to its regulatory agenda to address Lacey Act plant provisions, both of which are of substantial interest to wood products importers. USDA announced to solicit public comment on aspects of the Lacey Act declaration requirement for composite plant materials. USDA also announced to propose an exception to the declaration requirement for products that contain a minimal amount of plant material.

Australia Illegal Logging Prohibition Act

In early 2017, the 'soft start' period of the law, which was limiting enforcement action to serious or deliberate breaches of the law, came to an end so that it can now be fully enforced. In October 2017, the Australian government announced the introduction of a new 'deemed to comply' arrangement for FSC and PEFC certified products, which would exempt these products from the due diligence obligations. However, this exemption was blocked by Australian Senate in February 2018.

Japan Clean Wood Act

As a major timber importer, Japan developed a law to address illegal timber in the Japanese market. In May 2017, the Japanese "Clean Wood Act" entered into force, which requires all relevant businesses ("Wood-related Business Entities") to check the legality of the timber they import or trade. The Act also introduces a voluntary registration system for those Wood-related Business Entities that appropriately meet the requirements of the Act. With this law, Japan is joining the efforts of the EU, US and Australia in developing laws to stop illegally harvested timber from entering their markets, but there are some differences between the various approaches.

CITES

In July 2017, the EU announced funding of 7 million euro to support the CITES tree species programme, which includes 25 main exporting range States of CITES-listed tree species in Africa, Asia and Latin America. CITES Parties agreed to bring a further 300-plus tree species under CITES trade regulations at CITES CoP17 in 2016. As this programme used to be implemented by ITTO, CITES will continue to collaborate closely with ITTO in the implementation of this programme.

Regional Trade Agreements (RTAs)

In accordance with the facts and figures of WTO, as of December 2017, there were 290 RTAs that were in force and notified to the WTO, 18 agreements more than that in 2016. Among them, 13 RTAs involve ITTO producer members and more are under negotiation.

APPENDIX D

FOREST AND TIMBER CERTIFICATION

Two international certification systems, namely FSC and PEFC, continued to be the main schemes being implemented in ITTO producer member countries. The situation in 2017 for ITTO producer member countries in FSC and PEFC was as follows:

FSC: The FSC certified forest area reached 19.7 million hectares in ITTO producer countries by the end of 2017, which accounted for about 9.9% of global FSC certified forest area, a 3.7% increase on the previous year. Meanwhile, the number of CoC certificates reached 2,907 in ITTO producer countries, accounting for 8.6% of the world total. The top three countries with the highest FSC certified forest area in ITTO producer member countries are Brazil, Indonesia and the Republic of Congo. Brazil remained the most important with 6.4 million hectares of FSC-certified forest, while Indonesia reached 3.1 million ha with an increase of 11%, followed by 2.4 million ha in the Republic of Congo. For FSC-CoC certificates, Brazil tops the list with 1,016 certificates, followed by Vietnam (588 certificates) and India (409 certificates).

PEFC: The PEFC-certified forest area in ITTO producer countries reached 11.4 million hectares by the end of 2017, accounting for about 3.6% of the global area of PEFC-certified forest. Among three countries that had PEFC-certified forest area in ITTO producer member countries, Malaysia remained the most important, with 4.1 million hectares, a slight increase on the previous year. Indonesia replaced Brazil, increasing 98%, from 1.9 to 3.7 million ha., although Brazil's PEFC-certified forest area had increased by one-third to 3.6 million ha. Regarding PEFC-CoC certification, the number of CoCs reached 498 in ITTO producer countries, accounting for 4.3% of the world total. Malaysia remained in number one position with 356 (CoCs) Certificates.

As in previous years, PEFC continues to be the largest certification scheme in the world, with more than 60% of all certified forests globally. However, the share of FSC-certified forests was more than PEFC in ITTO producer member countries in 2017.

National Schemes:

In addition, three national certification systems, CERFLOR of Brazil, MTCC of Malaysia and IFCC of Indonesia had been endorsed by PEFC, and their certification statistics were included in PEFC statistics. The number of IFCC and CERFLOR certificates have increased rapidly and has been the main driver for the growth of certified forest area in ITTO producer member countries in 2017.

The other two national schemes of Indonesia remained at a similar level. The Indonesian Timber Legality Assurance System (the SVLK) had certified 22.9 million hectares of forest in 2017, a slight increase on 2016. The Indonesian Ecolabelling Institute (LEI) has 2.4 million hectares of certified forest, similar to the previous year.

* * *



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT**

Distr.
GENERAL

CRF(LII)/5
8 November 2018

ENGLISH ONLY

FIFTY-SECOND SESSION
5 - 9 November 2018
Yokohama, Japan

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

Table of Contents

Report

Appendix A: Shortlist of Completed Projects in the Field of Reforestation and Forest Management Considered Relevant for Ex-post Evaluation

Item 1 - Opening of the Session

The Fifty-second Session of the Committee on Reforestation and Forest Management (CRF) was opened on 6 November 2018 by Mr. Dambis Kaip (Papua New Guinea), Chairperson of the CRF. The CRF Session adopted the provisional agenda as contained in Document CRF(LII)/1.

Item 2 - Adoption of Agenda and Organization of Work

The Provisional Agenda for the CRF, as contained in Document CRF(LII)/1, was duly adopted. To expedite proceedings, the Agenda items 4 and 6 were considered at the Joint Session of the Committees convened on 6 November in order to ensure that all agenda items are covered within the limited time available to the Committee. The Chairperson of the CRF proposed to organize the Session in the following order: Item 3, Item 5, Item 7, Item 9, Item 10, Item 8, Item 11, Item 12, Item 13, Item 14 and Item 15. The list of participants is presented in Document ITTC(LIV)/Info.2.

Item 3 - Admission of Observers

The Committee admitted the Observers listed in Document ITTC(LIV)/Info.3 Rev.1, as approved by the Council.

Item 4 – ITTO Annual Market Discussion - 2018

The Committees noted the summary of the ITTO Annual Market Discussion – 2018, held in the Joint Session of All Committees on 6 November 2018, as contained in Appendix A to Document CEM-CFI(LII)/4. The theme of the Market Discussion was “Private Sector Tropical Timber Promotion Initiatives – An Opportunity for Collaboration”. Mr. André de Boer (TAG Co-coordinator) chaired the Market Discussion.

The following feature presentations were made during the Market Discussion (available on www.itto.int):

Mr. Benoît Jobbé-Duval, Managing Director Association Technique Internationale des Bois	<i>Fair and Precious, the Umbrella Brand to Support Certified Tropical Timber</i>
Ms. Françoise van de Ven, Secrétaire-Générale Union des Forestiers Industriels du Gabon et Aménagistes (UFIGA)	<i>Tropical Forest, Legality, Sustainability, Certification and Soccer Fields!</i>
Dr. Qian Meng, Research Associate Research Institute of Forestry Policy and Information Chinese Academy of Forestry	<i>The Newly Launched Global Green Supply Chain (GGSC) – A Chinese Private Sector Initiative for Sustainable Timber Purchasing</i>
Mr. Eric D. de Munck, MSc. Netherlands Timber Trade Association (NTTA) Timber Information Centre	<i>Strengthening Sustainable Tropical Timber in Civil Works – a Dutch Private Sector Promotion Initiative</i>
Mr. Ngo Sy Hoai, Vice Secretary General Vietnam Timber and Forest Products Association Secretary General, Vietnam Forester Club	<i>Promoting Partnership between Private Sector and Small Households for Sustainable Production and Marketing of Planted Wood in Vietnam</i>
Mr. Gleisson Tagliari, Director Mato Grosso State Timber Production and Exportation Industries Center (CIPEM)	<i>Responsible Production – Forest Guardians</i>
Ms. Cindy Squires, Executive Director International Wood Products Association (IWPA)	<i>North America – A Multi-Modal Collaborative Tropical Timber Promotion Strategy</i>

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

Item 5 - Policy Work

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

(i) Restoration, conservation and sustainable use of mangrove ecosystems [Activity 5, ITTO Biennial Work Programme 2018-2019]

The Secretariat reported to the Committee on the progress made in the implementation of this Activity as follows:

- This activity was approved as a part of the ITTO Biennial Work Programme (BWP) 2018-2019 by the Council in November 2017. It aims to conduct a global mangrove thematic study to review the future potential of sustainable management of mangroves in securing ecosystems and in improving the resilience of vulnerable coastal communities.
- This activity is a follow-up to the recommendations of the International Conference on Sustainable Mangrove Ecosystems held on 18-21 April 2017 in Bali, Indonesia with the generous contribution of the Governments of Japan and the United States. The conference was organized jointly by ITTO, the Ministry of Environment and Forestry of Indonesia and the International Society of Mangrove Ecosystems (ISME) with the support of many partners, including the Center for International Forestry Research (CIFOR), FAO, US Forest Service, and AFoCo as well as civil society groups and the private sector in Indonesia.
- The outcomes of the International Conference on Sustainable Mangrove Ecosystems, including “Bali Call to Action for Sustainable Mangrove Ecosystems, are available on the ITTO Website. ITTO’s Tropical Forest Update (26 No 3) reported on the International Conference. The outcomes were also introduced in an official side event of UNFCCC COP23 titled “Mangroves in the Tropics: Realizing the potential for Climate Change Mitigation and Adaptation” on 13 November 2017.

The Committee noted that this activity is still pending financing and it will be implemented in collaboration with close partners as soon as the necessary financing is made.

(ii) Monitor progress in the application of criteria and indicators for sustainable forest management, collaboration on criteria and indicators for SFM [Activity 8 (a) & (b) and Activity 15, ITTO Biennial Work Programme 2018-2019]

The Secretariat reported to the Committee on the progress made in the implementation of the Activity 8 (a) & (b) and the Activity 15 as follows:

- No national workshop on the promotion of the ITTO Criteria and Indicators, approved by the council in 2016, was organized by the ITTO Secretariat in 2018 because the Activity 8 (a) is pending financing. These national workshops on ITTO Criteria and Indicators are supposed to give priority to new ITTO member countries, while taking the opportunity to incorporate some related topics such as forestry auditing, forest certification, international reporting requirements, etc.
- As the Activity 8 (b) is pending financing, the revision of the ATO-ITTO Principles, Criteria and Indicators (PC&I) for the sustainable management of African natural forests was not undertaken by the ITTO Secretariat. This revision is considered as an urgent matter for the African ITTO member countries, as the current set of ATO-ITTO PC&I was already endorsed by many ITTO member countries in Africa as part of their national forest policies. It is also used as a reference policy document contributing to the implementation of the Voluntary Partnership Agreement (VPA), under the Forest Law Enforcement Governance and Trade (FLEGT), being negotiated by some ITTO member countries in Africa with the European Commission. This ITTO Policy publication is a tool contributing to strengthen the cooperation and collaboration on SFM issues between ITTO and African member countries, because it had been promoted through the implementation of the ITTO phased regional project PD 124/01 (M).
- There was no participation of ITTO in international meetings regarding Criteria and Indicators because the Activity 15 is pending financing. Thus, ITTO could not take advantage of synergies with other international organizations (FAO and others) dealing with the use of Criteria and Indicators as a guidance tool for the promotion of sustainable forest management in the tropics. As the 2016 version of the ITTO Criteria and Indicators is closely correlated to the ITTO Voluntary Guidelines for the sustainable management of natural tropical forests, adopted by the Council through the Decision 4(XLIX) and published in 2015, it is important to give priority to the holding of the third regional workshop on the ITTO Voluntary Guidelines for Latin American countries if funds are made available by the 54th ITTC session.
- Work will commence for the Activity 8 (a) & (b), as well as for the Activity 15, upon funds being made available.

During the discussion on this Item 5 (ii) of the Committee agenda, the Delegation of Cambodia made comments on the implementation of this Activity in relation to the definition of forests in the ITTO publication on Voluntary Guidelines for the Sustainable Management of Natural Tropical Forests which is focused on natural forests and is not taking into account the man-made forests. The Secretariat clarified that there is a separate ITTO publication on the Establishment and Sustainable Management of Planted Tropical Forests.

**(iii) Update the ITTO Guidelines for Forest Landscape Restoration
[Activity 10 (b), ITTO Biennial Work Programme 2018-2019] [Document CRF(LII)/4]**

The Secretariat reported to the Committee on the progress made in the implementation of this Activity as follows:

- As part of the ITTO Biannual Work Programme (BWP) 2018-2019 adopted by the Council in November 2017, the activity is to revise the ITTO Guidelines for the management of secondary tropical forests, the restoration of degraded tropical forests and the rehabilitation of degraded forest land which was published in 2002, taking into account global emerging issues and priorities.
- ITTO has been engaged in the analysis of on-going Forest Landscape Restoration (FLR) programmes of the Collaborative Partnership on Forests (CPF) members under the CPF Joint Initiative on FLR which is being implemented by IUCN with funds from the Global Environment Facility (GEF).
- Two consultants, Prof Jürgen Blaser (Switzerland) and Dr. Cesar Sabogal (Peru) are currently analysing the FLR programmes of the CPF members. Partial financial support was provided by the Korean government and the consultants recently produced a comprehensive report in Document CRF(LII)/4. They are also reviewing the proposed revision of the ITTO restoration guidelines (2002).
- A FLR expert group meeting will take place in Bangkok, Thailand, to facilitate the review of the on-going FLR programmes and development of ITTO/CPF restoration guidelines for degraded tropical forest landscapes which would contribute to developing policies and actions for a wide range of committed stakeholders of the CPF and the Global Partnership on Forest and Landscape Restoration (GPFLR)

The consultant, Prof Jürgen Blaser made a presentation on ITTO's restoration guidelines and highlighted the following points:

- The objectives and overall focus of new ITTO/CPF Restoration Guidelines for Tropical Forest Landscapes could focus on "Building sustainable forest landscapes in the tropics" and the scope of new guidelines could include mainstreaming FLR in national development programmes/plans with technical guidance on restoration assessment, integrated landscape management, capacity development and cost-effective monitoring schemes.
- Missing aspects in the current FLR process include tenure and resource use rights, market strategies and value chains for FLR products, partnership building at multiple levels and strategies to build connectivity of fragmented forests
- Possible restoration situations for FLR options include forest production areas, forest protection areas, riparian strips, regenerating forest areas in mosaic landscapes, degraded agriculture areas, degraded pasture/grazing areas and degraded mangrove areas

In the ensuing discussion to review the focus, purpose and scope of the new guidelines, key comments made by delegates include the following:

- The Delegation of Benin, supported by the Delegation of Mexico, noted the importance of identifying the causes of forest degradation for development of more effective restoration strategies and encouraged the inclusion of guidance for forest fires and sacred forests in new guidelines.
- The Delegation of Germany highlighted that revised/new guidelines should provide guidance on restoring degraded tropical forests and should be a practical technical guide. He also underscored the importance of providing guidance on securing land tenure to ensure long-term management responsibility of restored degraded tropical forests along with cost-effective monitoring schemes to support the success of long-term restoration efforts.
- The Delegation of Cambodia, supported by the Delegations of Thailand and Guatemala, emphasized the importance of providing guidance on plantations for timber production and engagement of the private sector for investment.
- The Delegation of Republic of Korea commented on the importance of restoration in achieving sustainable forest management and informed the Committee that the Korean government would finance an amount of US\$150,000 to this restoration policy work for the implementation of ITTO BWP 2018-2019.

- The Delegation of the United States supported the need for clear geographical coverage of new guidelines and refined definition of FLR in terms of economic, social and ecological aspects. She noted some missing aspects in the current FLR process such as tenure and resource use rights, market strategies and value chains and partnership building at multiple levels. In the new guidelines, she recommended the inclusion of the existing tools developed by partners including the World Research Institute and looked forward to the advancement of new guidelines with inputs from CPF members.
- The Delegation of Japan noted the importance of more clear specification of the target audiences including the private sector; generic guidance in line with ITTO's mandates and core businesses to enhance fundraising strategies and sustainable use of planted forests.
- The Delegation of Mexico noted the need for country specific management approaches to address land tenure issues, introducing the national restoration strategies including the provision of environmental services to support recovery of ecological resilience as well as human well-being. Regarding monitoring of restoration activities, he pointed out that appropriate indicators are useful to assess the progress of FLR.
- The Delegation of Guatemala suggested the development of national FLR strategies with identification of active goals to address degraded ecosystems including soil degradation and specifying the role of the government in promoting restoration practices.
- The Delegation of Finland encouraged inputs from CBD and UNFCCC in reconciling biodiversity and carbon in restoration of degraded tropical forests. She emphasized the need to provide more guidance on gender aspects/empowering women in FLR in new guidelines.

The Committee commended the consultant, Prof. J Blaser for his comprehensive report and presentation. The Committee expressed its gratitude to the Korean government for pledging an amount of US\$150,000 to support the implementation of this activity. The Committee looked forward to the advancement of the development of ITTO/CPF restoration guidelines for degraded tropical landscapes, incorporating the comments made during the current session and inputs from the upcoming FLR expert group meeting in Bangkok and CPF members.

**(iv) Prevention and management of fire in tropical timber-producing forests
[Activity 12, ITTO Biennial Work Programme 2018-2019]**

The Secretariat reported to the Committee on the progress made in the implementation of this Activity as follows:

- This activity aims to enhance synergies between ITTO forest fire projects and international mechanisms. More specifically this activity intends to assist the participation of ITTO forest fire related project teams/stakeholders in national/regional forest fire meetings and in the 7th International Wildland Fire Conference (IWFC) which will be held in October 2019 in Campo Grande, Mato Grosso do Sul, Brazil.
- The 7th IWFC is being hosted by the Ministry of Environment of Brazil through IBAMA. The 7th IWFC is being organized in collaboration with FAO, UN International Strategy for Disaster Reduction (UNISDR), Global Fire Monitoring Center, USFS and other partners. The main theme of the 7th IWFC is "Facing Fire in a Changing World: Reducing Vulnerability of Landscapes and People by Integrated Fire Management". The sub-themes to be discussed during the IWFC 2019 are:
 - Role / Contribution of Civil Society in Integrated Fire Management (IFM),
 - IFM Concepts for Promoting and Stabilizing Resilient Landscapes,
 - Contribution of IFM to Mitigate Impacts on Atmosphere and Climate,
 - Technological Advances on Prevention and Fighting Wildfires, and
 - IFM as Key Element of Fire Management Policies. This policy discussion will include fire management in the international agendas such as the Sustainable Development Goals, the Paris Agreement and the Sendai Framework for Disaster Risk Reduction 2015-2030 (Sendai Framework).
- In its policy work, ITTO developed Guidelines on Fire Management in Tropical Forests in 1997 after the extensive fires in SE Asia during the El Niño of 1982-83. In terms of building capacity to address challenges in fire management, ITTO has supported many projects and made an Ex-Post Evaluation of the Thematic Group on Forest Fire covering 11 Projects in 2015.
- ITTO is currently a member of the Global Wildland Advisory Group of the United Nations International Strategy for Disaster Reduction (UNISDR) and International Liaison Committee (ILC) of International Wildland Fire Conferences. ITTO provided support to the 6th IWFC which took place in October 2015 in South Korea by providing assistance to 14 participants from ITTO member countries and organizing a side event. As such, ITTO will continue to seek support for capacity building fire management capacities in its Producer Member Countries through strengthening partnerships to develop a tropical forest fire prevention and management programme.

In the discussion, the Delegation of Benin noted that forest fires have been one of the most threatening factors destroying long-term SFM achievements and practices on the ground and considered this activity as a high priority. He suggested that all forest fires-related projects awaiting financing should receive good support from donors and wanted the revitalization of the unfunded forest fire project in Benin. The Committee noted the importance of this policy activity in the implementation of the BWP 2018-2019.

(v) 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)]

The Committee took note that this policy activity has been an agenda item of the Council to provide an update on the recent developments in the UNFCCC regarding forest in particular REDD+ in developing countries. The invited REDD+ expert, Dr. Makino Yamanoshita (Senior Researcher, Forest Conservation Team at the Institute for Global Environmental Strategies (IGES), Japan) made a presentation on the developments in the international climate change discussion regarding forests, highlighting the following:

- IPCC's Special Report on Global Warming of 1.5°C released in October 2018 showed the important role of the forest as there is an increasing need for large scale emission reductions from deforestation and removals by afforestation and restoration. Land sector needs to turn into the sink.
- Overall progress with REDD+ is moving slowly from readiness to results-based payments. It is essential to scale up REDD+ financing in order to speed up its implementation. The pilot programme for REDD-plus results-based payments which was adopted at the 18th meeting of the Green Climate Fund's Board held in 2017 is operational with a maximum amount of USD 500 million until 2022.
- Japan's JCM (Joint Crediting Mechanism) REDD+ is a public-private partnership. Guidelines for JCM REDD+ have been agreed between concerned organizations between Japan and Cambodia and one forest conservation project is in the pipeline with support of a NGO and a private company in Japan.

In the discussion, Delegation of Cambodia pointed out that plantations in degraded tropical forests would be an important solution in addressing the global warming highlighted in the IPCC's Special Report on Global Warming of 1.5°C. He underlined the importance of planted forests and agroforestry in directly contributing to job creation and livelihood improvements of local communities while reducing pressures to natural forests. He encouraged ITTO to play an increasing role in promoting the sustainable use of planted forests. The Delegation of Benin said that REDD+ has been promoted as an important solution to climate change mitigation issues but its progress has been slow due to limited access to REDD+ financing. He encouraged ITTO to support his country's access to REDD+ financing. The Delegation of Thailand said that plantations of fast-growing species would bring quicker results in tackling the urgent global warming challenge. The Delegation of Japan noted the importance of financing of forest sector to reflect the increasing roles of forest sector in climate change mitigation.

The Committee commended Dr. Yamanoshita (IGES) for her presentation.

(vi) Joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity [Decision 6(XLVI)]

The Committee took note that this policy activity has been an agenda item of the Council to update the implementation of the ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity. This Joint Initiative aims to provide support to ITTO producer member countries in enhancing local capacity for biodiversity conservation in production forests and improving conservation and management of protected areas, especially in association with buffering protected areas and transboundary conservation. The Secretariat reported to the Committee on the progress made in the implementation of this Joint Initiative as follows:

- Under the ITTO-CBD Collaborative Initiative, 12 projects are operational in the three tropical regions as of Oct 2018 and a total of over USD 15 million has been mobilized.
- Information on the projects under the ITTO-CBD Collaborative Initiative was welcomed by the CBD Subsidiary Body on Implementation at its Second meeting in July 2018. In the draft decisions of the 14th Meeting of CBD COP (Sharm El-Sheikh, Egypt, 17-29 November 2018) under Item 14 (Cooperation with other conventions, international organizations and initiatives), paragraph 27 specifies "further strengthening the collaboration of the CBD Secretariat with the International Tropical Timber Organization under the Collaborative Initiative for Tropical Forest Biodiversity".
- Collaboration with the CBD Secretariat would include the development of a communication strategy on the outcomes generated by the Initiative in the coming years.
- This Initiative is already visibly contributing towards the achievement of the Strategic Plan for Biodiversity 2011-2020, in particular, the forest-related Aichi Biodiversity Targets 5, 7, 11 and 15.

During the discussion, the Delegation of Benin commended the work of the Secretariat under the Collaborative Initiative and looked forward to the effective implementation of the Initiative including a sacred forest project in his country.

(vii) Development and implementation of “Guidelines for Environmental and Social Risks and Impacts Assessment (ESIA) in ITTO Projects”

As a new item of policy work, the Committee reviewed the development and implementation of “Guidelines for Environmental and Social Risks and Impacts Assessment (ESIA) in ITTO Projects”. The Secretariat reported to the Committee on the implementation of the Guidelines for ESIA, highlighting that these guidelines were approved by the Committee at its fifth session in November 2016 with a recommendation for its implementation in a pilot phase. The 2016 Guidelines for ESIA were amended to reflect the guidance of ITTO Policy Guidelines on Gender Equality and Empowering Women (GEEW) which were adopted by the Council in 2017 in a consistent and coherent way. The amended version of the 2016 Guidelines for ESIA was briefly introduced to the Committee for review.

In the discussion, the Delegation of Cambodia requested clarification on who will conduct the environmental and social impact assessment independently from a proposal proponent team. He also requested clarification on who will pay the costs in engaging an accredited agency specialized for such assessment which would require not only a certain financial resource but also a long public consultation process. He recommended that an in-depth review should be implemented of existing environmental and social impact assessment practices at national and local levels in order to refine the 2016 ESIA guidelines. The Delegation of the United States recommended more inputs from countries should be encouraged and that the 2016 ESIA guidelines should be reviewed by the Expert Panel for Technical Appraisal of Project Proposals at its next meeting. Noting that the current ITTO Manual for Project Formulation already contains social and environmental impacts and risks assessment, the Delegation of Togo considered that guidance on environmental and social impact and risk assessment is already provided in the Project Formulation Manual and this is sufficient without developing new guidelines for ESIA. He recommended revision of Project Formulation Manual providing more guidance on ESIA.

In light of the importance of practical implementation of the 2016 Guidelines for ESIA, the Committee recommended that the 2016 Guidelines be refined to address the implementation problems requiring a high cost and long consultation process when a proposal proponent undertakes ESIA. It also recommended that the Expert Panel for Technical Appraisal of Proposals at its next meeting should have an interactive review of the issue of ESIA with more inputs from countries. The Committee further recommended that the refined version of the 2016 Guidelines for ESIA, with track changes, be made available to member countries for their inputs. The track changed version of the refined version, incorporating member countries inputs, will be made available in advance to facilitate its review at the next session of the Committee.

Item 6 - Report of the Expert Panel for Technical Appraisal of Project Proposals

The Joint Session of All Committees considered the report of the Expert Panel for Technical Appraisal of Project Proposals presented by panel member, Mr. Jobst-Michael Schroeder (Germany), as contained in document ITTC/EP-53.

In its general findings and recommendations, as derived from the appraisal of 39 proposals (33 projects and 3 pre-projects), the Fifty-third Panel noted that the quality of the proposals improved in comparison to those assessed in the previous Panel, which is reflected by the fact that:

- Five (5) Proposals (13 percent of the total) received a category 4, indicating that the Expert Panel does not commend these to the Committee for approval as they require complete reformulation;
- Eighteen (18) Proposals: 1 Pre-project and 17 Project Proposals (46 percent of the total) will be sent back to proponents for essential revisions, rated as category 2;
- Sixteen (16) Proposals: 2 Pre-project and 14 Project Proposals (41 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1).

Only 3 of the total 39 proposals were categorized under Forest Industry, 5 were categorized under Economics, Statistics and Markets and 31 (79%) under Reforestation and Forest Management. Government agencies submitted 15 proposals, research organizations submitted 13 proposals, and NGOs submitted 11 proposals. Only 2 proposals were submitted from a Women’s Association and none from youth related Associations. Only one proposal focused on transboundary conservation and two proposals were focused specifically on gender issues. Although the Panel noticed that more proposals included gender aspects, there is

still a need to further integrate gender according to the ITTO Policy Guidelines on Gender Equality and Empowering Women (GEEW).

The presentation also highlighted general findings and recommendations of the Expert Panel at its Fifty-third meeting, which include the need to include relevant elements from the ITTO Policy Guidelines on Gender Equality and Empowering Women (GEEW) and the Guidelines for Environmental and Social Risks and Impacts Assessment in ITTO Projects in the Panel members' Scoring Sheet.

Item 7 – 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 the Expert Panel's ratings and circulated to member countries pursuant to Decision 6(XLIII), as contained in Document ITTC/EP-52, following the recommendations of the Expert Panel at its Fifty-third Meeting held in Yokohama, Japan from 9-13 July 2018, as follows:

Fifty-third Expert Panel

Category 1:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 781/15 Rev.3 (F)	Master Plan for the Repositioning of Forest Management as A Competitive Land Use in the Agroforestry Landscape of the Northern Region of Costa Rica	Costa Rica
PD 842/17 Rev.2 (F)	Exploring Innovative and Appropriate Tenure Conflicts Resolution Model on State Forest for Strengthening Forest Management Unit (<i>Kesatuan Pengelolaan Hutan/KPH</i>) in Implementing Sustainable Forest Management	Indonesia
PD 849/17 Rev.2 (F)	Increasing Commercial Reforestation Competitiveness in Costa Rica	Costa Rica
PD 868/18 Rev.1 (F)	Improving Local Governance for Landscape Restoration in the San Alejandro River Subwatershed, Padre Abad Province, Department of Ucayali, Peru	Peru
PD 873/18 Rev.1 (F)	Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and its Area of Influence in Mexico and Guatemala – Phase II	Guatemala
PD 881/18 Rev.1 (F)	Gender Mainstreaming in the Development of Actions to Control Deforestation and Forest Degradation in the Congo Basin	Cameroon
PD 884/18 Rev.1 (F)	Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia	Colombia
PD 887/18 Rev.1 (F)	Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo	Togo
PD 888/18 Rev.1 (F)	Enhancement of the Participatory Bushfire Prevention and Management System in Togo	Togo
PD 891/18 Rev.1 (F)	Bamboo for Life: An Alternative for the Rehabilitation of Degraded Forest Lands and Sustainable Rural Development in the San Martin Region, Peru	Peru
PPD 191/18 Rev.1 (F)	Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo	Togo
PPD 192/18 Rev.1 (F)	Formulation of A Project Proposal on “Strengthening Forest Research to Improve the Efficient Use of Timber and The Conservation and Sustainable Development of Forests in Guatemala”	Guatemala

Category 4:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 869/18 (F)	Developing Decision Support System for Private Forest Governance in Java	Indonesia
PD 872/18 (F)	Exemplary Indigenous Species Reforestation With Legally Registered Land Ownership Title Deeds For 100 Marginalized Women On Apeguso-Frankadua Degraded Savanna Woodlands, Ghana	Ghana
PD 875/18 (F)	Fighting Ecosystem Deforestation in Mexico's Caribbean Coast	Mexico
PD 882/18 (F)	Reduction of the Vulnerability of Mangrove Ecosystems to Combat Climate Change and Improve the Living Conditions of Communities, Abbreviated to "REVEMAC AP"	Cameroon
PD 885/18 (F)	Finding and Report of Typical Cases on the Conversion of Planted Tropical Forest to Natural Tropical Forest (Secondary Tropical Forest) in Hainan Province, China	China

The Committee took note that the Fifty-fourth and Fifty-fifth Meetings of the Expert Panel are tentatively scheduled for 4-8 February 2019 and 24-28 June 2019, respectively based on Document ITTC(LIV)/Info.6 – Project Cycle Calendar for Spring 2019 and Document ITTC(LIV)/Info.7 - Project Cycle Calendar for Autumn 2019.

Item 8 – Review of Projects and Pre-projects in Progress

The Committee was informed that the Secretariat's report and the Committee's discussion were limited to the following projects and pre-projects in order to expedite proceedings, in accordance with the Section VI of Annex A to Decision 4(XXV):

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

8.1 Projects

The Committee took note of the status of projects that had been approved by the Council, as contained in Document CRF(LII)/2, as categorized: (A) projects under implementation (twenty-three projects); (B) projects awaiting implementation agreement (one project); and (C) projects awaiting financing (twenty-one projects).

Then, the Committee considered the implementation issues, details of which were as follows:

(A) Projects under implementation

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

The Committee took note that the implementation of this project had contributed to the sustainable management of the rural forest estate in Gabon and organizing the village estates and combating poverty in the communities established in the rural areas through the development of community forests. The project contributed to experiment the establishment of three pilot community forests and to develop SFM guidelines for community forests based on the results derived from established pilot community forests. Referring to question from the Delegation of Germany, the Secretariat explained to the Committee that the project specific objective was still relevant although its operation period lasted 89 months instead of 36 initially planned by the implementing agency because of the restructuring of the executing agency and very frequent turn-over of project coordinators.

The Committee also noted that, in August 2016, the Secretariat received the Completion Report. However, the Final Financial Audit Report has not been submitted by the Executing Agency. The Secretariat sent several reminder correspondences to the Executing Agency asking for the submission of the Final Financial Audit Report, at its earliest convenience, in order to strictly abide to ITTO's rules and procedures applying to ITTO projects. The Committee recalled that it had already urged the Executing Agency to submit

the Final Financial Audit Report at its Fitty-first Session. There was no Delegation attending the Committee in order to comment on this issue prior to the adequate decision to be made by the Committee.

The non-compliance with ITTO rules and procedures, by not submitting the required final financial audit report to the ITTO Secretariat, as well as the lack of reaction of the implementing agency to reminder messages sent by the ITTO Secretariat, was a basis for the Committee to consider recommending the termination process of this project in accordance with the rules and procedures applying to ITTO projects.

However, the Delegation of Japan did not support the recommendation for the termination process of this project and asked the Secretariat to continue reminding the implementing agency the urgent need to submit the Final Financial Audit Report. In addition, the Delegation of Togo suggested that the Secretariat could consider undertaking a special financial monitoring mission in order to assess the use of the ITTO funds not covered by the previous Financial Audit Reports, if the Final Financial Audit Report is not submitted by a new deadline to be proposed by the Secretariat. Therefore, the Committee urged the project implementing agency to submit the Final Financial Audit Report, by 31 March 2019.

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

The Secretariat reported to the Committee on the progress made in the implementation of this regional project dealing with the forestry training in the Congo Basin countries, as follows:

- The completion of activities in relation to the capital goods (with all construction/rehabilitation of buildings completed, all vehicles, computers and accessories, as well as forest equipment and materials purchased and delivered) for the benefit of seven RIFFEAC training institutions directly supported by the project (CRESA-Yaoundé in Cameroon, ENEF-Libreville in Gabon, ENEF-Mbalmayo in Cameroon, ERAIFT-Kinshasa in Democratic Republic of Congo, IDR-Brazzaville in Republic of Congo, ISDR-Mbaïki in Central African Republic and University of Dschang in Cameroon).
- The international conference on forestry training in Congo Basin countries, which was held on 5-7 March 2018, in Douala (Cameroon), was attended by more than one hundred experts from Congo Basin countries and from ITTO member countries in Africa, as well as from other continents (America, Asia and Europe). It was the opportunity to adopt the forestry-related training modules to be used by the forestry training institutions operating in the Congo Basin countries.
- The Executing Agency (RIFFEAC Secretariat) submitted a concept note to the Embassy of Japan and JICA Office in Cameroon, in order to start preliminary discussions which could provide appropriate guidance for the preparation of a second phase of this project, under the same partnership involving the COMIFAC, RIFFEAC, JICA and ITTO.
- The project extension was granted until March 2019 in order to allow the project executing agency to ensure the implementation/ownership of the training modules/programmes and associated teaching methodologies in all RIFFEAC training institutions operating in Congo Basin countries, including those not directly supported by the project PD 456/07 Rev.4 (F). The extension period will be also used for the follow-up of the preparation of a second phase of this project.

The Committee took note of the abovementioned achievements and administrative-related information on this project which had been extended until March 2019 in order to allow the executing agency to complete all project activities, including the preparation of the second phase within the partnership of involving COMIFAC, RIFFEAC, JICA and ITTO.

3) PD 495/08 Rev.4 (F) Guatemalan Forest Productivity Information System (Guatemala)

The Committee took note that this project has developed a database and information system on productivity (growth rates, species composition, etc.) of various forest types in Guatemala. It has also developed technical packages detailing qualities and end-uses for 11 important forest species (coniferous and broad-leaved). The information system and a project newsletter can be found on the project website (www.ppm.inab.gob). The final report and all technical outputs of the project were submitted to ITTO in July 2018 and are available on the Project Search function on www.itto.int in Spanish. The Committee also noted

that the final financial audit report was just submitted to ITTO by Executing Agency INAB prior to the 52nd Session and that the internal assessment of this audit report was satisfactory.

The Delegation of Guatemala informed the Committee that outcomes of the project such as the database and information system on productivity are playing an important role in improving forest management planning and implementation. He expressed appreciation to the Governments of Japan and the United States for financing the project.

The Committee further noted that all requirements for the completion of a project have been met in accordance with the rules and procedures of ITTO. The Committee therefore decided to consider the project as completed.

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

The Secretariat reported to the Committee on the progress made in the implementation of this project by the Forestry Development Authority (FDA) of Liberia, as follows:

- The project implementation had been further extended until December 2017, without additional ITTO funds by the ITTO Secretariat, based on an official request including proper justification with appropriate detailed work plan and budget. It was agreed that the implementation of this project was to be subject to a special arrangement between the executing agency (FDA-Liberia) and a consultancy team led by Juergen BLASER (as supervisor of Liberian students preparing post-graduate degree in HAFL-University of Bern, Switzerland) for updating and analyzing the data and information collected during the implementation of this project, in order to prepare a final technical report. A national workshop was planned for the validation of the final technical report. The most important part of the last installment of ITTO funds were supposed to be directly paid (in tranches) to the consultancy team for the abovementioned activities of this special arrangement.
- However, the project implementing agency (FDA-Liberia) had not submitted neither progress reports nor financial audit reports for the project implementation period covering 2017 and 2018. Therefore, the Secretariat could not assess the implementation of the abovementioned special arrangement which was recommended by the Committee during its 51st session, due to the lack of information.
- The non-compliance with ITTO rules and procedures, by not submitting required reports in 2017 and 2018 to the ITTO Secretariat, as well as the lack of reaction of the implementing agency to reminder messages sent by the ITTO Secretariat, could be a basis for the Committee to consider recommending the termination process of this project in accordance with the rules and procedures applying to ITTO projects.
- The Secretariat was informed about the most recent consultation undertaken between the HAFL-University of Bern in Switzerland and FDA-Liberia in order to revive the special arrangement which was not implemented in 2017 and 2018. Both parties confirmed their commitment to make efforts for the implementation of the abovementioned special arrangement during the new project extension to be granted by the ITTO Secretariat.
- The Delegation of Japan took note of this most recent consultation between the HAFL-University of Bern in Switzerland and FDA-Liberia.

The Committee took note that the new opportunity provided by a special arrangement to be concluded between the Executing Agency (FDA-Liberia) and a consultancy team from HAFL-University of Bern, Switzerland, for the project completion. The Committee asked the executing agency to request for a new project extension duly justified by a plan of operation taking into account the relevant elements of the abovementioned special arrangement between both parties.

5) PD 653/12 Rev.1 (F) Sustainable, Mixed and Pure Forest Plantation Development in the Transitional Zone of Ghana's Biakoye District Assembly, Employing Poverty Reduction Strategies (Ghana)

The Secretariat reported to the Committee on the status regarding in the implementation of this project by a national NGO, PICODEV-Ghana, as follows:

- The ITTO Secretariat received the Project Completion Report, but the Final Financial Audit Report was pending at the time of the holding of the 50th Committee session (in November 2016). Although the implementing agency (PICODEV-Ghana) was urged by the 51st Committee session (in December 2017) to strictly abide to ITTO's rules and procedures by submitting the Final Financial Audit Report (FFAR),

not later than the end of March 2018, no report was received by the ITTO Secretariat at the time of the preparation of Committee working documents.

- After an urgent recall sent by the ITTO Secretariat, the implementing agency promised to submit the FFAR, in order to get this project reported as completed by the Committee during its 52nd session in November 2018. However, the Secretariat has not received the Final Financial Audit Report yet, as it was still under preparation.

The Committee took note the promise made by the project executing agency to submit the Final Financial Audit report. Therefore, the Committee urged the project executing agency to submit the Final Financial Audit Report at its earliest convenience, but not later than 31 March 2019.

6) PD 668/12 Rev.1 (F) Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and Its Range of Influence in Mexico and Guatemala

The Committee took note that this project has promoted sustainable forestry and development on the flanks of the Tacana volcano which straddles the border between Guatemala and Mexico. It has provided training on SFM and implemented alternative livelihoods for local communities in Guatemala and Mexico. The project leader made a presentation on the main achievements of the project to the Committee at its last session in Lima. He highlighted the selection of 7 priority areas for restoration and conservation with the establishment of 12 forest nurseries, livelihood initiatives including ecotourism, agroforestry and silvo-pastoral systems and improved technical and legal frameworks for integrated management in the Tacaná Volcano in the frame of transboundary cooperation between the two countries.

The Committee noted that several technical reports and the final report are available on the Project Search feature on www.itto.int in Spanish and two videos summarizing project outputs (available on www.itto.int) were submitted to ITTO in the first half of 2018. The implementing agency (Helvetas) and participating governments contributed more to the project than anticipated due to ITTO's impairment of funds. A request to utilize the small amount of remaining funds to produce additional outreach materials (pamphlets, postcards, etc.) to disseminate project results was submitted and approved by ITTO in March 2018. The extra work on outreach materials using remaining project funds was completed in August 2018 and receipts submitted accounting for the use of these funds along with samples of the outreach products produced.

The Delegation of Guatemala commented on the importance of a transboundary cooperation project and expressed its gratitude to the Governments of Japan and the United States for financing the project and to the Secretariat for close cooperation.

The Committee further noted that all required technical reports have been received by the Secretariat and all ITTO funds except additional outreach product development expenditures have been accounted for. The Committee therefore decided to consider this project completed subject to the receipt of a satisfactory audit report for additional outreach product development expenditures.

(B) Projects awaiting implementation agreement

The Committee noted that one project is currently awaiting implementation agreement, as contained in Document CRF(LII)/2.

1) PD 764/14 Rev.3 (F) Enabling Customary Landowners to Participate Effectively in Community Forest Management Schemes Within 6 Pilot Areas of PNG

The Committee noted that the project aims to establish a model community-based land ownership mapping and forest resource assessment system that supports CFM schemes in PNG by the PNG Forest Authority. The project agreement was sent to PNG Forest Authority after an amendment to the project document. The Delegation of PNG informed the Committee that the signing of the agreement has been delayed due to the official formalities required to get beforehand the no-objection of concerned offices including the State Solicitor's office in PNG. The Committee urged the Executing Agency to expedite the early conclusion of signing the project agreement for the immediate commencement of the project.

(C) Projects awaiting financing

The Committee noted that the following twenty-one projects approved at earlier and current sessions were still awaiting funding, out of which nine projects will be sunset if funding is not made available before

the next session. The Chairperson encouraged the Committee members and other donors to provide funding for the implementation of these projects.

- Projects with an asterisk (*) will become sunset in April 2019
 - Projects with two asterisks (**) will become sunset in July 2019
- 1) **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)
 - 2) **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)
 - 3) PD 723/13 Rev.2 (F) Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar – Phase I Stage 2 (Myanmar)
 - 4) **PD 735/14 Rev.2 (F) Enhancing Partnership Efforts to Restore Peat Swamp Forests in Sumatra (Indonesia)
 - 5) **PD 736/14 Rev.1 (F) Enhancing Conservation and Sustainable Production of Indonesian Rosewood (*Dalbergia spp*) (Indonesia)
 - 6) **PD 739/14 Rev.1 (F) Initiating the Conservation of Eboni Species (*Diospyros celebica Bakh*) Involving Local Stakeholders in Sulawesi (Indonesia)
 - 7) PD 765/14 Rev.3 (F) Development of A Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines – Phase II (Guatemala)
 - 8) PD 781/15 Rev.3 (F) Master Plan for the Repositioning of Forest Management as A Competitive Land Use in the Agroforestry Landscape of the Northern Region of Costa Rica (Costa Rica)
 - 9) *PD 812/16 Rev.2 (F) Promoting Community-Level Forest Landscape Planning, Diversification, Restoration and Protection to Reduce Forest Degradation and Improve Biodiversity and Local Livelihoods (Ghana)
 - 10) *PD 836/17 Rev.1 (F) Enhancing Capacity of Local Communities and Forest Administration to Effectively Implement Community Forestry Programme (CFP) in Kratie and Mondulkiri Provinces of Cambodia (Cambodia)
 - 11) PD 842/17 Rev.2 (F) Exploring Innovative and Appropriate Tenure Conflicts Resolution Model on State Forest for Strengthening Forest Management Unit (*Kesatuan Pengelolaan Hutan/KPH*) in Implementing Sustainable Forest Management (Indonesia)
 - 12) PD 849/17 Rev.2 (F) Increasing Commercial Reforestation Competitiveness in Costa Rica (Costa Rica)
 - 13) *PD 853/17 Rev.1 (F) Forest Fire Prevention and Response in Tropical Forests and Forest Plantations in Peru (Peru)
 - 14) *PD 861/17 Rev.1 (F) Carbon Storage in Timber Producing Forests as a Value Criterion in Rural Communities in the Yucatan Peninsula, Mexico (Mexico)
 - 15) PD 868/18 Rev.1 (F) Improving Local Governance for Landscape Restoration in the San Alejandro River Subwatershed, Padre Abad Province, Department of Ucayali, Peru (Peru)

- 16) PD 873/18 Rev.1 (F) Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and its Area of Influence in Mexico and Guatemala – Phase II (Guatemala)
- 17) PD 881/18 Rev.1 (F) Gender Mainstreaming in the Development of Actions to Control Deforestation and Forest Degradation in the Congo Basin (Cameroon)
- 18) PD 884/18 Rev.1 (F) Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia)
- 19) PD 887/18 Rev.1 (F) Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo (Togo)
- 20) PD 888/18 Rev.1 (F) Enhancement of the Participatory Bushfire Prevention and Management System in Togo (Togo)
- 21) PD 891/18 Rev.1 (F) Bamboo for Life: An Alternative for the Rehabilitation of Degraded Forest Lands and Sustainable Rural Development in the San Martin Region, Peru (Peru)

8.2 **Pre-project**

The Committee took note of the status of approved pre-projects, as contained in Document CRF(LII)/2 and considered the implementation issues, details of which were as follows:

(A) Pre-projects under implementation

The Committee noted that there was no pre-project currently under implementation.

(B) Pre-projects awaiting implementation agreement

The Committee noted that one project is currently awaiting implementation agreement, as contained in Document CRF(LII)/2.

1) PPD 189/17 Rev.2 (F) Development of A Full Project Proposal to Generate Tools to Ensure the Establishment of Timber Forest Species through Natural Regeneration in the Province of Tahuamanu, Peru (Peru)

The Committee noted that the pre-project document has been revised to adjust its budget based on the pledge made in the ITTC-53 in Lima. It will be implemented by the National Agrarian University of La Molina (UNALM) in collaboration with the National Forest and Wildlife Service (SERFOR). Reviewing the draft pre-project agreement is under way. It expected it would be finalized soon for the implementation of pre-project activities in early 2019.

(C) Pre-projects awaiting financing

The Committee noted that three pre-projects approved at earlier and current sessions were still awaiting funding, out of which one pre-project will be sunset if funding is not secured before the next session. The Chairperson encouraged the Committee members and other donors to provide funding for the implementation of these pre-projects.

In accordance with ITTC Decision 2 (X), Pre-project with an asterisk () will become sunset in April 2019.

- 1) *PPD 186/16 Rev.2 (F) Establishment of Enabling Conditions for the Restoration and Sustainable Development of Forests in the Southern Area of the Sierra De Lacandon National Park, Maya Biosphere Reserve, Guatemala (Guatemala)
- 2) PPD 191/18 Rev.1 (F) Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo (Togo)

- 3) PPD 192/18 Rev.1 (F) Formulation of A Project Proposal on “Strengthening Forest Research to Improve the Efficient Use of Timber and The Conservation and Sustainable Development of Forests in Guatemala” (Guatemala)

Item 9 - Report on Completed Projects and Pre-projects

The Committee considered the completed project contained in Document CRF(LII)/3 and noted that eight projects are to be declared complete by the Council.

9.1 Completed Projects

- 1) **PD 419/06 Rev.3 (F) EXT Forest Seeds Management and Conservation; Project for Rehabilitation and Restoration of Degraded Forests in Côte d’Ivoire with the involvement of Local Communities (Refugees, Internally Displaced People and Local Populations) (Côte d’Ivoire)**

The Committee took note that implementation of this project had contributed to gradually rehabilitating the Gazetted Forests of Duekoue and Scio in the Western part of Côte d’Ivoire with the participation of local communities (refugees, internally displaced people and local populations). For a post-conflict country like Côte d’Ivoire, the implementation of this project contributed to reinforce the reconciliation and social integration of local communities which were not willing to work together after several years of distrust due to the violence they endured during the civil war in Côte d’Ivoire. The project implementation brought them to work together for the rehabilitation of the Gazetted Forests of Duekoue and Scio that they contributed to degrade during the civil war for their basic needs (mainly food and wood energy). Mr. Constant Yapo, from project executing agency (SODEFOR), made a presentation on the main achievements of this project which was followed by a short video.

The Secretariat informed the Committee that the Completion Report, Consultant’s Report and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 419/06 Rev.3 (F)-Ext-TICAD5 Rev.1 as completed.

- 2) **PD 450/07 Rev.2 (F,I) Capacity Building for CDM Forestry in the Framework of SFM Emphasizing Community Forests and Poverty Alleviation in Ghana (Ghana)**

The Committee took note that implementation of this project had contributed to improving the capacity for CDM-Forestry in Ghana, through community forestry, for poverty alleviation in conjunction with sustainable forest management (SFM) practices, and by involving the private sector and native communities.

The Secretariat informed the Committee that the Completion Report, Consultant’s Report and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 450/07 Rev.2 (F,I) as completed.

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

The Committee took note that this project has been implemented by the Institute of Amazonian Research and Development (IPDA) after replacing the first Executing Agency as this first Executing Agency could not deliver project work. The specific objective of the project was to promote the sustainable management of production forests in the Maués State Forest, in Amazonas State, for the benefit of 17 traditional communities over a total area of 438,440 hectares.

Overall, the project has contributed to the development of five community forest management plans and the application of good forest management practices among 19 local communities, living in the Maués State Forest, in the Brazilian Amazon. The project has also strengthened community organizations and initiated community forest enterprises development.

The Committee also noted that the project’s technical reports and project photos have been posted on the ITTO website for widespread dissemination. They can be downloaded via the online project search engine on the ITTO website. Since the ITTO Secretariat has received the project completion report, several

technical reports, and financial audit report in accordance with the rules of ITTO, the Committee decided to consider the project PD 454/07 Rev.3 (F) as completed.

4) PD 528/08 Rev.1 (F) Towards Sustainable Indigenous Mahogany Timber Production in Ghana: Phase II, Refining the Silvicultural "Tool Kit" and Practical Training for Industrial-Foresters and Community Farmers (Ghana)

The Committee took note that implementation of this project had contributed to This project has contributed to refine the mahogany silvicultural "Tool Kit" in order to improve the ability to produce economically viable indigenous mahogany in mixed plantations and to share the knowledge with relevant stakeholders involved in the establishment of forest plantations in Ghana. For that purpose a practical manual titled "*How to Cultivate Indigenous Mahoganies in Plantations*" was prepared and disseminated by the Executing Agency. For information sharing, the Delegation of Côte d'Ivoire requested for the practical manual prepared by this project.

The Secretariat informed the Committee that the Completion Report, Consultant's Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 528/08 Rev.1 (F) as completed.

5) PD 530/08 Rev.3 (F) Phase II of ITTO Project [PD 30/97 Rev.6 (F)] Management of Forests Established through Rehabilitation of Degraded Forests by Local Communities in Ghana (Ghana)

The Committee took note that implementation of this community forest related project had contributed to the main achievements summarized as follows:

- This project has contributed to develop adequate models and identify appropriate strategies and use them for the collaborative management of forests established by local communities through the rehabilitation of degraded forest lands, using the agroforestry modified taungya system (MTS). The aim was to enhance biodiversity conservation, while ensuring the provision of goods and services, in order to contribute to improving the livelihood of local communities.
- The motivation of local communities for their involvement in the project implementation for the rehabilitation of selected Forest Reserves in Ghana was sustained by the following incentives:
 - Temporary land access in Forest Reserves for rehabilitation activities in a country (Ghana) where access to land is not easy for poor farmers;
 - Food crops production for household consumption and contributing to the livelihood of local communities;
 - Benefit sharing agreement endorsed by Ghana Forestry Commission in order to ensure and formalize the current and future shares of tree ownership for local community members involved in the rehabilitation of selected Forest Reserves in Ghana.

The Secretariat informed the Committee that the Completion Report, Consultant's Report and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 530/08 Rev.3 (F) as completed.

6) PD 617/11 Rev.4 (F) Promoting Biodiversity Conservation in Betung Kerihun National Park (BKNP) as the Trans-boundary Ecosystem between Indonesia and State of Sarawak Malaysia - Phase III (Indonesia)

The Committee took note that this project has been implemented by the Betung Kerihun National Park (BKNP), Directorate General of Forest Protection and Nature Conservation, Ministry of Environment and Forestry of Indonesia since November 2013. The specific objective of the project was to strengthen sustainable conservation management of Betung Kerihun National Park (BKNP) as a transboundary ecosystem between West Kalimantan, Indonesia and Sarawak, Malaysia. The project's transboundary conservation cooperation has been focused with Lanjak Entimau Wildlife Sanctuary (LEWS) and Batang Ai National Park (BANP) in Sarawak which are adjacent to BKNP in West Kalimantan, Indonesia.

The Director of the Betung Kerihun National Park made a presentation, outlining the achievements of four outputs: Strengthened cooperation in the conservation of the trans-boundary ecosystems of BKNP in Indonesia and Batang Ai National Park (BANP) and LEWS in Sarawak State of Malaysia; enhanced management planning for biodiversity conservation at BKNP; improved sustainable livelihood of local

communities residing in BKNP buffer zones; and developed community-based forest conservation monitoring system. Among the Important lessons learned from the cooperation in TBCA management between Indonesia and Malaysia, he pointed out that operational planning for joint programs activities need to be developed well in advance and visit to project sites and on-site discussions proved effective for enriching practical knowledge and skills of the participants.

The Committee recognized the Project has made a significant contribution to the ITTO/CBD Collaborative Initiative for Tropical Forest Biodiversity through enhanced cooperation between Betung Kerihun National Park, West Kalimantan, Indonesia and Forest Department Sarawak (FDS), Malaysia in biodiversity conservation and improved sustainable livelihoods of local communities depending on BKNP.

The Delegation of Malaysia informed the Committee that after the ITTO Mission in Sarawak (1989-1990), the Sarawak Forest Department received ITTO support for the development of Lanjak Entimau Wildlife Sanctuary (LEWS) into a totally protected area for biodiversity conservation and started its transboundary biodiversity conservation area (TBCA) with the BKNP. With many achievements and lessons from the implementation of TBCA, in 2014 the Sarawak Forest Department submitted an application to UNESCO's World Heritage for the designation of TBCA between LEWS and BKNP as a World Heritage site. This application was not successful, but the Sarawak Forest Department is planning to resubmit its application. He expressed appreciation to the governments of Japan, Switzerland and the United States for financing TBCA projects in Sarawak.

The Delegation of the United States commended the transboundary biodiversity conservation cooperation between Indonesia and Malaysia, and effort of Sarawak Forest Department to register the transboundary biodiversity conservation areas in Sarawak as UNESCO's World Heritage site. She requested clarification on long-term vision and sustainability of the project. The Secretariat and Delegation of Indonesia replied that the BKNP is now in a good position to associate with the Heart of Borneo (HoB) Initiative and that the local government and NGOs including GIZ and WWF-Indonesia are an important partner to extend the outcomes of the project.

The Committee noted that the project's many technical reports and project photos have been posted on the ITTO website for widespread dissemination. They can be downloaded via the online project search engine on the ITTO website. The Committee was informed that the ITTO Secretariat has received the project completion report and financial audit report. The Committee therefore decided to consider the project PD 617/11 Rev.4 (F) as completed.

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

The Committee took note that this project has been implemented by the Forest Department of Sarawak since August 2014 in order to secure the buffer zone's forest for use by indigenous communities and to strengthen the protection of Pulong Tau National Park.

The Project Team Leader, Dr. Paul Chai, made a presentation on the main achievements of the project. He highlighted the establishment of a 6,000-hectare buffer zone and its integrated management; securing its forest resource base to meet the needs of Penan communities; and providing the Penan communities with training to improve their livelihoods, with the active involvement of stakeholders. Regarding the lessons learned from the implementation of the project, he summarized the following:

- Threats to totally protected areas are real – counter with awareness and urgent action with fierce determination and commitment
- Buffer zones meet conservation and subsistence needs – relevant for Sarawak and others in similar situation
- Multi-stakeholder framework for biodiversity conservation and rural economic transformation is envisaged, with government, timber industry and communities playing key roles – initiated by EA and ITTO, but need clear policy direction and strategic plans
- New horizon - increasing community involvement in commercial forestry and NTFP, for manpower, cost effectiveness, knowledge on indigenous species
- NTFP provides new incentive for social forestry and opportunities to improve productivity at community level

The Committee recognized that the Project has made a significant contribution to the ITTO/CBD Collaborative Initiative for Tropical Forest Biodiversity through establishment of a buffer zone for PTNP, adoption of the concept of buffer zones across Sarawak National Parks, and constitution of communal forests within the buffer zone forest for local use. The Committee noted that the project's technical reports and project photos have been posted on the ITTO website for widespread dissemination. They can be downloaded via the online project search engine on the ITTO website. The Committee also noted that the ITTO Secretariat has received the project completion report, several technical reports, and financial audit report. The Committee therefore decided to consider the project PD 635/12 Rev.2 (F) as completed.

The Delegation of Malaysia expressed gratitude to the governments of Japan and Switzerland as well as Japan Lumber Importers Association and informed the Committee that the sustainability of the project will be enhanced through the social forestry initiative of the Sarawak Forest Department.

8) 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 Committee took note that implementation of this project had contributed to implementing the gradual rehabilitation of the Ahua Forest Reserve with women members of the MALEBI Association, in order to compensate for the wood they removed and used to produce charcoal. With the implementation of this project the women members of the MALEBI Association shifted from the status of persons consuming raw wood for charcoal production to the status of persons contributing to raise the supply of forest resources through rehabilitation activities in the Ahua Forest Reserve. Madam Gnima Kissi, assistant project coordinator, made a presentation on the main achievements of this project which was followed by a short video. Key project achievements had been summarized in videos which can be accessed in the ITTO website through the following link: <https://www.youtube.com/user/ittosfm>

The Delegation of Côte d'Ivoire informed the Committee that the institutional partnership and technical collaboration with SODEFOR, as collaborating agency, contributed to the smooth implementation of this project and led to the abovementioned project achievements and results which led to the selection of the MALEBI Association for the implementation of the gender-related component of the 2018-2022 Forest Investment Programme (FIP) funded by the World Bank in Côte d'Ivoire.

The Secretariat informed the Committee that the Completion Report and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 725/13 Rev.2 (F) as completed.

9.2 Completed Pre-project

The Committee noted that there was no pre-project to be declared complete at this session.

Item 10 - Ex-post Evaluation

(A) Ex-post Evaluation Reports

The Committees was informed that the following five thematic groups and associated twelve projects were selected for ex-post evaluation by the CRF at its Forty-ninth Session in 2015:

1) Thematic Group Evaluation: Forest Management / Inventory

PD 142/02 Rev.2 (F)	Sustainable Production of National Forests under the "Regime of Forest Concessions" (Brazil)
PD 248/03 Rev.4 (F)	Antimary Forest Management Regional Training Centre (Brazil)
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

2) Thematic Group Evaluation: Biodiversity Conservation / Conservation Areas

- | | |
|---------------------|---|
| PD 165/02 Rev.3 (F) | Conservation of Biological Diversity through Sustainable Forest Management Practices (Malaysia) |
| PD 288/04 Rev.2 (F) | Development of Lanjak Entimau Wildlife Sanctuary as a Totally Protected Area, Phase IV (Final Phase) (Malaysia) |
| PD 451/07 Rev.1 (F) | Transboundary Biodiversity Conservation Area: The Pulong Tau National Park, Sarawak State, Malaysia - Phase II |

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

- | | |
|---------------------|---|
| PD 372/05 Rev.1 (F) | Contribution to Forest Rehabilitation in Thailand's Areas Affected by Tsunami Disaster |
| PD 501/08 Rev.1 (F) | Promoting Household Reforestation in Tropical Zone of Southwestern China through Development and Extension of Household-Oriented Techniques |

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

- | | |
|---------------------|---|
| PD 54/00 Rev.4 (F) | Genetic Resistance of Iroko to <i>Phytolyma lata</i> – Phase II (Côte d'Ivoire) |
| PD 377/05 Rev.3 (F) | Development of Cloning for Samba (Obéché), West African Mahogany and Tiokoué Tree Species (Côte d'Ivoire) |
| PD 419/06 Rev.3 (F) | Forest Seeds Management and Conservation (Côte d'Ivoire) |

5) Thematic Group Evaluation: Teak

- | | |
|---------------------|--|
| PD 270/04 Rev.2 (F) | Ex-situ and In-situ Conservation of Teak (<i>Tectona grandis</i> L.F.) to Support Sustainable Forest Management (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.

(B) Selection of Projects for Ex-post Evaluation

The Secretariat recalled the Committee that the list of ex-post evaluations 2015-2016 was extended for the period of 2018-2019 because of the funding constraints resulting from the impairment of ITTO funds. However, there was a need to undertake the ex-post evaluations for two Thematic Groups which could contribute to the collaboration between ITTO and relevant international partners (such as CBD, IUFRO, IUCN, etc.) in 2019:

- Thematic Group Evaluation on Biodiversity Conservation / Conservation Areas;
- Thematic Group Evaluation on Forest Rehabilitation / Landscape Restoration / Secondary Forest Management.

For these two Thematic Groups, selected relevant projects completed in 2016, 2017 and 2018, have been added to the list of 2015-2016 for consideration regarding the ex-post evaluation in 2019, as the ex-post pooled funds will be made available from projects to be declared complete by the Council. The new shortlist of completed projects under these two Thematic Groups is attached as Annex A.

Item 11 - Election of Chairperson and Vice-Chairperson for 2019

Dr. Jobst-Michael Schroeder (Germany) was elected as Chairperson for 2019. Mr. Bruno Enrique Arias Rivas (Guatemala) was elected as Vice-Chairperson for 2019.

Item 12 - Dates and Venues of the Fifty-third and Fifty-fourth Sessions of the Committee

The Fifty-third Session of the Committee would be held in conjunction with the Fifty-fifth Session of the International Tropical Timber Council to be convened in Lomé, Togo.

The Fifty-fourth Session of the Committee would be held in conjunction with the Fifty-sixth Session of the International Tropical Timber Council to be convened in Yokohama, Japan.

Item 13 - Other Business

The Delegation of Benin noted that two projects became sunset because of being pending finance for more than 20 months and was wondering how to revive those projects in order to get them back in the ITTO project cycle. He also stated that projects should not continue be penalized by the financial impairment which has led to the freezing of project financing by donors. The Committee took note of the concern expressed by the Delegation of Benin.

Item 14 - Recommendations to the International Tropical Timber Council

- (A) The Committee recommended that funding be made immediately available for the following projects and pre-project approved under the Project Cycle 2018:

Projects

PD 781/15 Rev.3 (F)	Master Plan for the Repositioning of Forest Management as A Competitive Land Use in the Agroforestry Landscape of the Northern Region of Costa Rica [ITTO Budget: US\$ 466,893]
PD 842/17 Rev.2 (F)	Exploring Innovative and Appropriate Tenure Conflicts Resolution Model on State Forest for Strengthening Forest Management Unit (Kesatuan Pengelolaan Hutan/KPH) in Implementing Sustainable Forest Management (Indonesia) [ITTO Budget: US\$ 825,138]
PD 849/17 Rev.2 (F)	Increasing Commercial Reforestation Competitiveness in Costa Rica [ITTO Budget: US\$ 346,133]
PD 868/18 Rev.1 (F)	Improving Local Governance for Landscape Restoration in the San Alejandro River Subwatershed, Padre Abad Province, Department of Ucayali, Peru [ITTO Budget: US\$ 380,000]
PD 873/18 Rev.1 (F)	Integrated Management of Natural Resources and Biodiversity in the Tacaná Volcano and its Area of Influence in Mexico and Guatemala – Phase II [ITTO Budget: US\$ 940,248]
PD 881/18 Rev.1 (F)	Gender Mainstreaming in the Development of Actions to Control Deforestation and Forest Degradation in the Congo Basin (Cameroon) [ITTO Budget: US\$ 846,326]
PD 884/18 Rev.1 (F)	Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia [ITTO Budget: US\$ 580,235]
PD 887/18 Rev.1 (F)	Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo [ITTO: US\$ 636,753]
PD 888/18 Rev.1 (F)	Enhancement of the Participatory Bushfire Prevention and Management System in Togo [ITTO Budget: US\$ 677,846.53]
PD 891/18 Rev.1 (F)	Bamboo for Life: An Alternative for the Rehabilitation of Degraded Forest Lands and Sustainable Rural Development in the San Martin Region, Peru [ITTO Budget: US\$ 397,020]

Pre-projects

PPD 191/18 Rev.1 (F) Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo
[ITTO Budget: US\$ 71,211]

PPD 192/18 Rev.1 (F) Formulation of A Project Proposal on “Strengthening Forest Research to Improve the Efficient Use of Timber and The Conservation and Sustainable Development of Forests in Guatemala”
[ITTO Budget: US\$ 99,913]

- (B) The Committee recommended that the 2016 Guidelines for Environmental and Social Risks and Impacts Assessment (ESIA) in ITTO Projects be refined to address the practical implementation problems requiring a high cost and long consultation process when a proposal proponent undertakes ESIA. It also recommended that the Expert Panel for Technical Appraisal of Proposals at its next meeting should review the issue of ESIA with more inputs from countries. The Committee further recommended that the refined version of the 2016 Guidelines for ESIA, with track changes, be made available to member countries for their inputs. The track changed version of the refined version, incorporating member countries inputs, will be made available in advance to facilitate its review at the next session of the Committee.

Item 15 - Report of the Session

The Committee accepted this Report for submission to the Council. The members of the Committee expressed their appreciation for the able manner in which the Chairperson conducted the session of the Committee with assistance of the Secretariat.

APPENDIX A
Shortlist of Completed Projects in the Field of Reforestation and Forest Management Considered Relevant for Ex-post Evaluation

Project No.	Title	Country	Executing Agency	ITTO Budget (USD)	Actual Starting Date	Completion Document
B) Biodiversity Conservation / Conservation Areas						
PD165/02 Rev.3 (F)	CONSERVATION OF BIOLOGICAL DIVERSITY THROUGH SUSTAINABLE FOREST MANAGEMENT PRACTICES	MALAYSIA	FRIM - FOREST RESEARCH INSTITUTE MALAYSIA	\$526,401	17-May-06	CRF(XLVI)/2 2012
PD288/04 Rev. 2 (F)	DEVELOPMENT OF LANJAK ENTIMAU WILDLIFE SANCTUARY AS A TOTALLY PROTECTED AREA, PHASE IV (FINAL PHASE)	MALAYSIA	FOREST DEPARTMENT OF SARAWAK (SFD)	\$568,728	9-Apr-07	CRF(XLVI)/2 2012
PD451/07 Rev.1 (F)	TRANSBOUNDARY BIODIVERSITY CONSERVATION AREA: The PULONG TAU NATIONAL PARK, SARAWAK STATE, PHASE II	MALAYSIA	FOREST DEPARTMENT OF SARAWAK (SFD)	\$950,800	22-Jan-08	CRF(XLVI)/2 2012
PD577/10 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	THAILAND, CAMBODIA & LAOS	FORESTRY ADMINISTRATON, CAMBODIA IN COLLABORATION WITH ROYAL FORESTRY DEPARTMENT (RFD), THAILAND	\$2,051,039	31-Jul-12	CRF(L)/2 2016
PD617/11 Rev.4 (F)	PROMOTING BIODIVERSITY CONSERVATION IN BETUNG KERIHUN NATIONAL PARK (BKNP) AS THE TRANS-BOUNDARY ECOSYSTEM BETWEEN INDONESIA AND STATE OF SARAWAK MALAYSIA - PHASE III (INDONESIA)	INDONESIA	BETUNG KERIHUN NATIONAL (BKNP), DIRECTORATE GENERAL OF FOREST PROTECTION AND NATURE CONSERVATION (PHKA), MINISTRY OF FORESTRY (MOF)	\$941,559	5-Nov-13	CRF(LII)/3 2018
PD668/12 Rev.1 (F)	INTEGRATED MANAGEMENT OF NATURAL RESOURCES AND BIODIVERSITY IN THE TACANÁ VOLCANO AND ITS RANGE OF INFLUENCE IN MEXICO AND GUATEMALA	GUATEMALA & MEXICO	HELVETAS SWISS INTERCOOPERATION	\$641,639	16-Jun-14	CRF(LII)/2 2018
F) Forest Rehabilitation / Landscape Restoration / Secondary Forest Management						
PD062/99 Rev.3 (F)	REFORESTATION PILOT PROJECT FOR THE RECOVERY OF DEGRADED AREAS IN THE MEDIUM DOCE RIVER REGION, STATE OF MINAS GERAIS, BRAZIL	BRAZIL	IEF/MG - INSTITUTO FORESTAL ESTATAL DE MINAS GERAIS	\$543,892	15-Sep-04	CRF(XLIX)/2 2015
PD372/05 Rev.1 (F)	CONTRIBUTION TO FOREST REHABILITATION IN THAILAND'S AREAS AFFECTED BY THE TUSNAMI DISASTER	THAILAND	THAILAND ENVIRONMENTAL INSTITUTE	\$790,020	11-Jul-08	CRF(XLVIII)/2 2014
PD419/06 Rev.3 (F)-Ext-TICAD5-Rev.1	FOREST SEEDS MANAGEMENT AND CONSERVATION; PROJECT FOR REHABILITATION AND RESTORATION OF DEGRADED FORESTS IN CÔTE D'IVOIRE WITH THE INVOLVEMENT OF LOCAL COMMUNITIES (REFUGEES, INTERNALLY DISPLACED PEOPLE AND LOCAL POPULATIONS) (CÔTE D'IVOIRE)	COTE D'IVOIRE	SODEFOR - SOCIETE DE DEVELOPPEMENT DES FORETS	\$1,800,000	16-Oct-13	CRF(LII)/3 2018
PD501/08 Rev.1 (F)	PROMOTING HOUSEHOLD REFORESTATION IN TROPICAL ZONE OF SOUTHWESTERN CHINA THROUGH DEVELOPMENT AND EXTENSION OF HOUSEHOLD-ORIENTED TECHNIQUES	CHINA	YUNNAN ACADEMY OF FORESTRY (YAF)	\$353,435	10-Mar-10	CRF(XLVIII)/2 2014
PD530/08 Rev.3 (F)	PHASE II OF ITTO PROJECT [PD 30/97 REV.6 (F)] MANAGEMENT OF FORESTS ESTABLISHED THROUGH REHABILITATION OF DEGRADED FORESTS BY LOCAL COMMUNITIES IN GHANA (GHANA)	GHANA	FORIG - FORESTRY RESEARCH INSTITUTE OF GHANA	\$569,665	08-Mar-12	CRF(LII)/3 2018
PD583/10 Rev.1 (F)	RESTORING SUB-HUMID ECOSYSTEMS IN SOUTHERN PERU THROUGH REFORESTATION WITH <i>Caesalpinia spinosa</i>	PERU	APAIC – ASOCIACION PRO DESARROLLO AGROINDUSTRIAL DE CAMANA	\$149,796	4-Oct-11	CRF(XLVII)/2 2013



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
FINANCE AND ADMINISTRATION**

ITTC(LIV)/17
Page 151

Distr.
GENERAL

CFA(XXXIII)/7
8 November 2018

ENGLISH ONLY

THIRTY-THIRD SESSION
5 – 9 November 2018
Yokohama, Japan

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**THIRTY-THIRD 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. Luke Thompson of the USA, welcomed all delegates to the Thirty-third 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(XXXIII)/1. He informed the Committee that the following two new items were proposed to be discussed under agenda item 14, "Other Business":

- (a) Recommendations made by the Ad hoc Working Group on Financing Infrastructure and Fundraising Strategies; and
- (b) Legal Measures Regarding the Financial Impairment.

3. The Chairperson proposed that the Secretariat draft a skeleton of a Council Decision on item (a) and the Committee could formulate an actionable Decision to be submitted to the Council. There were no objections from the floor.

4. As no further issues were raised, the Committee adopted the Provisional Agenda, as contained in document CFA(XXXIII)/1.

Item 3: Admission of Observers

5. The Chairperson advised the Committee that the Council had admitted all applicants shown in document ITTC(LIV)/Info.3, which lists states, inter-governmental and non-governmental organizations applying for Observer status. The Chairperson suggested that since some of the topics that are discussed in the early CFA meetings are deliberative and predecisional in nature regarding financial accounts, the Committee should generally be open to Members only. As there were no comments from the floor, the Committee approved the Chairperson's suggestion.

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

6. The Chairperson advised the Committee that the Report of the Fifty-Third Meeting of the Expert Panel for Technical Appraisal of Project Proposals (Document ITTC/EP-53) was deliberated on and concluded at the Joint Session of the Committees convened on 6 November 2018. The Joint Session had not requested any follow-up by the CFA.

Item 5: Draft Biennial Administrative Budget for the Years 2018 and 2019

7. The Secretariat referred to the Approved Administrative Budget for the 2018 and 2019 Financial Biennium, as contained in Document CFA(XXXII)/2 Rev.1 dated 2 December 2017, which was approved by the Council at its Fifty-third Session convened in Lima, Peru, in November – December 2017.

8. Since there were no other comments, the Committee concluded that no changes would be made to the budget for the financial biennium 2018-2019, as set out in Document CFA(XXXII)/2 Rev.1.

Item 6: Review of Contributions to the Administrative Budget

9. The Secretariat introduced document CFA (XXXIII)/3 Rev.1 dated 4 November 2018. This document detailed the status of Members' contributions to the Administrative Budgets for the financial years from 1986 to 4 November 2018, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed the Committee that, in 2018, \$1,409,005.82 had been received from Producer Members out of the total net assessment of \$3,312,289.91; and \$3,732,441.00 had been received from Consuming Members out of the net assessed amount of \$3,811,249.00.

10. The Secretariat further informed the Committee that the arrearages in contributions to previous years' budgets from Producing Members amount to \$4,629,372.21 and arrearages from Consuming Members amount to \$204,158.00. Furthermore, arrearages in contributions from former members of the Organization amounted to \$1,738,049.28, bringing the total outstanding arrearages to \$8,553,671.58.

11. The Committee took note of the report.

Item 7: Current Status of the Administrative Account

12. The Secretariat introduced document CFA (XXXIII)/4 Rev.1, dated 4 November 2018, on the current status of the Administrative Account for the financial year 2018, together with the estimated expenditures for the current year. The Secretariat informed the Committee that the estimated total expenditures for the financial year 2018 would amount to \$5,965,114.79 (i.e. \$1,143,432.21 less than the total amount approved in the budget for 2018 of \$7,108,547).

13. The Secretariat further informed the Committee that the total contributions received from both Producer and Consumer members amount to \$5,141,446.82, and it was anticipated that a deficit in the amount of \$823,671.97 would accrue in 2018. This amount would be deducted from the Working Capital Reserve.

14. The Secretariat informed the Committee that Section C of page 1 of the document shows the Special Reserve Fund of \$2,500,000, which is to be used only on Council approval in the event of the liquidation of the Organization.

15. The Secretariat further informed the Committee that the resources of the Working Capital Reserve was estimated to decrease from the year's opening balance of \$4,156,723.71 at the beginning of 2018 to \$3,825,762.03 by the end of 2018.

16. The Secretariat also informed the Committee that section E of page 1 of the document shows the Interest Income balance of \$215,286.27 to be used by the Executive Director for hiring consultants in accordance with the Financial Rules, Rule 5(10).

17. The document also contains details of expenditure for each budget item and where savings were made.

18. The Secretariat added that Annex 1 contains information required by the new Financial Rules to be brought to the attention of the CFA. This includes a list of procurements greater than USD 100,000; sole suppliers; and bad debts that were written off. In 2018, there were no procurements greater than USD 100,000 or bad debts that were written off.

19. The delegate of the USA, joined by Brazil, expressed concern over having a deficit in the Administrative Budget. They stated that ITTO should be encouraged to continue to explore methods and practices which will provide systemic management improvement that leads to economies and streamlining of its operations.

20. The Committee took note of the report.

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

21. The Secretariat presented document CFA (XXXIII)/5 Rev.1 dated 4 November 2018, on "Resources of the Special Account and the Bali Partnership Fund", which captures the current balance of funds under the Special Account and the Bali Partnership Fund.

22. The Secretariat indicated that, in accordance with the Terms of Reference of the CFA, as contained in Decision 7(LII), the CFA shall "review the assets and liabilities of the Organization and make recommendations to the Council on prudent asset and cash flow management and levels of reserves needed to carry out its work." Document CFA(XXXIII)/4 Rev.1 serves as a reference to review the assets and liabilities of the Administrative Account, and this document was prepared as a reference to review the assets and liabilities of the Special Account and the Bali Partnership Fund.

23. The Secretariat informed the Committee that the current balance of funds under the Special Account and the Bali Partnership Fund are \$5,701,185.84, of which \$4,371,435.67 are funds committed to specific projects and activities. Attention was drawn to the unearmarked funds that have increased to \$134,164.16 due to Decision 9(LIII), which authorized the Executive Director to transfer to the unearmarked fund the donor funds left with ITTO without instructions from those donors on how to utilize the funds.

24. The Committee took note of the report.

Item 9: Auditor's Reports for the Financial Year 2017

25. The Secretariat introduced document CFA (XXXIII)/6 on the "Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)". This document contained two reports required to be submitted by the ITTO Auditing Standard: The Executive Summary of ITTO's Financial Statements for the year ended 31 December 2017 prepared by the ITTO Management; and ITTO's Financial Statements for the year ended 31 December 2017, audited by the Independent Auditors.

26. The audit was carried out by Ernst & Young ShinNihon LLC, Tokyo, which was appointed by the Council in November 2017 to audit the Accounts of the Organization for the financial year. Ernst & Young ShinNihon carried out its financial audit for the period ending 2017 in March to June 2018.

27. The audited financial statements provided information on the financial position and performance of the International Tropical Timber Organization (ITTO) for the fiscal year ended 31 December 2017 (FY2017). Following the impairment of investments amounting to \$18 million in 2015-16, the International Tropical Timber Council (ITTC) adopted Decision 6(LII) in November 2016 to address the financial shortfall, which ITTO implemented to reorganize its finances in order to regain sufficient levels of funds to fully meet its financial obligations and resume its regular operations. As part of the requirement of the Decision, ITTO, at the 53rd Session of the ITTC in November 2017, provided a detailed report on the implementation of the Decision and concluded that all impacted projects/activities were fully operational and achieving their expected outputs and objectives and that ITTO was able to fully meet its financial obligations. The measures detailed in this report (ITTC(LIII)/12) were finalized and approved by the ITTC through Decision 7(LIII) on 2 December 2017.

28. In accordance with the Financial Rules and Procedures, ITTO adopted the International Public Sector Accounting Standards (IPSAS) as its standard for preparing its financial statements. As this is the second year reporting under IPSAS, comparative information has been made available for most information provided in the financial statements. Highlights include the following:

- The figures in the statement of financial performance have changed significantly between 2016 and 2017. This is due to 2016 including a non-recurring revenue of \$5.3 million in write-off of obligations approved under Decision 6(LII). The surplus/deficit for 2017 is close to zero and can be considered reasonable under regular operations for a non-profit organization;
- Voluntary contributions receivable increased by \$3.9 million between 2016 and 2017, which is mainly due to ITTO receiving assurance on the continuation of funding to certain projects in 2017; and
- Net cash outflow increased by \$2.4 million due to the recommencing of projects/activities in 2017, which were previously suspended in 2016 due to the financial impairment.

29. Attention was also drawn to document CFA (XXXIII)/CRP-1, "Management letter prepared by the independent auditors for ITTO management". This management letter was submitted to the CFA meeting in accordance with the ITTO Auditing Standard and contains information on matters affecting the completeness or accuracy of the accounts and other matters that should be brought to the notice of the CFA that the auditors identified during their audit. No significant items were identified in ITTO's latest audit. The Secretariat summarized that, overall, the auditors had provided their satisfactory opinion on ITTO's financial statements, noting that the financial statements were prepared in accordance with IPSAS with no material misstatements or issues.

30. The Secretariat further noted that In accordance with Rule 19(2) of the Financial Rules, as the Council was being held in Yokohama, the auditors were attending the CFA meeting to answer any questions from the floor.

31. The delegate of Japan congratulated the Secretariat's effort in ensuring a very fast transition to IPSAS, and appreciated the new financial statements, with comprehensive footnotes, and comparative information, which was one of the most comprehensive statements among the many financial statements produced by other international bodies she has seen. The delegate of Japan suggested that it could be beneficial for the readers if there was information on the impact of foreign exchange on the income statement, as the stronger yen potentially impacted the appearance of the deficit. She said it would also be beneficial to include more information on the operational surplus/deficit in future audit reports.

32. The delegate of USA, joined by EU, also thanked the Secretariat for its effort and appreciated the Organization's development and implementation of an internal audit system. USA conveyed its confidence that the financial statements will provide greater transparency and provide members with better tools to ensure that proper oversight functions are met. The EU encouraged ITTO to continue with the transparent and effective financial management, which will help Member Countries regain full credibility and trust in the Organization.

33. As there were no further comments, the Committee decided to recommend to the Council that it adopt the "Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)" on the Accounts of the Organization for the financial year 2017, as contained in document CFA (XXXIII)/6.

34. Based on the positive comments from members, the CFA decided to recommend to Council at this Session the re-engagement of Ernst & Young ShinNihon LLC to audit the Organization's Accounts for the financial year 2018, as it concluded that their performance was satisfactory.

35. The delegate of Japan commented that short accounting terms tended to be associated with accounting problems and the longer-term appointment of auditors would be desirable to match best practices in the market. Given that it has been established that there is little choice in auditors with capabilities suited to ITTO's requirements, she recommended that the length of the auditor's term be considered for revision at the next Council session.

Item 10: Amendment to the Provision on the Retirement Age in the ITTO Staff Regulations and Rules

36. The Chairperson informed the Committee that the IAG had referred to the Committee to prepare a draft Decision related to this change of the staff rules. The Secretariat was invited to introduce this item to the Committee.

37. The United Nations had revised the retirement age on 1 January 2018 in their revision to the Staff Regulations and Rules documented in the UN document ST/SGB/2018/1. The retirement age was amended "to reflect the increase in the mandatory age of separation to 65 years to all staff members, including those appointed prior to 1 January 2014". Therefore, the Secretariat proposed that ITTO's staff regulations be amended to enable staff members to retire at the age prescribed by the United Nations. The increase in retirement age was the only staff regulations change that the Secretariat planned to propose at this time.

38. The UN has made significant changes to other rules with staff compensation. For example, the 2017 UN amendment (ST/SGB/2017/1) changed the dependency allowance and the 2018 amendment (ST/SGB/2018/1) changed the education grant. However, the ITTO Staff regulations are mostly worded so that amounts and figures are considered in accordance with the prevailing United Nations provisions, and therefore, ITTO had been able to automatically adopt these changes.

39. However, for the retirement age, the ITTO rules explicitly mention that the retirement age is 62 years. It is possible that the reason why the retirement age does not refer to the UN rules is because the previous UN rules had different retirement ages for people who joined at different times, which may not have been ideal when ITTO was created. In any case, the proposed amendment would allow all current staff and any new recruit to retire at the age of 65 and any changes to the retirement age of the UN in the future would be automatically adopted.

40. The Secretariat informed the Committee that there would be some budgetary implications in the sense that the timing when separation/recruitment costs are incurred would change since staff may be retained 3

years longer than before. However, the Secretariat believed the merits would outweigh any demerits because the expertise of senior officials would be retained during this transitional period and aligning benefits with the United Nations system may make the Organization more attractive in the long run. The Secretariat also suggested that current staff be given an option for early retirement at the original retirement age of 62 if desired.

41. The Chairperson informed the Committee that, as directed by Council, the Secretariat had prepared and circulated a draft decision on retirement age. He gave delegates time to read through the document.

42. The delegate of the USA asked whether the language used mirrored that of the United Nations.

43. The Secretariat clarified that the language was that used in the latest set of United Nations rules.

44. There being no other comments, the Chairperson referred the draft to the Chairperson's Open-ended Drafting Group.

Item 11: Anti-money Laundering and Counter Terrorism Financing Policy (AML/CFT)

45. The Chairperson informed the Committee that an anti-money laundering and counter terrorism financing policy was introduced at the 30th session of the Committee in November of 2015 in order to support ITTO's application for accreditation to the Green Climate Fund. However, the decision to adopt the policy had been deferred at the time due to the issue of the financial impairments, which became a priority at that session. The Secretariat had restarted its application for accreditation to the Green Climate Fund and the Committee may therefore consider recommending to Council the adoption of this policy through a formal council decision.

46. The delegate of the USA asked whether, given that ITTO had already instituted robust financial oversight and control over the past several years, and that most of the measures indicated in the proposed policy were already being carried out, adopting this policy would imply any additional cost to the Secretariat. The Secretariat responded that it did not anticipate any cost implications because a compliance officer would be appointed from among the existing staff and most of the specified procedures were compatible with existing resources.

47. The delegate of Japan sought clarification from the Secretariat regarding the partners the Secretariat intended to work with in support of the policy. The Secretariat replied that potential partners would mainly be Executing Agencies, which were organizations that ITTO partners with during the implementation of ITTO projects in member countries. Other potential partners would be any other organization that ITTO may send funds to or have any business relationships with, including suppliers.

48. The delegate of the USA asked the Secretariat how the policies would be captured by the Organization. The Secretariat proposed to annex the policy as annex A of the document to the financial rules. The programme will be an internal document, which would be produced by the Executive Director.

49. There being no other comments, the Chairperson referred the draft to the Chairperson's Open-ended Drafting Group.

Item 12: Election of Chairperson and Vice-Chairperson for 2019

50. Mr Jorge Mario Rodriguez Zuniga of Costa Rica, was elected Chairperson of the Committee for 2019. The Vice-Chairperson of the Committee for 2019 would be announced by the consumer caucus at a later date.

Item 13: Dates and Venue of the Thirty-Fourth and Thirty-Fifth Sessions

51. The Committee agreed that its Sessions may be held on the same dates and at the same venues as the Fifty-fifth and Fifty-sixth Sessions of the Council.

Item 14: Other Business:

- (a) Recommendations made by the Ad hoc Working Group on Financing Infrastructure and Fundraising Strategies

52. The Chairperson invited comments on this item, which the Council had referred to the Committee with a view to ultimately formulate an actionable Decision to be submitted to the Council.

53. The delegate of Togo proposed a revamp of the system for funding projects whereby the Council would recommend to the Expert Panel to limit the number of project proposals submitted to the Council for funding. This, he said, would ensure that the number of projects considered by Council would more closely match the funds available. He also suggested that the Organization undertake a study of a possible tax that could be levied on transactions of wood and forest products, and the funds raised could be channelled into an account for project financing. Projects, he said, were essential for convincing producer governments of the merits of ITTO membership.

54. The delegate of Mexico remarked that the proposal by the delegate of Togo to reduce the number of projects put forward for consideration by Council was a measure designed to reduce the number of project proposals that are approved but which never receive funding. She said the proposal by the delegate for Togo, in which the Secretariat would select a finite number of projects, was aimed at providing a clearer and more streamlined project selection process. This would be a stepping away from the existing business model and is proposed for consideration. It would involve two phases—a conceptual grading, followed by a request for greater detail for selected projects. This proposal would constitute the most efficient form of financing.

55. The delegate of the EU said that more information would be needed on the consultant's advice to consider bidding for competitive tenders to bilateral or multilateral donors to provide technical assistance or managed grant programmes. Information would be needed, for example, on estimated costs and timeframes, and examples demonstrating how the system might function would also be helpful. She said the EU supported the recommendation to suspend the project cycle in 2019 because it would ease the backlog of projects, and the development of streamlined interconnected project financing, which would reduce project fragmentation through a more strategic approach. She also said it was imperative to properly plan any changes and to set priorities at all levels—including members concerning project proposals and within the Organization regarding short-term and longer-term recommendations.

56. The delegate of the EU strongly encouraged ITTO to pursue the processes of becoming an implementing agency under the Green Climate Fund (GCF) and the Global Environment Facility (GEF). She supported the recommendation for the Executive Director to approach non-traditional donors to determine their interest and funding priorities. She referred to a question raised by Australia in the plenary regarding opportunities for strategic partnerships with other members of the Collaborative Partnership on Forests (CPF) and the potential to collaborate more closely with the Global Forest Financing Facilitation Network (GFFFN) and agreed there was a need to know more about the nature of any competition between organizations in competitive processes. Lastly, she referred to the recommendation in the report of the Ad Hoc Working Group that council decisions pertaining to the report should have a joint review mechanism and sought clarification on the meaning of "associated groups".

57. The Chairperson asked members of the Working Group to clarify the joint review process that was referred to in the recommendations.

58. The Secretariat informed the Committee that the Expert Panel for Technical Appraisal of Project Proposals customarily evaluated projects against the criteria and requirements specified in the ITTO Project Evaluation Manual. It divided proposals into tiers, and only those designated as tier 1 were considered suitable for funding. Not all submitted proposals, therefore, were automatically approved for funding and there was a rigorous selection process. Regarding the proposal to impose a tax on transactions involving wood products that could be channelled for project funding, this might be practically difficult for ITTO to implement, although it could form part of a member's national contribution.

59. In responding to comments by the delegate of the EU, the Secretariat referred to examples presented to the plenary by the consultant showing how competitive bidding can work. She said a number of processes for competitive bidding were opened up each year with specific time limits for submissions. She informed delegates that the Secretariat had already embarked on several competitive tender processes, one through South-South Cooperation worth USD 2 million. The Secretariat was intending to prepare a submission for a call by the UK Department for International Development, which was scheduled to close on 18 December 2018. She said that the short timeframe for many calls meant that a significant issue was obtaining buy-in from the relevant ITTO members.

60. The Secretariat informed the Committee that work to obtain accreditation with the GCF and the GEF was continuing. The proposed Council decision on Anti-money Laundering and Counter Terrorism Financing Policy was mainly for registering with the GCF. She said it was difficult for ITTO to be hopeful of being a single beneficiary of any funding from the GCF and that partnerships with other organizations, especially members of the CPF, offered the biggest hope of success. She further informed the Committee that the Secretariat intended, early in 2019, to further investigate potential non-traditional donors, such as large wood-consuming countries not currently members of ITTO and philanthropic organizations.

61. The delegate of Peru asked what benefit accreditation with the GCF and the GEF would bring ITTO, given that most producer members already had access to these funds through other accredited institutions.

62. The Secretariat responded that the effort to gain accreditation to these bodies had been at the request of the ITTO membership. Possible benefits from producer members might include, in the GCF, innovative areas in terms of carbon sequestration, reducing carbon emissions, and carbon storage.

63. Referring to associated groups, the Secretariat informed the Committee that these could include civil-society and industry-related groups and groups directly affected by the work to ensure the views of stakeholders were taken into account.

64. The delegate of Switzerland sought clarification of the role of Council in the event that the Secretariat assumed a role in intervening in calls for proposals. She further asked whether participation of the Organization in bilateral calls for proposals was the most effective means for addressing the needs of producer countries, which normally, in ITTO, are articulated in project proposals.

65. The Chairperson said he had heard similar expressions in the plenary on the need for caution as the Organization pursues a different type of financing model, and valid questions are being asked.

66. The delegate of Mexico, who had been a member of the Working Group, shared her view of what the Working Group had in mind. ITTO plays a strong role in promoting trade, whereas producer countries aim to achieve SFM and want buyers for their products produced through good practices. The Working Group believed that ITTO's added value was in bringing together producers and consumers and fulfilling environmental, economic and social objectives. Much Official Development Assistance, however, lacked the role of encouraging timber trade, and many producer countries were net importers of wood. ITTO, on the other hand, had the skills and knowledge to help producer countries achieve this aim of encouraging trade. Business lines were needed to link ITTO's mandate to link productive forests and timber trade with sustainable development in line, for example, with the Sustainable Development Goals and the Paris Agreement, thereby offering considerable value to members. The idea was to ensure fair, equitable trade whereby producers could sell their products at a greater scale.

67. The delegate of the USA said she appreciated the discussion and would explore additional questions directly with the consultant and Working Group members on, for example, the direct and indirect costs of a competitive bidding approach and whether these would affect its viability, giving thought to the capacity of the Organization and the accounting system for properly tracking these costs.

68. The delegate of the USA reiterated points made by the EU that, in addition to needing to think through questions related to the piloting of competitive bidding, the Working Group had made several other valuable recommendations on which the Council could take action at this session, such as developing strategic partnerships, suspending the 2019 project cycle, maintaining the sunset clause, continuing the accreditation process for the GCF and the GEF, approaching non-traditional donors, and exploring opportunities with the GFFFN in a global consumer goods forum. Any decision of the Council on fundraising should include a new working group to continue the work, including the further development of a detailed process to shorten, streamline and improve coordination of the process of project approval and funding; providing timely

feedback to the Secretariat; and further developing communications in specific areas of value added, including a survey of the membership.

69. The delegate of the EU asked the Secretariat to clarify the difference between service lines or business lines, as set out in the Working Group report, and the existing thematic programmes. She also asked whether adopting an approach to participate in competitive bidding would mean that the type of projects would differ from those previously considered in the Organization. Would it mean, for example, larger projects or the aggregation of projects, including across borders? She inquired whether the Working Group had discussed the implications for producer countries. She further asked about the possible implications for the role of the Expert Panel, which had accumulated valuable expertise. It would be important to ensure that such expertise was not lost to the Organization.

70. The Secretariat proposed that the Executive Director and the lead consultant provide a further explanation of the content of service lines in plenary tomorrow. She expected that projects would not differ in nature but they would increase in size, and there might be aggregation of projects, including across borders. It was anticipated that the Organization's typical projects, which are limited in size and country-based, would continue. However, the aim was to group these in more programmatic ways rather than by themes. The Expert Panel might need to be adapted to this work, but there was no intention of losing the expertise.

71. The Chairperson asked the Committee for views on the proposal for further explanation of the service or business lines.

72. The Producer Spokesperson said producers considered that the report of the Ad Hoc Working Group had presented a relatively simple proposal for short-term, medium-term and long-term solutions. During this Committee session, however, a series of problems, questions and doubts had been raised, so the issue was more complex than first appeared. The Working Group had indicated that it had had insufficient time to undertake a more detailed analysis, although it had achieved a great deal in a short time. The producers considered that the current dialogue is important, but more work was needed to fully understand the implications.

73. The Chairperson said he was hearing that delegates recognized that the Working Group report and recommendations contained considerable content and there was still work to be done. Comments had been made, he said, about reconstituting the Working Group, and thought was required on its composition and mandate. There were also short-term recommendations in the Working Group report that needed attention. The Secretariat would prepare a draft text for a possible decision that would provide a starting point for concrete discussions.

74. The delegate of Australia said that the Committee had had a productive dialogue on the opportunities to diversify funding sources for ITTO, but the way forward was not yet clear. She cautioned that there was a need for a methodical approach before the investment of significant resources, including the Secretariat's time. It was important to assess how the potential opportunities in competitive bidding would best align with ITTO's mandate and the needs of ITTO members. There was a need to be strategic in engaging with potential funding bodies to obtain an understanding of their calls and how they might align with the Organization. Regarding a future working group, the delegate of Australia considered that a secondary purpose might be to analyse the broader programmes and to identify where synergies exist to better target ITTO resources. Regarding Togo's proposal for a wood product tax, she said that this might compromise efforts to send the message that "wood is good", and she suggested caution in such an approach.

75. The delegate of Switzerland said that, in Switzerland, there was a legal obligation to issue calls for proposals for grants to guarantee an open and transparent process. There was an exception, however, and calls for proposals were not needed for international organizations. This was a technical detail, but it might be worthwhile reflecting on the question of whether there was a need for ITTO to participate in calls for proposals.

76. The delegate of the EU echoed the comment by the delegate of Switzerland, saying that the EU also had specific grant approval processes for organizations for which it can be demonstrated they have de facto or legal monopoly in expertise. If it can be demonstrated that ITTO is such a specific organization with no competition with other organizations, there would be no need for competitive bidding.

77. The delegate of the USA said that the intention was to initiate a pilot programme only to enable an evaluation of the costs and benefits. It was not necessary to wait for all the answers before testing the

approach, which would be part of the process. So the question now was whether the Organization wanted to initiate a pilot programme.

78. The delegate of Peru summarized the discussion, saying that the aim was to create a new financial system to improve the project cycle, the thematic programmes, and the Bali Partnership Fund. Proposals for immediate change could have important consequences for countries in the producer caucus. Lacking a more nuanced proposal on how to raise more funds, however, it would be sensible to carry on with the current system and to wait for a more detailed proposal.

79. The Chairperson said there might be elements among the recommendations that the Committee and the Council would choose not to move forward with. When a draft decision had been provided it would be possible to better determine which elements could be moved forward.

80. The delegate of Mexico said the intention was not to stop the current funding model but to institute a pilot to test other approaches for generating additional funding.

81. Resuming this item the next day, The Chairperson informed the Committee that the Secretariat had prepared and distributed a draft decision drawing from the recommendations of the Ad Hoc Working Group, taking note of the presentations made yesterday and particularly that of the Working Group co-chair, which showed some of the more time-sensitive issues that needed to be considered. The Chairperson gave delegates time to read through the document.

82. The delegate of Switzerland suggested that the chapeau text could include a reference to outstanding membership contributions, which currently amounted to about USD 8.5 million. This is part of the Organization's funding structure, she said, and therefore a paragraph could be included to urge members to pay their arrears. She pointed out that, in seeking funds from other sources, those bodies would no doubt look at the Organization's balance sheet and wonder about the large amount of outstanding member contributions and what the Organization was doing about it.

83. The Chairperson said there may have been other occasions when the Council has included a similar point in its decisions, and this could be used as a basis for similar text.

84. The delegate of Peru acknowledged that the issue of outstanding contributions caused problems in the administrative fund, but the decision under consideration was about fundraising and referred primarily to projects and a pilot programme. Therefore, alluding to outstanding contributions would be irrelevant to this decision. He informed the Committee that the producer caucus had addressed this subject today, and a strong call had been made to producer countries to make maximum efforts to comply with their obligations to make contributions. If there was a need to make a special call to countries in arrears, this should be done separately but not in this decision.

85. In agreeing with the delegate of Peru, the delegate of Brazil stated that the decision was specifically about fundraising and a potential new methodology for project funding. The issue of outstanding contributions was another track and it would be preferable to focus specifically on fundraising.

86. The delegate of Japan indicated support for the suggestion of Switzerland to include reference to outstanding contributions. Fundraising required allocations of core resources in the Biennial Work Programme, and this should be represented accurately.

87. The delegate of Togo referred to operative paragraphs 4 and 5 to maintain the sunset clause and suspend the project cycle. In effect, this would mean a loss of information in the project pipeline, or what he would call the "database". So the two paragraphs were contradictory. He also referred to his earlier proposal to introduce a tax on international transactions. He mentioned that, in the African Union, states had recently agreed to institute new taxes to fund the budget of the organization. The Committee should offer this option to the Council and thus have the merit of trying.

88. The Chairperson suggested that the first point made by the delegate of Togo might require more conversation. He asked the Committee for views on the proposal for a tax on internationally transacted wood products.

89. The delegate of the EU expressed the view that ITTO lacked a mandate on international taxation and therefore she did not see the possibility of engaging fruitfully on the issue.

90. The delegate of Peru said it would be difficult to suspend the project cycle in 2019, given that the Secretariat had already distributed the calendar for the next year, which included two project cycles. He said that the sunset clause is already very short, at 20 months.
91. The delegate of the USA asked the Secretariat whether it was possible to separately track direct costs and income, and also to track labour hours spent working on the pilot programme and therefore to obtain the information needed to properly assess the programme's success.
92. The delegate of the USA referred to the view of some members that the issue of arrears in assessed contributions was unrelated to fundraising. The Working Group had recognized, however, that such assessed contributions were directly linked to the operational cost of the Organization and, if they were not made on time, this would affect operational efficiency. She also understood the sensitivity of pointing out such arrears in a decision; the Working Group had balanced the issue by urging members to consider making voluntary contributions.
93. The delegate of Brazil said she agreed with the delegate of the EU that the Organization lacked the mandate to propose the measure, as suggested by the delegate of Togo, to impose a tax on international transactions of wood products. She also referred to the 2018 Annual Market Discussion, in which producers and importers had reported huge challenges in buying and selling tropical timber and an overall decrease in the trade. The proposal would pose another challenge for those producers and importers.
94. Referring to operative paragraph 9 of the draft, the delegate of Brazil asked for clarification on the amount of USD 50 000 from the Working Capital Account and whether this was a reallocation of funds, not additional budget.
95. The Chairperson responded that the additional USD 50 000 specified would be new.
96. The delegate of Brazil indicated that her delegation did not support an increase, considering that the Organization was already facing financial difficulties.
97. The delegate of the EU clarified that the additional funds would come from the Working Capital Account, which is financed through the assessed contributions paid by members. The EU was therefore in favour of this paragraph.
98. The delegate of Peru said he insisted that this draft decision was not the right context for the proposal to include a paragraph to encourage payment on the side of producer countries. The arrears was a problem, and might require a special decision calling on those countries to pay their contributions. The problem of the lack of money for financing projects was not new and had been an issue for at least ten years, whereas the non-payment of arrears was not a long-term problem.
99. The delegate of the USA clarified that the Swiss proposal was to urge members to pay their assessed contributions, not to urge producers.
100. The delegate of Mexico indicated support for the comment made by the USA.
101. The delegate of Togo supported the delegate of Peru, suggesting that another decision was needed to deal conclusively with the issue of arrears. Regarding the proposal for a tax on international transactions on wood products, he did not demand that this be inserted. Nevertheless, it should be possible "think outside the box" and to be able to discuss difficult issues.
102. The consultant remarked that, in his assessments of donor requirements, the largest donors used a scoring system to assess proposals and would generally allocate 3–7% of points to the fiscal management of the applying organization. There might therefore be a disadvantage to ITTO if there was an imbalance in its own revenue and expenditures.
103. The delegate of Switzerland expressed concern about the ability of the Secretariat to practically be able to carry out large-sized tenders with its current capacity.
104. The consultant, Mr. Knapp, responded that part of the funds received for successful tenders would be available to increase staff capacity.

105. The delegate of Switzerland said there might also be an issue regarding the physical capacity of the Secretariat's resources to accommodate such an expansion in personnel.

106. The Chairperson responded that this concern would be recorded in the Committee report as an issue that might arise in the future.

107. The delegate of Peru proposed the establishment of a fund in ITTO to harness voluntary payments for globally significant environmental services provided by sustainably managed tropical forests, to constitute an innovative source of funding for projects in the Organization.

108. The Chairperson then opened the floor for live-editing of the draft decision and later referred the edited draft decision to the Chairperson's Open-ended Drafting Group.

(b) Legal Measures Regarding the Financial Impairment

109. The Chairperson clarified that it was appropriate and necessary for the Committee to consider this decision because of operative paragraph 3, which had budgetary implications. He invited comments.

110. The delegate of Switzerland asked the Secretariat to clarify the full amount being specified.

111. The Secretariat informed the Committee that an amount of USD 150 000 had been approved under a previous Council decision, of which USD 73 000 remained. If the additional amount was approved, therefore, the available funds under the decision would amount to about USD 123 000. The actual outlay required would depend on how far legal proceedings were able to continue within the jurisdiction of Japanese legislation.

112. The delegate of Brazil asked for clarification on whether this amount was additional or a reallocation. She also asked about the function of the fund from which the amount would be reallocated.

113. The Secretariat responded that the amount of USD 73 000 was the balance remaining from a previously approved amount earmarked for legal action against certain parties. The additional USD 50 000 specified in the draft decision would be obtained from the Working Capital Reserve.

114. The delegate for the USA asked the Secretariat to further clarify the purpose of the Working Capital Reserve and what it can and cannot be used for.

115. The Secretariat responded that the Working Capital Reserve is a reserve in the administrative account. It includes administrative assessment payments from members, and when payments of arrears are made they are credited to the Working Capital Reserve. The financial rules stipulate that Council decisions were required for use to be made of monies in the Working Capital Reserve.

116. The delegate of Peru, referring to the first operative paragraph in the draft decision, said it would be preferable to be more specific in requesting the Executive Director to pursue the three former ITTO employees.

117. The Chairperson proposed that further work on the language in the decision could take place in the Open-ended Drafting Group.

118. The Chairperson informed the Committee that draft Council Decision 6, operative paragraph 5, had funding implications and therefore the CFA should consider this. He read the operative paragraph and asked the Secretariat to confirm that the necessary resources were available in the account.

119. The Secretariat confirmed that such resources were available. The Chairperson invited comments from the floor and, there being none, he requested that a note be included in the Committee report indicating that the Committee had duly reviewed the financial implications of the decision.

Item 15: Recommendations to the International Tropical Timber Council

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

- (1) To approve the Financial Reports prepared in accordance with ITTO Financial Rules and Procedures (Annex 4) for the Financial year 2017, as contained in document CFA(XXXIII)/6;
- (2) To continue to appoint Ernst & Young ShinNihon LLC, Tokyo, to audit the Accounts of the Organization for the financial year 2018;
- (3) To consider, at the next Council session, amending the financial rules to extend the audit term to match best practices in the market;
- (4) To endorse the list of sole providers as contained in Annex 1 of CFA(XXXIII)/4 Rev.1; and
- (5) To examine and take actions to secure the needed resources to achieve the objectives of the Organization.

Item 16: Report of the Session

121. The Committee adopted this report as amended.

* * *

ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(LIV)/2



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

ITTC(LIV)/17
Page 167

Distr.
GENERAL

ITTC(LIV)/2
4 November 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5 – 9 November 2018
Yokohama, Japan

**REPORT OF THE INFORMAL ADVISORY GROUP (IAG)
AT ITS THIRTY-SECOND MEETING**

**4 November 2018
Yokohama, Japan**

**Thirty-second Meeting of the Informal Advisory Group (IAG)
Yokohama, Japan, 4 November 2018**

Report of the Chairperson

1. The Thirty-second Meeting of the IAG was convened on Sunday, 4 November 2018, chaired by Mr. Zhang Zhongtian (China), Chairperson of the Council. The meeting was attended by Mr. John Leigh (Peru), Vice-chairperson of the Council, Mr. Luke D. Thompson (U.S.A.), Chairperson of the Committee on Finance and Administration (CFA), Ms. Anna Tyler (New Zealand), Consumer Spokesperson and Chairperson of the Committee on Forest Industry (CFI), Mr. Jorge Malleux (Peru), Producer Spokesperson, Mr. Tadashi Sato (Japan), Representative of the Host Government of the Headquarters, and Dr. Gerhard Dieterle, Executive Director, together with other senior members of the Secretariat.

Mr. Björn Merzell (Sweden), Chairperson of the Committee on Economics, Statistics and Markets (CEM), and Mr. Dambis Kaip (Papua New Guinea), Chairperson of the Committee on Reforestation and Forest Management (CRF), were absent with apologies.

The Chairperson opened the meeting and welcomed the members of the IAG.

2. The IAG considered and adopted the following agenda for discussion:
 - A. Brief background of the IAG:
 - Decision 2(LI);
 - Report of the IAG at its Thirty-first Meeting, 26 November 2017;
 - General observations by the IAG Members;
 - B. Opening of the Fifty-fourth Session of the Council
 - C. Status of the parties to the International Tropical Timber Agreement, 2006
 - D. Filling positions of Council officers/bodies
 - E. Implementation of decisions dealing with the impairment of ITTO funds
 - F. Improving ITTO's Financing Infrastructure and Fundraising Strategies – Decision 9(LIII)
 - G. Rotation in the Framework of the Selection of the Executive Director – Decision 9(LII) and Decision 10(LIII)
 - H. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII)
 - Projects, Pre-Projects and Activities [Decision 1(LIV)];
 - Environmental and Social Safeguards Guidelines
 - Revision of Staff Rules and Regulations on the Age of Retirement in keeping with Prevailing UN Rules on the Age of Retirement
 - Fundraising
 - Anti-Money Laundering Provisions in the Financial Rules in order to be Compliant with GCF Accreditation Requirements
 - Rotation in the Framework of the Selection of the Executive Director.
 - I. List of possible decisions for the Fifty-fourth Session of the ITTC and report to the Council; and
 - J. Other matters
 - To be Decided.

A. Brief background of the IAG

3. The IAG noted and made reference to Decision 2(LI) and the Report of the Informal Advisory Group (IAG) at its Thirty-first Meeting held on 26 November 2017 in Lima, Peru, as contained in document ITTC(LIII)/2 dated 26 November 2017.
4. Dr. Dieterle provided background on the work of the Secretariat over the last year, and he thanked Japan's Forestry Agency, Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Foreign Affairs for their strong interactions. He also thanked the City of Yokohama for hosting the planned field trip to the city's watershed during the Council Session.

5. Mr. Malleux welcomed the opportunity for the field trip but expressed concern that there might be insufficient time due to the shorter duration of the Fifty-fourth session to address the important items on the Council agenda, especially on ITTO's Financing Infrastructure and Fundraising Strategies (agenda item 15) and the issue of rotation (agenda item 16). The caucuses needed more time to discuss these items.
6. The Secretariat informed the IAG of the intention to introduce agenda items 15 and 16 in the opening session of the Council, after which the caucuses would have the opportunity to convene for discussions and coordination. The IAG appreciated the early introduction of these items at the Session to enable as much time as possible to discuss them.

B. Opening of the Fifty-fourth Session of the Council

7. The Secretariat introduced the proposed agenda for the opening of the Fifty-fourth Session of the ITTC. The IAG discussed the protocols in place to ensure the smooth running of the opening.
8. The Chair sought comments from IAG members on issues he should mention in his opening speech. Proposals included urging Council members to resume or increase their voluntary contributions in light of the important role of the Organization and the measures taken by the Secretariat to enhance internal governance; making a strong, positive statement on the future of the Organization; that ITTO now meets or exceeds international governance standards; and the importance of productive forests in the battle against climate change.

C. Status of the Parties to the International Tropical Timber Agreement, 2006

9. Dr. Dieterle informed the IAG that Venezuela has become a member of ITTO. There are now 74 parties to the Agreement comprising 38 consumer members including the EU and 36 producer member countries. The IAG was informed that there had been active interaction with potential members during the course of the past year and the Solomon Islands would be at the Session as an observer. The IAG welcomed Venezuela to the Organization.

D. Filling Positions of Council Officers/Bodies

10. The IAG was informed of vacancies in the position of the Chairperson of the Credentials Committee, for which the Consumer Caucus was expected to provide a nomination before the Credentials Committee meets for the first time on Tuesday, 6 November. The IAG was further informed of the need for nominations of Council officers for the Fifty-fifth Session of the ITTC. The Consumer Caucus will need to provide nominations for the positions of Vice-Chairpersons of Council, the Committee on Economics, Statistics and Markets, the Committee on Forest Industry and the Committee of Finance and Industry, while the Producer Caucus will need to provide a nomination for the position of Vice-Chairperson of The Committee on Reforestation and Forest Management.
11. The IAG noted that some recommendations contained in the report of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies, if adopted by the Council, could have implications for nominations for the Expert Panel.
12. The Secretariat reminded the IAG that the Producer and Consumer caucuses would each need to nominate three members of the Fellowship Panel for 2019.

E. Implementation of Decisions Dealing with the Impairment of ITTO Funds

13. The IAG was briefed by the Secretariat on the latest developments in the lawsuit against the investment advisor and possible next steps in legal action that the Council may need to consider. The representative of the host government introduced Japan's proposed draft decision on possible measures to be taken in 2019 based on the outcome of the lawsuit against the investment advisor. A discussion ensued on the operative paragraphs of this draft decision, especially paragraph 3. The IAG recommended that the Council could consider amendments to this paragraph through the Chairperson's Open-ended Drafting Group.

F. Improving ITTO's Financing Infrastructure and Fundraising Strategies – Decision 9(LIII)

14. The IAG took note of the **Report of the ad hoc Working Group on Financing Infrastructure and Fundraising Strategies**, which will be presented to Council. The IAG discussed the report's recommendations, especially those to suspend the Project Cycle for 2019 and to revise procedures for project proposal submissions, as well as the general need to take a more programmatic and proactive approach to fundraising. The IAG noted that it was crucial for all members to fully understand the importance and opportunity for ITTO represented by the report. The IAG recommended that Council consider the need for a decision to indicate how and which of the recommendations of the report would be addressed, and it further recommended that the Council carefully consider the opportunities that may present themselves through some of the new suggested approaches and the need for work on this important issue to continue.
15. The IAG recommended that the Council consider whether to extend the mandate of the Ad Hoc Working Group or to convene an advisory group to collaborate with the Secretariat on continuing work under this initiative, as per the Working Group's recommendations.

The Chair suggested that ITTO should convene a ministerial-level meeting as a way of building understanding of, and confidence in, ITTO and its role in the international setting. After discussion, the IAG recommended to Council that it consider convening a regional-level ministerial segment at the Fifty-fifth Session of the Council in Togo in 2019 and a full ministerial segment at the Fifty-sixth Session in Yokohama in 2020. Such a segment could involve ministers with responsibility for trade as well as those with responsibility for forests, along with private-sector leaders and other high-level stakeholders interested in developing legal and sustainable supply chains for tropical forest products.

G. Rotation in the Framework of the Selection of the Executive Director – Decision 9(LII) and Decision 10(LIII)

16. The IAG noted the intention expressed by Council in Decision 10(LIII) to take a decision on this matter at the Fifty-fourth Session. The IAG stressed the importance of allocating sufficient time for coordination within the producer and consumer caucuses in order to reach consensus on this item at this Session.

H. Consideration of Draft Decisions/Elements of Decisions Submitted Pursuant to ITTC Decision 7(XXXIII)

17. 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(LIV)];
 - ii. Environmental and Social Safeguards Guidelines – *submitted by the Secretariat*;
 - iii. Revision of Staff Rules and Regulations on the Age of Retirement in keeping with prevailing UN Rules on the Age of Retirement – *no draft decision submitted*;
 - iv. Fundraising – *no draft decision submitted*;
 - v. Anti-Money Laundering Provisions in the Financial Rules in order to be Compliant with GCF Accreditation Requirements – *submitted by the Secretariat*;
 - vi. Rotation in the Framework of the Selection of the Executive Director – *no draft decision submitted*;
 - vii. Legal Measures Regarding the Financial Impairment – *submitted by the Government of Japan*.
18. The Secretariat explained the purpose of the draft decision on the Environmental and Social Safeguards Guidelines, which was due to changes made to the guidelines since their endorsement by the Committee on Reforestation and Forest Management at its Fiftieth Session in 2016 with a view to aligning them with the gender guidelines approved in 2017. The Secretariat informed the IAG that an informal document highlighting the changes made will be considered during the Committee on Reforestation and Forest Management at its current Session with a view to recommending to Council to adopt the amended guidelines at this Session.
19. There was discussion on a potential decision on Revision to Staff Rules and Regulations on the Age of Retirement in keeping with Prevailing UN Rules on the Age of Retirement. The Secretariat informed the IAG that the financial implications of such a revision were likely to be minor. The IAG

recommended that the Committee on Finance and Administration develop the elements of a draft decision on this matter for submission to the Chairperson's Open-ended Drafting Group.

20. The IAG noted that drafts for decisions (iv) and (vi) would be prepared by the Secretariat, as needed, based on discussion at Council.
21. The IAG noted that a decision might be needed on elements contained in the report of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies, but this was dependent on discussions on the report to take place during the Session.
22. The Secretariat explained that decision (v) had previously been considered in 2015 but had been deferred at that time.
23. The IAG discussed the need or otherwise to further extend the Strategic Action Plan to allow time to prepare a new plan that takes into account fundraising objectives in pursuit of ITTO's objectives. In 2019 there will be negotiation on a new Biennial Work Programme, a new biennial administrative budget, and a new Strategic Action Plan; moreover, the first opportunity to renegotiate the ITTA would be in 2021. The IAG recommended that the Council consider the timing of these processes to ensure as much coherence between them as possible.

I. List of Possible Decisions for the Fifty-fourth Session of the ITTC and Report to the Council

24. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Fifty-fourth Session as follows:
 - i. Projects, Pre-Projects and Activities [Decision 1(LIV)];
 - ii. Environmental and Social Safeguards Guidelines -- *submitted by the Secretariat*;
 - iii. Revision of Staff Rules and Regulations on the Age of Retirement in keeping with prevailing UN Rules on the Age of Retirement – *no draft decision submitted*
 - iv. Fundraising – *no draft decision submitted*;
 - v. Anti-Money Laundering Provisions in the Financial Rules in order to be Compliant with GCF Accreditation Requirements -- *submitted by the Secretariat*;
 - vi. Rotation in the Framework of the Selection of the Executive Director – *no draft decision submitted*;
 - vii. Legal Measures Regarding the Financial Impairment – *submitted by the Government of Japan*.

Draft decisions ii, v and vii are included in Annex A to this report.

J. Other Matters

25. No other matters were discussed and considered by the IAG.

K. Adjournment

26. The Thirty-second meeting of the IAG was adjourned at 1:04 p.m. 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.

The full text of the Environmental and Social Safeguards Guidelines will be circulated as an informal document in the Committee on Reforestation and Forest Management and the Anti-Money Laundering and Counter Terrorism Financing Policy (AML/CFT) can be found in document CFA(XXX)/9, respectively.



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTTC(LIV)/
8 November 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5 - 9 November 2018
Yokohama, Japan

DECISION ... (LIV)

GUIDELINES FOR THE ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS ASSESSMENT (ESIA) IN ITTO PROJECTS

The International Tropical Timber Council,

Recalling the ITTA 2006, Article 1, (r) on encouraging Member Countries to recognize the role of forest-dependent indigenous and local communities in achieving sustainable forest management and develop strategies to enhance the capacity of these communities to sustainably manage tropical timber producing forests;

Acknowledging the outcomes of the Meta-evaluation of ITTO completed projects which highlight the importance of improving the environmental and social sustainability;

Further acknowledging that the accreditation standards of the Global Environment Facility and Green Climate Fund include environmental and social safeguards and that accreditation assessment reviews the competency of entities seeking accreditation in the assessment and management of environmental and social risks and impacts;

Emphasizing the importance of environmental and social risks and impacts assessment to screen the projects submitted to ITTO by Member Countries for funding in order to avoid, minimize, mitigate and manage the adverse environmental and social impacts of projects;

Noting the draft Guidelines for Environmental and Social Risks and Impacts Assessment in ITTO Projects [Document CRF(XLIX)/13] and the approval of the revised draft Guidelines for Environmental and Social Risks and Impacts Assessment in ITTO Projects [Document CRF(L)/5] by the Committee on Reforestation and Forest Management at its Fiftieth Session;

Decides to:

1. Adopt the Guidelines for Environmental and Social Risks and Impacts Assessment in ITTO Projects contained in Annex 1 of this decision;
2. Request the Executive Director to publish the Guidelines for Environmental and Social Risks and Impacts Assessment in ITTO Projects (ESIA) in the three official languages of ITTO to be widely distributed;
3. Request the Executive Director to undertake the following actions to promote the Guidelines:
 - a. Make necessary adjustments in the appraisal tools of the ITTO Expert Panel for Technical Appraisal of Project Proposals to ensure that proposals duly incorporate the guidance of ESIA in project design; and

- b. Urge Member Countries submitting projects for funding to apply the Guidelines in their proposals as an important contribution to the development and implementation of quality projects towards sustainable forest management in the tropics.
4. Request the Executive Director to revise the ITTO Project-related Guidelines and Manuals, incorporating the adopted Guidelines for Environmental and Social Risks and Impacts Assessment in ITTO Projects and the ITTO Policy Guidelines on Gender Equality and Empowering Women (GEEW) for Council approval at the Fifty-fifth Session of ITTC; and
5. Authorise the Executive Director to seek voluntary contributions to meet the financial requirements of this Decision, not exceeding US\$150,000. In the absence of sufficient voluntary contributions, the Executive Director is requested to use funds from the Working Capital Reserve.

ANNEX

GUIDELINES FOR THE ENVIRONMENTAL AND
SOCIAL RISKS AND IMPACTS ASSESSMENT (ESIA) IN ITTO PROJECTS
TO BE INSERTED BELOW
IF COUNCIL AGREES TO DECISION



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LIV)/
8 November 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5-9 November 2018
Yokohama, Japan

DECISION ... (LIV)

ITTO ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING POLICY (AML/CFT)

The International Tropical Timber Council,

Recalling that the Anti-money Laundering and Counter Terrorism Financing Policy (AML/CFT) was first introduced at the Committee on Finance and Administration (CFA) at its 30th meeting in 2015 in connection with reviewing required policies for the application for accreditation to the Green Climate Change Fund;

Also recalling that the decision to adopt the AML/CFT policy was deferred at the 30th CFA meeting due to the accreditation to the Green Climate Fund put on hold until the investigation on the impaired investments was completed;

Is aware that the Green Climate Fund requires implementing agencies to meet certain criteria to be accredited for programme/project funding, including criteria on financial management;

Noting the reports on the AML/CFT guidelines contained in documents CFA(XXX)/9, and the comments provided by Members on this report,

Decides to:

1. Adopt the Anti-money Laundering and Counter Terrorism Financing Policy (AML/CFT) contained in Annex 1 of this decision;
2. Request the Secretariat to take immediate steps to implement and publish the policy as a new annex to the ITTO Financial Rules and Regulations;
3. Periodically review and, as needed, update the AML/CFT policy to reflect experience gained and new developments in the field of anti-money laundering and counter terrorism financing.

ANNEX

ITTO ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING POLICY (AML/CFT)
TO BE INSERTED BELOW
IF COUNCIL AGREES TO DECISION



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LIV)/
8 November 2018

Original: ENGLISH

FIFTY-FOURTH SESSION
5-9 November 2018
Yokohama, Japan

DECISION ... (LIV)

RECONFIRMATION OF FURTHER MEASURES AND MANDATING OF LEGAL ACTIONS REGARDING THE FINANCIAL IMPAIRMENT

The International Tropical Timber Council,

Recalling Decision 4(LI), Decision 4(LI.1), Decision 5(LII) and Decision 7(LIII) dealing with the loss of 18.2 million USD of ITTO funds;

Noting the findings of the independent investigation carried out under Decision 4(LI);

Acknowledging that the total loss of 18.2 million USD had to be fully covered at the expense of the entire Membership in addressing the financial shortfall pursuant to Decision 6 (LII), of which concrete measures were finalized and approved by the Council as set out in document ITTC(LIII)/12;

Bearing in mind the need to take necessary and appropriate legal actions, within legal time limits if any, according to the developments in the ongoing court case against the investment advisor filed in accordance with Decision 4(LI.1);

Decides to:

1. Request the Executive Director, without prejudice to any legal recourse that ITTO may have, to further continue his efforts in requesting the former ITTO employees, without any declaration of liability, to contribute to meeting the financial shortfall, including by returning to the Organization its contributions plus interest to their Provident Funds;
2. Request the Executive Director, if so professionally advised according to the developments in the ongoing court case, to maintain the ability of ITTO to pursue further legal action by initiating a third party notice to the former ITTO employees as necessary and without delay;
3. Request and authorize the Executive Director to use every effort and necessary financial resources to exhaust all possible legal procedures / recourse against all potential parties on this matter; and
4. Request the Executive Director to provide regular updates on the implementation of this Decision to the Chair and Vice-Chair of the Council, and provide periodic reports to the Council on the implementation of this Decision as well as of the above-mentioned Decisions.