



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

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FIFTY-FIFTH SESSION
2–7 December 2019
Lomé, Togo

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

Lomé, Togo

2–7 December 2019

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KEY ACRONYMS AND ABBREVIATIONS

BWP	Biennial Work Programme
CBD	Convention on Biological Diversity
CEM	Committee on Economics, Statistics and Markets
CFA	Committee on Finance and Administration
CFE	Committee on Forest Industry
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COP	Conference of the Parties
CRF	Committee on Reforestation and Forest Management
EU	European Union
EUR	euro(s)
GCF	Green Climate Fund
GEF	Global Environment Facility
GGSC	Global Green Supply Chains
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
IWPA	International Wood Products Association
LSSC	Legal and Sustainable Supply Chains
SDG	Sustainable Development Goal
UNCCD	United Nations Convention to Combat Desertification
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States dollar(s)
USA	United States of America

OPENING OF THE SESSION (AGENDA ITEM 1)

1. The Fifty-fifth Session of the International Tropical Timber Council (ITTC, the Council) was opened with speeches by Togo's Minister for the Environment, Sustainable Development and Nature Protection, David Wonou Oladokoun, the Chairperson, Mr John Leigh, the Togo Prime Minister, Mr Komi Sélom Klassou, and the ITTO Executive Director, Mr Gerhard Dieterle.
2. Mr Oladokoun welcomed participants to Lomé and Togo. He said that hosting this 55th Session of the Council was in line with the vision of the head of state, His Excellency, Mr Faure Gnassingbé Eyadéma, to make Togo a major forum in the subregion, and he expressed gratitude to the Council for choosing Togo as host of this session. ITTO could help its members work on their competitive advantage and to face up to climate change beyond 2020. Togo was seeking to increase the contribution of hardwood products to its local and international markets, and he paid tribute to President Faure Gnassingbé, whose leadership had enabled Togo to become the top country in Africa in business reform.
3. Mr Oladokoun said that the Council session was taking place at an important time, with Togo seeking ways to better manage its forests by preventing forest degradation, deforestation and illegal activities while also meeting increasing demand for timber and forest products. He expressed hope that the Council session would explore options for using forests to combat climate change and increasing their role in the circular economy. He drew the attention of participants to Togo's national development plan, which put responsibility on his ministry for sustainable development, the sustainable use of natural resources and resilience to climate change.
4. Mr Oladokoun said it was important to promote good forest governance and to adopt policies to enable sustainable forest management and timber trade linked to appropriate investments. The Council should pay specific attention to tropical timber producers, especially in Africa, to reinforce their capacities for sustainably managing forests and meeting market requirements. Togo had restored millions of hectares of forest in recent years; there was a need to reassure consumers about the legality and sustainability of the timber they buy. He urged countries to combine efforts toward a consistent approach to restoring forest landscapes for the benefit of small private producers and communities.
5. Mr John Leigh, Chairperson of the International Tropical Timber Council, expressed the Council's gratitude to the government and people of Togo for hosting the session. He said that Togo had developed valuable forest plantations and worked hard to improve the management of natural forests. ITTO was proud to have been a partner of Togo in those endeavors for many years, having financed several locally implemented projects, and Togo had been a constructive participant in the Organization's ongoing programme of policy development. ITTO was grateful to Togo for its decades-long partnership and for hosting the session so excellently. Togo may be a small country by land area, he said, but it had an enormous heart.
6. On behalf of ITTO, Mr Dieterle, ITTO Executive Director, expressed his deep appreciation to His Excellency, Prime Minister Komi Sélom Klassou, for agreeing to open the 55th Session of the International Tropical Timber Council. Togo had been a longstanding member of ITTO and a steady supporter of its work for many years. Prime Minister Klassou's presence today not only underlined the country's commitment to the Organization and its goals, it also demonstrated how much he personally valued the roles of productive forests in climate, biodiversity, conservation, water, sustainable development and the wellbeing of Togo's people.
7. Mr Dieterle said that, in Togo and many other West African countries, forest resources and agroforestry are essential for meeting daily livelihood needs such as construction and household energy and for sustaining agricultural production. Forests were under tremendous pressure to meet these needs, and this pressure also resulted from other land uses. On the other hand, smallholders and communities were increasingly investing in trees as entrepreneurs in Togo, which was a major development. He said he had lived and worked in Togo in the early 1990s and had a strong affection for the country, its people and the good forest work that had been accomplished, especially in sustaining the valuable teak resources. He was pleased that ITTO had been a significant contributor to this work over the decades. He said that the Council would learn from Togo's experience.
8. His Excellency, the Prime Minister Komi Sélom Klassou, said that the people of Togo were honored to host the 55th Session of the Council and he welcomed delegates on behalf of President Faure Gnassingbé and the people and government of Togo. He said that hosting the session was a way for

Togo to reconfirm its commitment to ITTO as a framework for cooperation, multilateral action and sustainable forest management. Prime Minister Klassou expressed the deep gratitude of Togo to Mr Leigh, Mr Dieterle and all member states for the decision to convene the session in Togo. He paid tribute to those attending, which showed, he said, the will to act together towards sustainable forest management and the free, traceable, sustainable trade of tropical timber.

9. Mr Klassou said that ITTO worked for the conservation, management and trade of timber products in ways that combined sustainability with economic development and the rule of law. In light of climate change and its local, national and global impacts, ITTO's mission should be perceived as a firm commitment to sustainability, good governance, biodiversity conservation and forest landscape restoration. He said that, by all indicators, lifestyles and consumption models were creating an unsustainable risk to forest ecosystems and were therefore contributing to global warming. Faced with these major challenges, there was a need to reverse the trend by promoting consistent policies for sustainable development and forest management. Forest resources were not infinite; on the contrary, they were deteriorating at an alarming rate.
10. Mr Klassou noted that, on the same day, the Conference of the Parties to the Framework Convention on Climate Change was taking place in Madrid, Spain. The planet was in jeopardy, he said, and there was a need to work together collegially—with method and a sense of responsibility and determination. The 55th Session of the Council was taking place in Lomé at a crucial point in history marked by disasters linked to climate change. In examining the various reports and the implementation of the thematic programmes, as well as innovations and good practices, it was important for the Council to reach agreement on improving the Organization's funding infrastructure and its strategy for raising funds. The week's deliberations would enable ITTO to improve its operational capacity and broaden its funding possibilities in favor of its member states. Those member states were expecting more institutional support, strategic instruments and financial resources from ITTO to enable the sustainable management of their forests.
11. Fortunately, said Mr Klassou, the Organization had already undertaken considerable efforts to fund forest-related projects. Since its accession to ITTO, Togo had benefited from funds of USD 4,099,210 to finance 19 projects, the implementation of which had had a positive effect on the national economy and on the country's efforts to fight deforestation and reduce the impacts of such deforestation on rural communities. A national inventory conducted in 2016 had found that forests covered 24.24% of Togo's land area, and deforestation was occurring at an annual rate of 0.42%. There was a need, therefore, to do better in fighting deforestation and restoring forest ecosystems.
12. Faced with this threat and aware that, "he who plants a tree before dying has not led a pointless life", the Togo authorities had created National Tree Day in June 1977 as an invitation to all citizens to plant trees to stimulate reforestation, fight deforestation and promote sustainable development. This practice had boosted the country's reforestation rate to 1000 ha per year in the 1980s and 2000 hectares per year in 2010. To support this policy and to make sustainable development and the protection of forests more viable, Togo had also adopted its forest law in 2008, which remained in force today. In a partnership between public authorities, the private sector and local communities, Togo had delineated and made secure its protected areas and committed to restoring 1.4 million hectares of forest by 2030. Togo had also adopted a law in 2018 on the creation of forest estates, with the aim of securing such estates and promoting private plantations.
13. Mr Klassou said that Togo's timber-processing industry was dynamic. He welcomed ITTO's policies to promote local processing, saying this would maximize the sector's economic potential and bring hope to vulnerable communities, who had legitimate expectations linked to employment and access to basic social services.
14. Mr Klassou informed delegates that Togo had developed a national development plan for 2018–2022. The plan contained three strategic pillars and was in line with the 2020 vision of the Economic Community of West African States community, the Sustainable Development Goals (SDGs), and Agenda 2063 of the African Union. Through this national development plan, Togo intended to structurally transform its economy towards a stronger, sustainable, resilient and inclusive economy to create a sufficient number of decent jobs by 2022. Among other things, the plan constituted a framework for the governance of Togo's forests, drawing inspiration from international conventions relevant to forests and the environment.

15. The sustainable management of Togo's forests would enable the country to increase the contribution of the forest industry to gross domestic product, which currently stood at 2.8%. Togo intended to improve forest protection and promote a green economy. Togo, in turn, knew it could count on the support of its partners to enable it to pay greater attention to important aspects such as forest certification, biodiversity conservation, compliance with forest and trade laws, payments for environmental services, and community forestry.
16. Mr Klassou said that a lack of certification, timber tracking, and compliance with international trade rules meant significant losses for producer economies, and there was an urgent need for action. This concern should translate into the speeding up of funding for approved projects. He invited the Council to explore all potential avenues of funding, so that most of the approved projects could benefit from the financial resources they needed for their implementation. Togo was hopeful that, at this session, its three projects and one pre-project, with a total value of USD 1,926,000, would receive close examination. The projects, if funded, would contribute to reaching the goals specified in the national development plan regarding ecosystem conservation and sustainable management.
17. Mr Klassou said that the magnitude of the challenges facing the world meant that all countries needed to work together in everyone's interest. There was a need to be imaginative and innovative and to make decisions that would enable the Organization and its member states to fulfil their obligations regarding forest governance. On behalf of the President of the Republic of Togo, Mr Klassou then declared the 55th Council Session open.
18. After a break, the opening session resumed with addresses by the Council Chair and the Minister of Forests and Wildlife, Cameroon.
19. Mr Leigh again thanked the Government of Togo, the Office de Développement et d'Exploitation des Forêts and the Togo Ministry of Environment, Sustainable Development and Nature Protection for their excellent hospitality in hosting the session. He reminded delegates that he had been a member of the ITTO Secretariat for many years. As part of his work, he had visited dozens of ITTO project sites throughout the world and had seen first-hand the positive impacts that ITTO was having in rural communities and in helping bring sustainable practices to productive tropical forests. Mr Leigh said that, after his retirement at ITTO, he had worked as head of the Peruvian Forest Service for almost three years, based in Lima. There, he had seen both the Organization's lasting impacts on the ground and the huge continuing need for the sort of assistance that ITTO offered. He had recently attended the third Latin American and Caribbean Congress on Protected Areas in Lima, where the long-term effect of ITTO support was again clearly evident.
20. Mr Leigh said that, with project funding dwindling alarmingly in recent years, ITTO's work was not yet finished. The Organization would lose credibility if no visible improvement in the funding situation was seen in the near future. Some members had expressed concern to him and seemed doubtful about their future membership in the Organization. The Council should take the issue very seriously and address it together based on the objectives set out in the International Tropical Timber Agreement (ITTA). ITTO had begun in hope more than 30 years ago, and there had been real improvements in policies and practices in many member countries, due in no small measure to ITTO's efforts. But such improvements were by no means universal and by no means sufficient to meet the challenges facing communities, countries and the planet in coming decades.
21. Mr Leigh urged delegates to continue to support ITTO in word, spirit and deed. He informed them that he had recently attended the International Forum on Global Green Supply Chains, convened by ITTO and several partners in Shanghai, China, with financial support from the Government of Germany. This was the first ever global meeting on sustainable timber supply chains. Importantly, it was a private-sector initiative involving some of the world's biggest private tropical timber importers and manufacturers. A strong call had arisen from this forum on the urgent need to improve the image of the forest sector and to address the lingering perception among many people worldwide that logging caused deforestation and that therefore the forest industry was a destructive agent. Changing this perception was crucial, said Mr Leigh, and it must be done in true partnership between producers and consumers, if the forest industry was to play its role in mitigating climate change and contribute to achieving the Global Forest Goals. Sustainable forest management and a sustainable tropical timber trade were complementary, and both were essential for sustainable development and the achievement of the SDGs. Moreover, as stated by the Intergovernmental Panel on Climate Change, sustainably managed forests and wood products were key elements for decarbonizing and moving towards a bio-

based circular economy. Nature-based solutions to climate change involving trees and forests could only be fully achieved by providing value to forests within the framework of legal and sustainable supply chains. In addition, green supply chains would ensure stable supplies, domestically and internationally, of legal timber from sustainably managed forests. Markets could be strong drivers of better forest management by increasing demand for sustainable and legally produced wood products while incentivizing good operators in the field. But governments were still needed to set the regulatory regime, build capacity through infrastructure and human resource development and, where necessary, provide incentives for good forest practices.

22. Mr Leigh said that partnerships among stakeholders were essential for sharing the incremental costs and ensuring the viability and equitability of green supply chains, and this was why ITTO was needed. ITTO had worked with hundreds of partners to promote international trade of tropical timber from legal and sustainable sources. It had the capacity to bring together governments, the private sector and civil society in a spirit of cooperation and mutual respect, encourage sustainable forest practices and provide seed money to make things happen on the ground. Mr Leigh said that ITTO, if firmly backed by its membership, could achieve great things. He urged the Council to provide strong support for the legal and sustainable supply chains initiative. He also urged members to pay their contributions to the ITTO administrative budget because a failure to do so would curb the Organization's capacity to carry out its mandate. He also encouraged donors to show their faith in ITTO and provide the funding needed for it to fulfil its mandate and to support productive forests across the tropics.
23. His Excellency, Mr Jules Doret Ndongo, Minister of Forests and Wildlife of Cameroon, expressed his gratitude to the Government of Togo for the warm welcome accorded his delegation. Cameroon had been an active ITTO member from inception and had assumed major responsibilities within the Organization. It had held the position of executive director of the Organization and served as the spokesperson of producer countries for several years. Cameroon had participated in all Council sessions, despite economic conditions which at times had been unfavorable, and had regularly paid its assessed contributions. In turn, Cameroon had enjoyed multifaceted support to help better manage its forest resources. In fact, some 15 ITTO-funded projects had been implemented in Cameroon, including three large-scale subregional projects, at a value of USD 11 million. These projects had been implemented by Cameroonian government institutions, international organizations and Cameroonian civil-society organizations involved in the promotion of sustainable forest management.
24. The most recent project financed by ITTO and implemented in Cameroon had been completed in 2016, with the completion report submitted in 2017. Mr Ndongo conveyed the sincere thanks of the Government of Cameroon to all ITTO financial partners who had contributed to the implementation of all the previously mentioned projects. Today, three projects submitted by Cameroon had been awaiting funding for nearly three years, including one project that had received partial funding of USD 80 000 from the United States of America (USA). Mr Ndongo requested that potential donors pay careful attention to those projects and which were at risk of being nullified by the sunset clause.
25. Mr Ndongo recalled that his fellow countryman, Mr Emmanuel Ze Meka, in his role as the Organization's Executive Director, had carried out a number of financial investments to make money for the Organization. This had involved an initial investment of USD 6 million in 2012 and a second investment of USD 12.2 million in 2013. Unfortunately, these amounts, the total of which was more than USD 18.2 million aimed mainly at project funding, had been lost. These losses had greatly hampered the operation of the Organization and, because of this, project funding had been suspended and the Organization had found itself unable to carry out several of its planned activities. To date, the consequences of these losses were still manifest in the functioning of the Organization.
26. Mr Ndongo expressed the sincere regret of his country for the harm caused to the Organization by those unsuccessful investments. He requested the indulgence of the Council regarding Mr Ze Meka, who had authorized these investments. Cameroon believed that he had acted in good faith in order to respond to the various solicitations that had been made at the time. The highest authorities in Cameroon had been fully informed of this regrettable situation and had asked Mr Ndongo to present this plea to delegates. If, however, it was established that Mr Ze Meka had acted with negligence by authorizing the unsuccessful investments, it should also be pointed out that he had acted as Executive Director of the Organization and that he had received no mandate to do this by the Government of Cameroon. Nevertheless, the authorities of Cameroon did not remain indifferent to the situation, and several high-level meetings had taken place in Cameroon, during which the financial losses sustained by the Organization were discussed. During these talks, practical measures had been examined to enable Cameroon to recover its former place in the Organization.

27. Mr Ndongo said that Cameroon and the European Union (EU) had signed a FLEGT Voluntary Partnership Agreement in October 2010 for the implementation of forest governance rules to enable the trade of timber and byproducts of timber to the EU. Progress had been made on several fronts under this agreement, including increased transparency in the forest industry through the development of a website; the recognition of private certification systems used in Cameroon pursuant to the requirements of the agreement; the issuance of legality certificates to processing units conforming with the rules; and an increase in the participation of stakeholders in the forest industry, including civil society and the private sector.
28. The process had suffered a considerable delay, however, in the development of a computer system for managing forest information, which was an essential tool for verifying legality. The computer system developed by Cameroon did not conform with EU requirements; thus, as part of a programme for improving forest governance under the European Fund for Development, Cameroon had embarked on a new phase in the redevelopment of the computer system. He noted that Cameroon had also commenced a joint assessment of the FLEGT Voluntary Partnership Agreement with the EU.
29. Mr Ndongo welcomed the excellent work of the Executive Director and his team to overcome the difficulties linked to the financial losses. He thanked the Executive Director for the initiatives aimed at strengthening the Organization's governance and transparency. He noted that several topics would be discussed at the session, including the selection of the Executive Director, the improvement of the funding infrastructure of the Organization, and the financial losses. He expressed hope that the session would reach fruitful conclusions and that funding would once again be committed to the projects submitted by Cameroon.

ASCERTAINMENT OF THE QUORUM (AGENDA ITEM 2)

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

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

31. The Chairperson referred to Document ITTC(LV)/1 Rev.1 and invited comments on the provisional agenda.
32. After discussion, it was agreed that, for the sake of convenience, the Council would consider agenda item 15(b) before 15(a), although the two items were not linked.
33. In the absence of objections and further comments, the provisional agenda was adopted.

REPORT ON MEMBERSHIP OF THE COUNCIL (AGENDA ITEM 4)

34. The Executive Director informed the Council that the membership of the Organization stood at 74, comprising 38 consumer members and 36 producer members. There had been no change in membership since the Fifty-fourth Session of the Council.

REPORT OF THE CREDENTIALS COMMITTEE (AGENDA ITEM 5)

35. Mr Anicet Ngomin (Cameroon), Chairperson of the Credentials Committee, presented the Report of the Credentials Committee, drawing attention to Document ITTC(LV)/3 Rev.1. The Committee, composed of Australia, Estonia, Guatemala, Japan, Thailand and the USA, had examined and accepted the credentials and attendance of thirty (30) countries and the EU at the Fifty-fifth Session of the Council and Sessions of the Associated Committees.
36. 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:
Bulgaria	European Commission
Croatia	
Cyprus	
Czechia	
Denmark	
Ireland	
Italy	
Slovenia	
Spain	
Hungary	
Belgium	Finland
Greece	
Latvia	
Lithuania	
Luxembourg	
Malta	
Netherlands	
Poland	
Portugal	
Romania	
Slovak	
UK	
Mexico	
New Zealand	Australia
Papua New Guinea	Indonesia

DISTRIBUTION OF VOTES FOR 2020–2021 BIENNIUM (AGENDA ITEM 6)

37. The Chairperson drew the attention of the Council to the annex of Document ITTC(LV)/1 Rev.1, which showed the proposed distribution of votes for the 2020–2021 biennium, in accordance with Article 10(7) of the ITTA, 2006.
38. The Chairperson reminded members that, in accordance with Article 19(4) 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 2020 and 2021. 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.
39. In the absence of any objections or further comments, the distribution of votes, as contained in Document ITTC(LV)/1 Rev.1, was approved.

DISTRIBUTION OF VOTES FOR 2020–2021 BIENNIUM

PRODUCER MEMBERS

	<u>2019</u> <u>No. of Votes</u>	<u>2020/2021 Biennium</u> <u>No. of Votes</u>
Africa		
Benin	21	22
Cameroon	22	22
Central African Republic	21	22
Congo	22	22
Côte d'Ivoire	22	22
Democratic Republic of the Congo	22	22
Gabon	22	22
Ghana	21	22
Liberia	21	21
Madagascar	21	22
Mali	21	21
Mozambique	22	22
Togo	21	21
Asia & Pacific		
Cambodia	19	24
Fiji	14	14
India	28	28
Indonesia	88	90
Malaysia	90	83
Myanmar	49	30
Papua New Guinea	44	42
Philippines	15	15
Thailand	37	49
Viet Nam	16	16
Latin America/Caribbean		
Brazil	120	121
Colombia	23	23
Costa Rica	13	13
Ecuador	18	19
Guatemala	12	12
Guyana	15	16
Honduras	12	11
México	24	24
Panamá	12	13
Peru	28	29
Suriname	14	15
Trinidad and Tobago	10	10
Venezuela	20	20
TOTAL:	1,000	1,000

CONSUMER MEMBERS

	2019	2020/2021 Biennium
	<u>No. of Votes</u>	<u>No. of Votes</u>
Albania	10	10
Australia	16	16
China	278	291
European Union	375	371
Austria	10	10
Belgium	15	15
Bulgaria	10	10
Croatia	10	10
Cyprus	10	10
Czechia	11	11
Denmark	11	11
Estonia	10	10
Finland	10	10
France	29	25
Germany	19	19
Greece	11	11
Hungary	10	10
Ireland	13	13
Italy	22	20
Latvia	10	10
Lithuania	10	10
Luxembourg	10	10
Malta	10	10
Netherlands	29	30
Poland	11	11
Portugal	13	13
Romania	10	10
Slovakia	10	10
Slovenia	10	10
Spain	14	14
Sweden	11	11
United Kingdom	26	27
Japan	156	144
New Zealand	11	11
Norway	10	10
Republic of Korea	60	63
Switzerland	11	11
United States of America	73	73
TOTAL:	1,000	1,000

ADMISSION OF OBSERVERS (AGENDA ITEM 7)

40. The Chairperson referred to Document ITTC(LV)/Info.3 and Document ITTC(LV)/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/LV/Info.5) had been published on the ITTO website before the present session of the Council.
41. The delegate of China noted that the International Network for Bamboo and Rattan (INBAR) had been included under the category of non-governmental organizations and informed the Council that INBAR was, rather, an intergovernmental organization located in Beijing, China. The Secretariat confirmed that it would amend Document ITTC/LV/Info.5 to include INBAR as an intergovernmental organization.
42. In the absence of objections, all observers in compliance with the guidelines according to ITTO rules were admitted as observers to the Fifty-fifth Session of the Council.

STATEMENT BY THE EXECUTIVE DIRECTOR (AGENDA ITEM 8)

43. In his formal statement to the Council, Mr Dieterle thanked the government and people of Togo for their warm hospitality and the excellent facilities they had provided. He said he knew the country well, and that many things had changed since he had worked there. Forestry was an important sector, and ITTO projects and policy work had already had a positive impact in the country.
44. Mr Dieterle said that the year that had passed since the previous session had been important for ITTO in consolidating and strengthening its role in the international forest and climate regime. Early success stories were starting to emerge, but much more effort was needed to address the many challenges that lay within ITTO's mandate. The pathway laid out at the previous Council session had received substantial support from science. In a special report in August, in the chapter on land degradation, the Intergovernmental Panel on Climate Change had stated that sustainable forest management could maintain or enhance forest carbon stocks, including by transferring carbon to wood products. Where wood carbon was transferred to harvested wood products, these could store carbon over the long term and could substitute for emissions-intensive materials, thus reducing emissions in other sectors. This was the first time that the role of wood products had been recognized as a significant element in the global fight against climate change. The report also stated that the global goal of keeping the global temperature increase below 1.5 degrees Celsius could not be achieved without forests and forest products. The situation was critical now, with a report by UN Environment finding that average temperatures were on track to rise by 3.2 degrees Celsius from the baseline average temperature at the start of the industrial age. The potential contributions of forests and forest products to the mitigation of climate change amounted to about 8 gigatonnes per year, or roughly 15% of the global mitigation target.
45. Mr Dieterle said that this clear recognition of the role of forests and forest products had practical implications for ITTO's work. There was a need to address forest management and the use of forest products in an integrated way to account for the climate benefits at all stages. This meant looking at the sustainability of whole supply and value chains, from the tree in the forest to the product in the market. There was also an urgent need to address the emerging supply gap in timber, wood-based energy and other forest products to satisfy the demands of growing populations. For example, the population of Africa was projected to increase from 1.3 billion people today to 4.6 billion people by the end of the century. There was also a need to ensure that forests and forest industries contributed to the maximum extent to the advancement of bio-based and circular economies while meeting the needs of the growing population. And it was important that the economic functions of forests contributed to other important needs of society, biodiversity and the environment. This represented a substantial shift from previous approaches, said Mr Dieterle, in which timber and wood-based energy were treated as a cause of the problem, rather than an integral part of the solution.
46. The cost of inaction would be incredibly high, and the task for ITTO was clear. It needed to be a leader in promoting sustainable value chains, restoring forest landscapes and protecting forest biodiversity and other widely public good functions of forests. By creating sustainable value chains and

accelerating the restoration of forest landscapes, tropical timber-producing countries could boost their domestic supply of wood products, as well as export earnings from international trade. By protecting forest biodiversity through sustainable forest management, tropical countries could ensure the supply of vital public goods and ecosystem functions. This must be at the core of ITTO future role and mandate.

47. Mr Dieterle said that the ITTO Secretariat had raised the need for a more programmatic approach at the Fifty-fourth Session of the Council with a view to bringing more financial resources into the Organization. In accordance with the Council decision, ITTO was now piloting the Legal and Sustainable Supply Chains (LSSC) programme, which was already providing important insights and would help producer countries and eventually improve the funding base. Mr Dieterle expressed gratitude to the Government of Germany for seed funding of about USD 4 million to test the LSSC approach. The outcome of an activity under the LSSC programme, the recently held forum, Together Towards Green Supply Chains—A Forest Products Industry Initiative, which had taken place in Shanghai, China, in October, had been a great success. It had brought together nearly 400 participants from 32 countries, representing more than 200 companies from China, most of them operating internationally in Africa, Latin America and Asia, industry associations, governments with high-level representation, research institutions and civil-society representatives.
48. Private-sector representatives had supported the initiative to form an open global network of like-minded companies and industry associations to increase business-to-business exchange, access to information and capacity building, among other things. Participants had highlighted the important role of governments in incentivizing legal and sustainable practices, providing an enabling framework and building much-needed capacities, especially among forest producers and processors. Mr Dieterle reported that, two weeks previously, ITTO and a foundation for Portuguese-speaking countries in Macau had held an intensive training workshop for industry and associations, with participants from Portuguese-speaking countries as well as from several other ITTO member countries in Latin America, Asia and Africa.
49. Mr Dieterle reported that the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies had continued its work during the year, providing guidance on expanding the programmatic approach into a proposal for coherent and effective financing architecture, as mandated by the Council. The work had identified a number of important causes of the decrease in contributions from donor members, which had started as early as 2008. There were likely multiple causes for the decline: a global trend in declining unearmarked voluntary contributions and grants, which was not only a problem for ITTO; increasing international competition among development organizations, especially in light of climate change; a mismatch in expectations between producers and donors in how funding should be allocated; the impact of the financial impairment; a disconnection between the broader international development agenda and the climate agenda, which had affected international spending on forests; an overall negative perception of tropical timber and tropical timber products; and a lack of visibility of ITTO achievements.
50. Mr Dieterle said that the Secretariat and the Ad Hoc Working Group had developed a framework for a programmatic approach to address these multiple factors, respond to the needs of producer countries, enable the Organization to respond promptly to emerging issues and opportunities, and tackle the big issues facing the forest sector. It comprised the following four programme lines, which were expected to lead to the achievement of the Strategic Action Plan by creating a more streamlined and coherent process: the LSSC programme, as previously mentioned; biodiversity in productive forests; forest landscape restoration; and emerging issues and innovation.
51. Mr Dieterle said he believed the proposed approach would be instrumental in achieving the goals of the ITTA and the ITTO Strategic Action Plan. It would strengthen the role of forests in achieving the SDGs and ITTO's contribution to that. It would improve funding based on initial experience with the LSSC pilot and increase the role and visibility of ITTO in the international forests, climate and development agenda. It would also streamline the existing complex project development process through a new, agile, flexible and efficient project-cycle concept. He hoped it would bring together donor funding policies and priorities and the needs and demands of producer members. It had become clear, he said, that the business-as-usual approach under the regular project cycle needed to

be complemented with a more flexible approach, based on funding source and purpose, and that a more flexible way was needed to reconcile producer needs with prospective funding sources. A handout on the proposal had been prepared in the three ITTO languages for ease of understanding. Mr Dieterle said he hoped to receive the Council's support for piloting the proposed programmatic approach and programme lines in the coming year and beyond. The Secretariat proposed that a new strategic action plan and biennial work programme be prepared for approval at the Fifty-sixth Session of the Council in 2020, thus extending for one year the existing versions of these.

52. The exercise of developing the new programmatic approach would provide the Council with additional experience and lessons learned, in view of the renegotiation or extension of the ITTA, which would be due from 2021 onwards, pending a decision by the Council on whether to commence renegotiation or extend the current agreement. Mr Dieterle noted that, although ITTO was on a good path for meeting the challenges of the future and playing a greater leadership role in the Collaborative Partnership on Forests and broader global development, its financial crisis was far from over. Many ongoing projects and activities would come to a close in the coming months and years. The number of approved projects was increasing, requiring funding of almost USD 17 million. In addition, a further USD 2 million was required to fully implement the approved activities in the current Biennial Work Programme, and work amounting to USD 72 million was pending finance in the thematic programmes. Mr Dieterle appealed to donor members to continue bridging the gap and to work towards developing more substantial funding packages under the new programmatic approach.
53. In view of the need for investment in legal and sustainable supply chains, biodiversity conservation in productive forests and the restoration of forest landscapes, Mr Dieterle also appealed to all members to help ITTO access more substantial multilateral funding, such as the Green Climate Fund (GCF) and the Global Environment Facility (GEF), as well as bilateral funding to implement the Organization's agenda. Among other things, there was a need to jointly overcome the prevailing perception that using wood was something bad. The reality was that forests must be used wisely or they would be lost.
54. Mr Dieterle expressed concern about the stagnating willingness of producer countries to pay their assessed contributions, with arrears now amounting to almost USD 8 million. He reminded members that these assessed contributions were essential if the Organization was to function and be proactive, especially in this transition period.
55. In addressing the challenges ahead, said Mr Dieterle, ITTO more than ever needed to act in partnership with other organizations in the Collaborative Partnership on Forests as well as with civil society, local communities, indigenous peoples and the private sector. ITTO continued to reach out to and work with partners all over the world, including those involved in global and regional processes, high-level national and private-sector leaders, students, and local authorities and communities. For example, the present Council session would feature the inaugural Trade and Markets Day, enabling Council members to benefit from a full day of discussions on the trade of and markets for tropical timber. This work was at the heart of ITTO's mandate, and the day would also offer an immense opportunity for governments, traders, processors and civil-society representatives to talk, learn from each other and decide on action that would benefit economies, communities and sustainable forest management. The event would feature high-level speakers, including government ministers.
56. Mr Dieterle alluded to ITTO's active involvement in the Sustainable Wood for a Sustainable World Initiative, with the Food and Agriculture Organization of the United Nations, the Center for International Forestry Research and the World Bank. ITTO had also been taking the lead in the Collaborative Partnership on Forests in revising its forest landscape restoration guidelines, which would underpin program line three of the new programmatic approach. He said ITTO had developed an unparalleled convening capacity through the Global Green Supply Chain (GGSC) Network to interact with the private sector globally and to bring the role of the private sector and the LSSC programme prominently to the meeting of the Convention on Biological Diversity (CBD) in 2020. ITTO was in discussions with the Government of Germany to be the future host of the Global Timber Tracking Network, which would be a pillar inside the LSSC programme. The Organization was also exploring an opportunity to jointly organize a Global Timber Summit and Exhibition in early 2021 in the Special Administrative Region of Macau, which would bring together up to 1000 participants.

57. Notwithstanding such collaborative efforts, said Mr Dieterle, especially with the members of the Collaborative Partnership on Forests, it was necessary to recognize that many current and potential partners were competitors for the same sources of multilateral and bilateral funding. This was not good for the Organization or its producer member countries. ITTO needed the support of members and delegates as members of relevant funding body boards, assemblies and supervisory bodies to initiate a process of convergence and joint programmes at scale, in which ITTO could fill its specific but important niche.
58. Mr Dieterle referred to recommendations recently made recently for the reform of the Consultative Group on International Agricultural Research (CGIAR). The CGIAR System Council had issued a document entitled One CGIAR, which envisaged a dynamic reformulation of CGIAR's partnerships, knowledge and physical assets. It might not be possible to replicate that type of collaboration, but the reform process involved might serve as an example for future arrangements in the Collaborative Partnership on Forests and beyond. Mr Dieterle ended his intervention by thanking the dedicated team in the ITTO Secretariat for their hard work throughout the year.

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

59. The Chairperson presented the report of the 33rd meeting of the Informal Advisory Group (IAG), which was convened on Sunday 1 December 2019, as contained in Document ITTC(LV)/2. Chaired by the Council Chairperson, the meeting had been attended by the Council Vice-Chairperson, the Chairperson of the Committee on Reforestation and Forest Management (CRF), the Vice-Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), the spokespersons of the consumer and producer groups, the representative of the Host Government of the Council Session, 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.
60. The IAG meeting was opened by the Council Chairperson, and the Executive Director also made opening remarks. The IAG adopted the following agenda for discussion:
- A. Brief background of the IAG:
 - Decision 2(LI);
 - Report of the IAG at its Thirty-second Meeting, 4 November 2018;
 - General observations by the IAG Members
 - B. Opening of the Fifty-fifth 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. Enhancing the Financing Architecture and Fundraising of the Organization – Decision 9(LIII) and Decision 5(LIV)
 - G. Matters related to the Appointment of the Executive Director – Decision 8(LII) and Decision 6(LIV)
 - H. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII)
 - Projects, Pre-Projects and Activities [Decision 1(LV)];
 - Administrative Budget for the 2020 and 2021 Financial Biennium;
 - Extension of the ITTO Biennial Work Programme 2018-2019;
 - Further Extension of the ITTO Strategic Action Plan 2013-2018;
 - Amendment of the Financial Rules of the ITTO;
 - ITTO Environmental and Social Management (EMS) Guidelines;
 - Guidelines for Forest Landscape Restoration in the Tropics.
 - I. List of possible decisions for the Fifty-fifth Session of the ITTC and report to the Council
 - J. Other matters
 - To be decided.

61. The IAG considered eight draft decisions on projects, pre-projects, and activities; administrative budget for the 2020-2021 biennium; extension of the Biennial Work Programme 2018–2019; further extension of the Strategic Action Plan 2013-2018; amendment of the financial rules of the ITTO; ITTO Environmental and Social Management (ESM) Guidelines; Guidelines for Forest Landscape Restoration in the Tropics; and Financing Architecture.
62. The IAG discussed this list of possible decisions, its report to the Council, and other matters.
63. The Council adopted the report.

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

(a) Progress Report on the Implementation of the ITTO Biennial Work Programme

64. The Secretariat (Mr Gerhard Breulmann) presented a progress report on the implementation of the 2018–2019 BWP (Document ITTC(LV)/4).
65. 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 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 5 420 733. Mr Breulmann presented a table showing all 26 activities illustrating, with color code, the funding status of each. Ten activities were fully funded, including seven activities under the core budget and the Independent Market Monitoring initiative, which was funded through a grant from the EU. Twelve activities had been partially funded and four had received no funding. Progress reports on the following three activities under the BWP were presented.

i. Update on the Legal and Sustainable Supply Chain (LSSC) Pilot Programme

66. This agenda sub-item was addressed during the Trade and Markets Day convened as part of the session of the Joint Committees on Tuesday, 3 December 2019.
67. A high-level panel moderated by the Secretariat (Ms Sheam Satkuru) addressed the theme of developing sustainable forests and forest industries in Africa for domestic and international trade. Opening the segment, ITTO Executive Director Gerhard Dieterle said that the growing population in Africa, combined with ongoing forest degradation, meant there was considerable danger of a downward spiral in which people put increasing pressure on increasingly scarce forests, leading to ongoing land degradation and a range of other serious consequences. On the other hand, the restoration of degraded forests would yield considerable benefits for wood security, employment and improved livelihoods. Optimizing the economic benefits of a substantial forest landscape restoration programme required sustainable and legal supply chains, he said, but developing these was a major endeavor requiring capacity building among many stakeholders, especially small-scale producers.
68. H.E. David Wonou Oladokoun, Minister of Environment, Sustainable Development and Nature Protection of Togo, said there was increasing interest among smallholders in his country to grow wood in planted forests. These actors need to be organized so they can better engage with government on policy issues and build capacity in forest and business management. It was also important to add value to the wood being harvested in the country's plantations, and this required government support. Mr Oladokoun said his government had policies in place to incentivize forest-growing, but more was needed. H.E. Jules Doret Ndongo, Minister of Forests and Wildlife of Cameroon, said his government was setting up a national forest plantations programme to create a new forest economy based on plantation-grown timber. This would require major investment. Mr Dieudonné Sita, Director of Forests in the Ministry of Forest Economy, the Republic of Congo, pointed out that a major problem facing any potential investor in forests, wood processing and legal supply chains, especially smallholders, was a lack of access to finance. Many domestic actors were experiencing serious cash-flow problems and

were looking for governmental support, he said. The panelists requested ITTO to continue supporting efforts to increase investments in forest plantation development, value adding and legal and sustainable supply chains, especially through capacity building.

69. After a break, the Vice-chairperson invited Mr Dieterle to take the floor.
70. Mr Dieterle said he wanted to contextualize the discussion that had occurred earlier in the day at the high-level event. It was important to recognize that Africa was a growing continent—no other continent would have stronger population growth in the next 80 years. The population today was about 1.3 billion people, and this was estimated to grow to 4.6 billion people by 2100. The livelihoods of these additional 3.3 billion people needed to be taken into account. There was already a projected supply gap for timber and other forest products, including wood-based energy, with some countries starting to import timber to meet their needs, and the supply gap would grow enormously.
71. Considerable deforestation and forest degradation was already taking place in Africa. People were putting pressure on forests to meet their daily needs, and this pressure would increase. There might also be a trend towards the use of non-renewable materials and energy, and all of this would be bad for climate. On the other hand, a major effort to restore degraded forests and reforest would have tremendous impacts on employment, especially in rural landscapes. It would also help enable a more circular and bio-oriented economy, with extremely strong contributions to climate-change mitigation through carbon storage and product substitution. This was the striking rationale for putting a strong effort into forestry and agroforestry on the continent.
72. The biggest potential for meeting the wood supply gap in Africa was through planted forests and agroforestry. Local economies could benefit from this through domestic and international trade, but this required legal and sustainable supply chains. The ingredients for these included: incentives and finance, especially through financial, macroeconomic and tax policies; an institutional and legal framework that favored forest restoration and supported private-sector investments; reputational benefits, by which companies improved their images and positioned themselves more strongly in international markets; and high-quality information and data, through remote sensing, planning tools, and timber-tracking to enable the tracking of products from the forest to the market. Creating legal and sustainable supply chains was a complex challenge because of the way transport systems worked, how products became mixed together through processing, and the many players involved—producers, traders, processing industry and buyers. Many aspects needed to be looked at.
73. An important point was that many players, especially in the tropics, were smallholders who lacked the capacity to deal with the complex requirements of legal and sustainable supply chains. Moreover, the need for specialist training and education was largely being ignored internationally. All the many elements in legal and sustainable supply chains needed to be connected through information: for example, producers in the forest needed to know where to find markets for sustainable and legal products, and buyers in the market needed to know where to find producers.
74. Producers must deal with many regulations and requirements, which were often confusing, especially for those working in the forest who wanted to sell to the USA, China, Australia or Europe. Mr Dieterle said that ITTO needed to work more closely with the private sector, which had not played an important role in the Council in recent years because most of the funding went through government channels. A new concept was needed, which was the programmatic approach. One of the first steps in this direction was the Shanghai forum on greening supply chains, which was a private-sector initiative. The forum had attracted almost 400 participants, including many companies from Africa, Latin America and Asia and some of the big companies in China. There was demand for this sort of initiative. Mr Dieterle said that his was how ITTO could proceed in the future to bring producers, the processing industry and consumers together. Many questions needed to be addressed, such as how to promote effective incentive mechanisms, what capacity building was needed, how could transparency be increased, how to ensure compatibility and coherence among different national and international regulations and standards, and how to overcome the sector's informality, especially in Africa. Mr Dieterle his concluded his presentation by saying that working towards legal and sustainable supply chains would help in tackling many, if not most, of the SDGs, the Global Forest Goals and the ITTO Strategic Action Plan.

75. The Chairperson thanked Mr Dieterle for his presentation. In resuming this sub-item of the agenda on Friday 6 December, the Chairperson invited the delegate of the USA to take the floor.
76. The delegate of the USA said his delegation supported the overall aims of the LSSC programme line. It was aware that ITTO had played an integral part in the launch of the GGSC, which had taken place last October. The GGSC initiative and platform could add value by fostering connections for businesses that might not already be well connected with other business-to-business forums that also focused on legality and sustainability and by encouraging voluntary commitments and actions. The GGSC should be cautious, however, about conflating its branding and marketing as equivalent to third-party certification of legality and sustainability. Doing so would run the risk of misrepresentation, with great reputational risk to ITTO and the global tropical timber trade more broadly. In ITTO's relationship with the GGSC and any activity under the LSSC programme, the Secretariat should bear in mind what would be appropriate for an intergovernmental organization and what would be more appropriate for the private sector to undertake. In particular, ITTO should not take on the role of a certifying body on the legality or sustainability of timber. The original Biennial Work Programme had been carefully negotiated with the following provision: that activities would be subject to careful review to ensure they did not subsidize, favor or give undue fair advantage to any individual country or operator. The delegation of the USA sought clarification from the Secretariat on ITTO's relationship with the GGSC. Given that time was limited, the answer could be provided in writing. In documents and communications, the LSSC and GGSC were increasingly presented as synonymous, and there should be a clear distinction between the two. While the USA understood that the GGSC initiative initially focused on China and the Congo Basin, the USA would encourage it to also involve other consumer countries and countries in other tropical producing regions. The delegate of the USA commended ITTO for implementing the LSSC programme line.
77. The delegate of Japan echoed the intervention by the delegate of the USA. Japan recognized that ITTO was in position to address the issue of legal and sustainable supply chains related to tropical timber products, particularly because ITTO was designated as a programme agency for international trade in the Collaborative Partnership on Forests. At the same time, Japan would like to see a widening group of countries and companies involved in the process in order to mainstream LSSC efforts and ensure multistakeholder involvement in this type of work. Japan also considered that it would be useful to have a mechanism in place for timely communication with member countries and other constituents for effectiveness.
78. The Chairperson thanked the delegates for their interventions and, there being no further requests for the floor, closed this agenda item.
- ii. Enhancing Cooperation between ITTO and CITES – Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)**
79. This agenda sub-item was addressed during the Trade and Markets Day convened as part of the session of the Joint Committees on Tuesday, 3 December 2019. The Secretariat (Mr Steven Johnson) reminded the Council that ITTO had implemented the ITTO–CITES Programme from 2007 to 2016, which funded more than 60 projects to the amount of almost USD 14 million to assist countries in implementing CITES listings of tropical tree species. The EU had provided nearly USD 10 million of this amount, with the USA and a range of other donors also contributing significant funds. In 2016, as previously reported to the Council, the EU decided that, due to the impairment of ITTO funds, it was unable to finalize a new contract with ITTO to continue support to the ITTO–CITES Programme. This led to the establishment of the CITES Tree Species Programme under the leadership of the CITES Secretariat in 2017, and the collaboration between the two secretariats that had been built up in the previous ten years had continued to bear fruit in the implementation of that programme.
80. Mr Johnson said that ITTO had signed contracts with the CITES Secretariat to assist them in implementing the CITES Tree Species Programme in 2018. The ITTO Secretariat had worked with CITES to hold workshops in Africa, Latin America and Asia, undertake trade studies examining the forms in which CITES-listed tree species products entered the market and the trade routes they followed, and provide input on project proposals coming into the CITES Tree Species Programme.

The ITTO Secretariat had also assisted with the meetings of the advisory committee that had been set up to oversee the work of the programme.

81. Mr Johnson said the ITTO Secretariat had continued to provide input on proposals coming in to CITES for new listings of tree species, as mandated by the Council and also by the CITES Conference of the Parties (COP), responding promptly and with as much accuracy as possible, including by consulting with ITTO members on the proposals.
82. Mr Johnson said that, outside its work with the CITES Tree Species Programme, ITTO had continued to assist members to implement the provisions of CITES under BWP activity 6, with support from donors. One way in which this had been done, with the support of donors such as the USA and others, was to work with Madagascar, which was currently the focus of considerable attention within the CITES process, primarily because of the unsustainable exploitation and exports of rosewood species. ITTO had worked with the World Bank to convene a workshop in 2018 to discuss and finalize a business plan for trying to deal with the rosewood stockpiles in Madagascar, which had been a destabilizing influence. Unfortunately, a lot of wood had been cut between various ban periods and was of dubious or uncertain legal origin, and this was causing problems. In addition, numerous countries around the world had seized stocks of Madagascar rosewood because of problems with CITES documentation. There were many issues to resolve, and the ITTO Secretariat had been working with Madagascar through the BWP. ITTO had also received an indication of interest from the Government of Germany to work with Madagascar in promoting sustainable forest management more generally, and consultations were underway with Malagasy officials in that regard. Mr Johnson said that the ITTO Secretariat had continued to participate actively in CITES fora in 2019, including COP 18, which had been held in August. Mr Johnson concluded his intervention by introducing the CITES Secretary General, Ivonne Higuero, and invited her to take the floor.
83. Ms Higuero extended her thanks to the Government of Togo for hosting the meeting and to the Council for the opportunity to speak about the fruitful cooperation between the CITES and ITTO secretariats and provide an update on the outcomes of CITES COP 18. Ms Higuero said she had been working with trees and forests for much of her professional life, and it was her intention to communicate better about the importance of the legal and sustainable timber trade for livelihoods, economies and achieving the SDGs.
84. Ms Higuero said that the global assessment of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services had warned of the risk of rapid extinctions due to threats such as the overexploitation of organisms. The international community was relying increasingly on CITES as the instrument to ensure the legal, sustainable and traceable international trade of tree species at risk of such overexploitation. At COPs 17 and 18, for example, parties had added 300 tree species to CITES Appendix II. The decisions taken at COP 18 came into force on 26 November, and changes had been introduced for tree species with relevance to the ITTO membership.
85. Ms Higuero shared some relevant specific decisions from COP 18. Nineteen new tree species had been listed in Appendix II. COP 18 had adopted cautionary exemptions from CITES regulations, with a new annotation for musical instruments and small handicrafts produced from *Dalbergia* and *Guibourtia* species. These exemptions would allow CITES authorities to prioritize implementation efforts on the main specimens that entered international trade and to focus on the supply-chain links with stronger effects on the long-term conservation of rosewood populations in the wild.
86. Ms Higuero said that, from what had happened at both COP 17 and COP 18, it was clear that CITES parties were dedicating considerable attention to the regulation of international trade in rosewood species. One of the areas of activity focused on the elaboration of CITES non-detriment findings, a scientific mechanism for which parties needed to build capacities and generate relevant data regarding the sustainability of trade. Of the more than 350 decisions adopted by parties at COP 18, about 50 focused on building capacities to improve CITES' implementation for tree species. The current compliance processes under CITES were a reflection of the need for capacity building, with the aim to ensure that the level of exports from parties was sustainable. There were ten ongoing country/tree species combinations focused on rosewoods and other tropical timber, as well as on medicinal and aromatic trees. These were subject to the consideration of the CITES Plants and

Standing committees, with two countries subject to trade suspensions under the review-of-significant-trade mechanism.

87. Ms Higuero said that Article 13 of the text of the CITES convention addressed compliance. Currently, two rosewood range states were facing compliance processes for tree species and were subject to trade suspensions until non-detriment findings could be developed to the satisfaction of the CITES Secretariat and the CITES Plants Committee. An additional challenge to the sustainability of tree species was illegal trade. The first United Nations World Wildlife Crime Report, published in 2016, estimated that 35 percent of the total world seizures of illegal shipments were of rosewood species. The main source countries were in Africa and the destination countries were in Asia and the Middle East, with a smaller number of source countries in the Americas and Asia.
88. Ms Higuero said that the COP 18 decisions most relevant to collaboration between CITES and ITTO were decisions 18.14–18.17 on the Tree Species Programme; 18.79 on enforcement; 18.82–18.93 on wildlife crime enforcement support in West and Central Africa, focusing on African rosewood; 18.94–18.99 on Malagasy palisanders, rosewoods and ebonies; 18.140–18.143 and 16.58 (which was revised at COP 18) on the identification of timber and other wood products; and 18.203–18.204 on agarwood-producing taxa. The CITES Secretariat had recently estimated the extra budgetary resources needed to carry out these decisions at about USD 2 million.
89. Addressing the upcoming work for 2019–2021, Ms Higuero highlighted resolution 10.13, which was revised at COP 18, on the implementation of the convention for tree species and which established guidelines related to international organizations that parties should consult if they intended to present an amendment proposal for tree species; the establishment of export quotas for tree species to demonstrate sustainability of the trade; and the fundamental importance of timber identification and the continued development of wood identification techniques and tools.
90. Ms Higuero said that the parties had directed the CITES Secretariat to undertake a study on rosewoods; organize an international workshop on rosewoods; work with parties on timber identification; work with international organizations and initiatives such as FAO and ITTO on Malagasy rosewoods, palisanders and ebonies; and provide further assistance to Madagascar in associated capacity-building activities.
91. Ms Higuero said that parties continued to face challenges in the implementation of tree species listings under CITES, such as those related to sustainability, information gaps in developing non-detriment findings, legality compliance, and the identification of tree specimens in trade. A programme between the CITES Secretariat and the European Commission had been developed to address these challenges involving a financial contribution from the European Commission of EUR 8 million towards a project entitled “Supporting Sustainable Management of Endangered Tree Species and Conservation of the African Elephant”. That contribution had included EUR 7 million earmarked to support the CITES Tree Species Programme to be implemented by the CITES Secretariat with partners. The project had started in 2017, with a duration of four years. The CITES Tree Species Programme was currently funding work on 17 country-based projects implemented by 22 CITES parties. Ms Higuero noted that the Secretariat had received 70 project proposals in reply to the call for proposals at the beginning of this programme. This clearly meant that there were many capacity-building needs that were going unanswered and there was a need to see how organizations could work together to help more countries.
92. Ms Higuero said that the CITES Tree Species Programme supported the efforts of parties in 11 countries to generate data to formulate non-detriment findings for iconic species, such as *Bulnesia sarmientoi*, *Pterocarpus erinaceus*, *Prunus africana*, *Dalbergia* species, and *Aquilaria malaccensis*, and address the sustainability objectives of the convention. The project also addressed legality compliance gaps to develop legal acquisition findings. Marking and traceability were key areas of work for the programme, and this was linked directly to the capacities of countries to confirm the origin of their shipments. In this field of work, the CITES Tree Species Programme was funding work in Gabon and Brazil. Illegal trade and challenges in the identification of wood specimens were being addressed in Guatemala, Indonesia, Kenya, Uganda and the United Republic of Tanzania.

All were focusing on developing capacities to identify tree species products and trade, which was the first step towards robust non-detriment findings and marking systems for effective traceability.

93. Ms Higuero referred to a regional meeting for Central and South America and the Caribbean, hosted by Argentina in September 2018, at which 34 participants from Interpol and national police departments received training on timber identification and trade routes. She said that, to date, the CITES Secretariat had assisted participating countries in the review and finalization of 18 approved project proposals, with one proposal withdrawn for a total of 17. Seventeen contracts had been signed to start the projects, and all beneficiary countries had submitted interim reports. Monitoring and mid-term evaluations would be undertaken, mostly in 2020 and early 2021, meaning that the project might have to be extended, pending agreement on this with the European Commission.
94. Ms Higuero emphasized that the CITES and ITTO secretariats continued to cooperate on the work. For example, a technical report on agarwood was planned, as requested at the CITES Timber Species Programme regional meeting in Indonesia. Both Secretariats were working to produce outreach materials highlighting the programme's work. Ms Higuero noted that the fifth meeting of the CITES Tree Species Programme Advisory Committee would take place the next day. She ended her intervention by thanking the EU for its continuous support and trust.
95. The Chairperson thanked Ms Higuero for her comments and invited questions from the floor.
96. The delegate of Cameroon informed delegates that Cameroon had benefited from support from the CITES programme for *Prunus africana*, a species listed in Appendix II of CITES, to the amount of USD 200 000. He thanked the EU, which was the main donor for the programme. He expressed the hope that CITES would be able to carry on supporting Cameroon's work on timber species and sustainable development.
97. The delegate of the EU commended the work that had been done in collaboration between the CITES Secretariat and ITTO on the CITES Tree Species Programme. His delegation looked forward to studying the results to see how that work could further support CITES, which, in his delegation's view, was an important instrument in fighting against illegal trade in specific timber species. The recent COP was an important step in that direction.
98. The representative of the International Wood Products Association (IWPA) thanked the CITES Secretariat for the immense effort made to ensure that the wood industry had been heard at CITES COP 18. She explained that, when a CITES species was listed, it included an annotation. If there was no annotation, it could be quite profound for the wood industry since everything produced from the species was then considered included in the listing, and there could also be extreme impacts even when an annotation was put forward if it was not well-crafted. She drew attention to the work that had been done to clarify the *Dalbergia* genus listing, which resulted in a significant decrease in the burden placed on the permitting authorities without decreasing the conservation of the species. The *Dalbergia* annotations had been carefully crafted, with many intersessional discussions.
99. The representative of the IWPA said that the listing of the *Cedrela* genus would have had profound impacts on *Cedrela* plantations had the listing not been amended at the COP so that it was limited to the neotropical range states, focused on the species at risk and exempted plantations. Even more importantly, it ensured that a permit was not required for every form of the product. If permits were not limited to the form of the product when it first entered the trade, a CITES listing would effectively eliminate the trade, so this was an important development.
100. The representative of the IWPA said her organization stood ready to continue working with both ITTO and CITES to not only ensure that listings made sense, but also to identify potential conservation risk ahead of listings where ITTO could use its technical expertise to assist in avoiding detrimental trade.
101. The delegate of the USA thanked the ITTO Secretariat for its report and congratulated, welcomed and thanked the CITES Secretary-General for her presentation. The USA remained strongly interested in ensuring the successful implementation of CITES tree species listings and commended the

CITES Tree Species Programme on its recent achievements, the start of projects, and the establishment of a new, user-friendly website.

102. The delegate of the USA said that ITTO had been instrumental in action to protect tree species under CITES. ITTO's involvement had helped ensure that on-the-ground implementation was technically sound and practical, and had effective support and oversight. The USA was supportive of the recent collaborative work between the ITTO and CITES secretariats on the programme, including a workshop last month, and of ITTO's work on rosewood studies in Madagascar. For those and other reasons, the USA supported cooperation through contributions to ITTO under the BWP to implement CITES tree species listings. The USA also appreciated its membership on the CITES Tree Species Programme Advisory Committee and looked forward to updates on the projects implemented under the Programme.
103. The delegate of Côte d'Ivoire relayed the gratitude of his country to CITES and the EU for their support. Côte d'Ivoire had received USD 200 000 to implement a project to conserve *Pericopsis elata* and *Pterocarpus erinaceus*, both of which were under serious threat in Côte d'Ivoire from overlogging. The project, which would span two years, would enhance cooperation among the various stakeholders involved in the sustainable management of the species. Côte d'Ivoire had a high rate of deforestation, and further funding was needed to conserve the country's biodiversity.
104. The delegate of Gabon thanked the CITES Secretariat and the EU, and ITTO in its cooperation with the CITES Secretariat, for the support offered via a project related to *Guibourtia* species. Gabon was facing challenges due to very high demand for these species and had banned their export in 2018. Exports had been reopened for stocks harvested prior to the ban, and the support provided would enable Gabon to prepare a non-detriment finding and enhance the regulatory framework.
105. The delegate of Benin thanked the CITES Secretariat, the EU and ITTO for their support through a project on *Pterocarpus erinaceus*, which was a threatened species in Benin and was listed in Annex II of CITES.
106. The delegate of the Democratic Republic of the Congo thanked the CITES Secretariat, ITTO and the EU for the significant support provided through a project on afrormosia, bubinga and *Prunus africana*. He requested ITTO, the CITES Secretariat and the EU to strongly support his country, which was facing many challenges, including the need for reforestation near major centres, such as Kinshasa.

iii. ITTO Fellowship Programme - Decision 4(XXVII)

(1) Progress Report on the ITTO Fellowship Programme

107. The ITTO Secretariat (Mr Takumi Akama) presented a progress report on the ITTO Fellowship Programme (Document ITTC(LV)/5). To date, the programme had enabled 1393 young and mid-career professionals 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-Pacific, 32% were in Africa, 25% were in Latin America and the Caribbean, 10% were in developing consumer countries and 3% of fellowships had been awarded to applicants 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.
108. Mr Akama said that ITTO had funded 22 fellows in 2018, including six women, from 15 producer member countries. Fourteen of those fellowships had been completed and the rest were ongoing.

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

109. The Chairperson invited the Chair of the Fellowship Selection Panel, Mr Björn Merzell (Sweden), to take the floor.
110. Mr Merzell reported that, for the most part, fellowship selections in 2019 had been conducted electronically, although the panel had met once at this Council session to finalize the selection of

successful applicants for the autumn 2019 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 14 fellowships, of whom 29% were women, at a total cost of USD 97 666.40. Fifty percent of the recommended applicants were from Africa, 36% were from Asia-Pacific, and 14% were from Latin America and the Caribbean.

(b) ITTO Biennial Work Programme 2020-2021

111. Taking note of the recommendation of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies established under Decision 8(LIV) to approve a new Strategic Action Plan at the 56th Session of the Council in 2020, the Council decided to extend the BWP 2018–2019 for one year until 2020. A new BWP, in line with a new Strategic Action Plan and taking into account the results of the new programmatic approach and project cycle, would be considered and adopted by the Council at its 56th Session in 2020.

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

112. The ITTO Secretariat (Mr Gerhard Breulmann) presented a progress report on the implementation of the ITTO Thematic Programmes, as contained in Document ITTC(LV)/8.
113. Mr Breulmann informed the Council that, of the 79 projects originally approved under the Thematic Programmes, only two were still ongoing; all others had either been completed or gone into sunset. One project was ongoing in Panama, which was supposed to be completed in early 2020 and another was ongoing in Guatemala, which would have its final project steering committee meeting immediately following the present Council session.
114. The Chairperson thanked Mr Breulmann for his presentation and invited interventions from the floor. There being none, the Chairperson closed this agenda item.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (AGENDA ITEM 12)

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

115. 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.
116. The delegate of Japan said that, in 2019, Japan had resumed its voluntary contributions in the amount of about USD 850 000 and had already deposited this amount at the ITTO Secretariat. He said this was on top of the approximately USD 2 million Japan had contributed to the administrative budget and for the hosting of the ITTO Secretariat. He said that about half of the voluntary contributions had been allocated to the Biennial Work Programme and some funds still needed to be earmarked to particular activities. He informed the Council that Japan had so far earmarked USD 50 000 for developing the Strategic Action Plan and USD 46 000 for the ITTO Fellowship Programme. He noted that, for 2020, Japan was separately looking into opportunities to contribute using the Japanese supplementary budget, which was earmarked for emergency purposes such as forest fire prevention and would be made available at short notice and requiring deployment within a short timeframe. He also said that the Japan Forestry Agency was currently requesting for funds to be deployed into improving the traceability of legally harvested timber, assisting capacity building, pilot case studies and building awareness on these issues. These topics were in line with the new programme lines to be discussed under the financial architecture agenda item. He concluded by emphasizing that Japan continued to be committed to assisting the implementation of ITTO's work.
117. The delegate of the Republic of Korea said that the Government of Korea was pleased to pledge USD 200 000 for project 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”. The Government of Korea also pledged USD 150 000 for PD 712/13 Rev.2 (F) on the implementation of landscape management in Indonesia. In addition, USD 20 000 would be provided for BWP Activity 10b to update the Guidelines on Forest Landscape Restoration.

118. The delegate of the USA said the USA was pleased to continue its support for the Organization with a voluntary contribution of approximately USD 600 000 for the following activities and projects:
- Projects: PPD 196/19 Rev.1 (F) from Togo; PD 832/16 Rev.2 (M) from Guatemala, co-financing with Japan; PD 836/17 Rev.1 (F) from Cambodia, co-financing with the Republic of Korea.
 - BWP activity no. 2 on building legal and sustainable forest product supply chains.
 - BWP activity no. 3 on strengthening participation in the private sector work of ITTO.
 - BWP activity no. 6 on enhancing cooperation between ITTO and CITES.
 - BWP activity no. 11 to formulate a new strategic action plan, joining the EU and Japan to fully fund this activity to put ITTO on a strong path forward.
 - BWP activity no 14 on cooperation and consultation with the Collaborative Partnership on Forests, the United Nations Forum on Forests and others, including APEC EGILAT.
 - BWP activity no 15 on collaboration on criteria and indicators for SFM.
 - BWP activity no 16 on the development of the ITTO communication strategy.
 - BWP activity no 19 to support Trade Advisory Group and Civil Society Advisory Group involvement.
 - BWP activity no 22 on the ITTO Fellowship Programme.
119. The Chairperson invited a round of applause in appreciation of the pledges.

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

120. The Chairperson presented the report of the Panel on Sub-Account B of the Bali Partnership Fund, as contained in Document ITTC(LV)/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 Chairperson invited interventions from the floor. 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 13)

121. The Secretariat (Ms Sheam Satkuru) informed the Council that, in January 2019, ITTO had been informed by its lawyers that the legal action the Organization had initiated in 2018 versus the investment advisor had been unsuccessful. ITTO was advised to lodge an appeal if it wished to do so within time limits that were defined under the Japanese legal process. ITTO did take that action, lodging its appeal versus the judgment in the high court in May 2019. Simultaneously, in order to keep ITTO's options open in pursuing all other legal procedures, ITTO had also initiated third-party proceedings against the three ex-members of staff involved in the impairment incident. Under Japanese legal procedures, this process of initiating third-party actions was given 12 months to complete, which consisted of service and completion of service due to the multijurisdictional nature of the problem. While this process was ongoing, the judgment on the appeal would be stalled for that period of 12 months. The Secretariat expected to receive the judgment on the appeal between May and July 2020. In the meantime, ITTO would continue to endeavor to keep its legal options open.
122. The Chairperson thanked Ms Satkuru for her presentation and invited interventions from the floor. There being none, he closed this agenda item.

ENHANCING THE FINANCING ARCHITECTURE AND FUNDRAISING OF THE ORGANIZATION – DECISION 9(LIII) AND 5(LIV) (AGENDA ITEM 14)

123. The Chairperson referred to document ITTC LV/10 and invited Ms Jennifer Conje to present the findings of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies.

124. Ms Conje reminded delegates that the Ad Hoc Working Group on Financing Architecture and Fundraising Strategies had been established by a Council decision at the 52nd session in Lima, Peru, in 2017 with the aim of examining options and tabling proposals for Council's consideration for improving the Organization's financing infrastructure and fundraising strategies. The Council had adopted a decision at its 53rd session approving the piloting of an additional fundraising approach, called the programmatic approach, which had been implemented in the past year through the LSSC programme line. The same decision had directed the Secretariat to survey members on what they saw as the comparative advantage of ITTO and how it could transform to become a more attractive investment for members, partners and funders. The decision had also extended the Ad Hoc Working Group to collaborate with the Secretariat to develop a proposal for a new streamlined project cycle and to assist in the development of appropriate themes to be used in fundraising proposals.
125. Ms Conje displayed the names of the working group members and remarked that the group had worked in a very collegial spirit. The issue of ITTO's financing and the factors affecting it were complex, and the three-day working-group meeting had had frank discussions. Frustrations on both sides had long surrounded this issue, she said, and the working group had tried to accomplish as much as possible during the meeting and had continued discussions virtually. Participants had recognized that the allocated time had been short for a thorough discussion and for dealing with the many details of the proposal that would be tabled this week. Ms Conje expressed the hope that the Council's deliberations at the present session would fill some of the gaps and that the recommendations she was about to present would provide building blocks for discussions and a potential step towards improving ITTO's finances and efficiency. The working-group discussions had been informed by a consultant's report prepared for the 54th Council session, as well as the results of the member survey.
126. Ms Conje reviewed some of the underlying factors that had contributed to the decrease in financing for the Organization. One of these had been a global trend in declining unearmarked voluntary contributions and grants and increases in the use of other financing mechanisms to deliver official development assistance. Ms Conje noted that "other financing mechanisms" included competitive tenders, contracts and solicitations, which ITTO had not actively pursued in the past but which represented an opportunity area to help increase ITTO's finances. Other factors included increased competition for donor funds among a growing number of international organizations; the establishment of large funding vehicles, such as the GEF and the GCF, which drew significant resources away from other areas perceived to be linked to sustainability—Ms Conje noted that there was an opportunity to partner with these funds; the structural impact of the 2008 global financial crisis on donor finances and financial policy, with the public financing of some donor economies failing to fully recover to their levels achieved before the crisis; and a mismatch between producer and donor expectations.
127. Ms Conje referred to ITTO's financial impairment, which had affected the Organization's finances, although the decline in funding had commenced well before the impairment occurred. She noted a disconnection between ITTO and the broader international development and climate agenda, partly driven by the language used to describe sustainable forest management and how ITTO was characterized and marketed. Thus, one of the changes proposed by the working group was how ITTO could be marketed under certain themes that would better connect with the international development agenda.
128. There was an overall negative perception of tropical timber production as a cause of climate change and biodiversity loss and a lack of awareness in general on the roles and contributions of productive forests. Moreover, the lack of core indicators did not allow the effective reporting of ITTO's global impact. Ms Conje indicated her belief that the development of core indicators underneath the programmatic lines, which she would describe later, would help in this regard.
129. Ms Conje said she had broken down the new programmatic approach into a theoretical framework comprising the programmatic lines and operational framework. She said the programmatic lines were needed to build synergies between the broader development agenda and ITTO's mandate, such as with the SDGs and the Aichi Biodiversity Targets, to better leverage ITTO's visibility on the world stage.

130. Part of doing that would be the creation of indicators under each programme line and to aggregate the activities in the BWP and the project cycle together to better measure and communicate ITTO's impact within specific programme lines and make it easier to market ITTO's work. The consultant had reflected that it had taken him almost a week to understand ITTO's niche, or comparative advantage. Ms Conje's hope was that the four programme lines would help focus the Organization and its marketing. She displayed, on a screen, a diagram showing the connection of the four programme lines to the other elements of ITTO's infrastructure, including the ITTA, the Strategic Action Plan and the BWP. Thus, the new approach was not changing ITTO's mandate, but it would help in creating marketing messages to reinforce ITTO's mandate in a way that others outside ITTO and forestry could understand.
131. Ms Conje enumerated the four programme lines: the LSSC programme; biodiversity and productive forests; landscape restoration and resilient livelihoods; and emerging issues. These were areas in which the Executive Director and the working group had felt funding opportunities existed and which also aligned with ITTO's mandate. They were broad enough that any activity related to sustainable forest management could be placed under one of them. Ms Conje said it was her understanding that the Secretariat had produced a non-paper that had been distributed to the membership on the programme lines and programmatic approach. The working group did not have inputs into the development of this paper and were seeing it for the first time upon distribution. The working group had, however, helped the Secretariat develop the themes of the programme lines.
132. Ms Conje explained some of the differences between the programme lines and the thematic programmes. The thematic programmes had budgetary thresholds before they could be initiated, but the programme lines would not require that a certain budgetary threshold was reached to initiate the programme. Rather, it was a way of reporting projects and activities that would fall underneath the programme lines and for marketing the Organization. There would also be more flexibility in how the various activities were attributed to the programme lines. In contrast, there was a very set process for submitting projects to the thematic programmes.
133. Ms Conje addressed the implications of the programme lines for the Strategic Action Plan and the BWP, both of which were due to expire at the end of 2019. If this new approach was adopted, the Council may wish to consider extending the current Strategic Action Plan and the BWP until the end of 2020 to reflect upon the outcomes of the new approach, as well as to consider any structural changes in the presentation of the Strategic Action Plan and the BWP.
134. Ms Conje said that the working group had recognized that the thematic programmes were specified in the current ITTA, although not the thematic areas they would address. There was a financial account for thematic programmes. It was therefore not possible to get rid of the thematic programmes. Moreover, the Bali Partnership Fund was also written into the current ITTA. Thus, the present proposal offered more of a longer-term vision, but any future ITTA renegotiation may wish to consider whether those two components remained in a future ITTA.
135. Ms Conje referred to the streamlined project cycle under the programmatic approach. She said there was broad recognition and frustration over the backlog of projects that had been approved by the Expert Panel and not funded. Thus, part of streamlining the project cycle was to deal with this issue. The proposal, therefore, was that, instead of developing full project proposals, proponents would develop streamlined versions called project concept notes. That way proponents would not overinvest their time and energy until financing had been identified for proposals. The Secretariat would issue calls for concept notes under selected programme lines once a year, and there would be a limited number of concept notes allowed per country per call. Ms Conje said that the Council might wish to consider whether this achieved the correct balance between managing financing expectations and offering sufficient opportunity for countries to express their needs.
136. Received concept notes would be housed in a funding database that would be used by donors to identify projects for financing and by the Secretariat as building blocks to be combined with other activities when it sought out competitive tenders, contracts, solicitations and other funding opportunities. The idea was that, after a concept note had been identified for financing by a donor, a full proposal would then be developed by the implementing agency in consultation with the Secretariat

and the donor through a co-development process. This would address the previously mentioned misalignment between producer needs and donor priorities. In referring to the existing backlog, Ms Conje said that the working group recommended that any proposals that had not been funded or sunsetted as of January 2020, as well as those proposals ranked in category 2 by the 2019 expert panel and resubmitted, would automatically be included in the online database.

137. Ms Conje said that submitted concept notes would be reviewed by the Secretariat to ensure they were in compliance with the agreed template, ITTO's mandate and guidance. Because of the co-development process, there may no longer be a need for the Expert Panel, and the technical merits of the project design and compliance as well as safeguards would be the joint responsibility of the donor, ITTO and the project developer. Ms Conje acknowledged that this was a sensitive topic because the Expert Panel was a long-established institution within ITTO. Such a change was a subject for discussion by the Council, including the potential need for an additional third-party review of concept notes and project proposals developed under this process. All concept notes would still be subject to the normal sunset rules as well as to compliance with ITTO monitoring and evaluation, auditing and reporting and conformance with policy decisions and the guidelines on environmental and social management.
138. Ms Conje then spoke about the last component of the programmatic approach, which was the new financial architecture and diversified financial mechanisms. Funds were increasingly less available as unearmarked voluntary grants and more so through other financial mechanisms. There was a need, therefore, to balance expectations and the effort put into projects and the flow of incoming funds with the expectation that the Secretariat would more proactive in seeking out those other types of financial mechanisms to bring money into the Organization. One option would be to partner with the GEF as a non-accredited partner, and the Organization had been pursuing accreditation efforts with both the GEF and the GCF, but this had been slow going. On the other hand, there might be opportunities to tap funding through the GEF in partnership with other organizations. This could involve renewing memoranda of understanding with the CBD Secretariat and the United Nations Convention to Combat Desertification (UNCCD), as well as potentially developing a memorandum of understanding with the United Nations Framework Convention on Climate Change (UNFCCC). Ms Conje mentioned that Japan had done some deep thinking on this issue and could provide more information. This was an area worthy of consideration because the GEF had an immense amount of funds as a result of servicing those three conventions. Ms Conje said that the Organization should continue accreditation efforts with the GCF and the GEF, and the Council should encourage the Executive Director and the Secretariat to continue seeking out funding synergies between donor funding opportunities, expressed producer country needs and programme lines. The Executive Director had done this in the past year in the agreement he had developed with Germany to fund portions of the LSSC programme line.
139. Ms Conje said that ITTO had never competed on a competitive tender or bid. The consultant had recommended that the Organization start not as a major contractor but, rather, by developing relationships with major contractors that were bidding on competitive tenders and solicitations that were aligned with the ITTO mandate and to be a subcontractor under them, if this fitted with the needs of the Organization. She mentioned that none of these new financial mechanisms were mutually exclusive, and the current voluntary contribution avenue would continue to exist. Thus, if a donor wanted to provide money for a specific project, that mechanism still existed. The proposals, therefore, were to add to the Organization's toolbox for financing.
140. Ms Conje said that, given the cost saving achieved by discontinuing the Expert Panel, or even if the Expert Panel continued to exist, there would likely be a need to hire a marketing and fundraising member of staff. The ITTO staff had done an amazing job in searching out money in the past year and applying for different types of contracts, but a certain amount of expertise and time commitment was required to pursue certain contracts and tenders. Thus, it would be necessary to increase the capacity of the Secretariat by hiring a marketing and fundraising officer to help in preparing proposals and applying for grants.
141. In light of the flexibility given to the Executive Director and the Secretariat to pursue bilateral agreements with donors and to make contracts under this new approach, if adopted, there would be a need for transparency and guidance on the types of activities that would be undertaken in such

agreements. The working group proposed a virtual informed feedback loop, in which all ITTO members would be informed of potential project agreements. This would ensure that the Secretariat remained transparent and accountable to the membership. Ms Conje said that the Council might wish to consider whether this was a sufficient mechanism for ensuring proper governance and transparency in the Organization. All projects and final arrangements would be expected to maintain the high standards of ITTO project monitoring and evaluating and policy decisions, despite the different legal requirements and formats for how the funding was obtained.

142. Ms Conje said that the working group had agreed that more communication was needed on donor priorities so that producers could better understand these in creating project concept notes. Thus, it proposed that, as a formal or informal part of Council sessions, other entities, such as the GCF, the GEF, and individual donors, could be invited to make presentations on their priorities to better inform the Organization's priorities and assist producer member countries in better understanding and directing their efforts in developing project concept notes.
143. Ms Conje displayed a diagram of how the financing would work. Under the current arrangement, assessed contributions went both to the administrative account for staffing and to core activities within the BWP. Under the new structure, voluntary contributions would still go towards programmes and the BWP. The project cycle and the thematic programmes would converge into the programmatic approach, and voluntary contributions would still flow to the BWP as well as to any project concept notes underneath the programmatic approach. Other contributions obtained through competitive tenders, bilateral agreements or contracts would also flow into the programmatic approach. Thus, project concept notes would inform the needs of the Organization and the new tools or financial mechanisms would help draw in funding.
144. Ms Conje referred to other members of the working group present at the Council session and said all would be happy to answer questions on the working group's recommendations. In conclusion, she reiterated that the financing issue had been a longstanding and contentious issue in the Organization. The Council could stick to the same thinking and rhetoric that had surrounded the discussion over the past decade, or it could decide to change. Whether that involved the specific recommendations of the working group, or variations of those, or new ideas that would emerge during the week, was up to the Council. She quoted the physicist Georg Lichtenberg, who said, "I cannot say whether things will get better if they change. What I can say is they must change if they are to get better".
145. The Chairperson thanked Ms Conje for her comprehensive report and invited the Executive Director to also present on the proposed programmatic approach.
146. Mr Dieterle said the purpose of his presentation was to help the delegates understand the content of the programme lines. He introduced a non-paper or discussion paper prepared by the Secretariat, which was not a finished product and would benefit from the Council's views and guidance. It could later be transformed into a document for fundraising purposes with prospective donors and organizations that wanted to know more about ITTO's strategic niche in international development.
147. Mr Dieterle said that the objective of the new programmatic approach would be to improve fundraising, bring together the interests of donors and producers, streamline and create better results, improve monitoring, evaluation and reporting, and give more transparency and visibility to the Organization. The expected impact of the new approach would be to sharpen ITTO's brand name and niche, enable partners to better understand its internal structure, increase the Organization's overall visibility in the global forest and climate regime, and enhance ITTO's individual and collaborative role in working with partners in calls for proposals and other fundraising opportunities. The new approach would also help sharpen dialogues with donor countries and improve overall marketing capacity through various communication channels, including the ITTO website. It would enable ITTO to be more proactive, outward-looking and visible internationally.
148. Mr Dieterle said there had been intense, fruitful discussions with the Ad Hoc Working Group on Financing Architecture and Fundraising Strategies. He believed that the four programme lines to emerge covered ITTO's niche very well. Overarching issues such as climate change, governance, livelihoods and gender were embedded within them.

149. The objective of the LSSC programme line would be to enhance tropical timber supply chains to achieve sustainability and meet market requirements for assurance that products are from legal and sustainable sources. It would encompass silviculture, planning, forest production, processing and supply-chain mechanisms. Thus, it would overcome a disadvantage of the old system, in which aspects such as silviculture, processing and marketing were disconnected.
150. Mr Dieterle said that the programmatic approach would enable the Organization to look at outcomes when it supported a beneficiary in, for example, silviculture or forest landscape restoration. What products would arise from the activity? This would help ensure that, at the end, it was not a lost investment based on false expectations. This was important: ITTO's niche was to link forest landscape restoration, for example, to economic development, livelihoods and wellbeing. This was a deviation from the old approach that should be highly beneficial for producer countries.
151. The objective of the second programme line would be to strengthen the capacity of tropical timber-producing countries to optimize the contribution of productive forests to the conservation of biodiversity while maintaining the sustainable production of timber and other products. Mr Dieterle recalled that 80% of global biodiversity was not in protected areas but, rather, in productive forests.
152. The third programme line would contribute to scaling up the area subject to forest landscape restoration and increasing the provision of goods and environmental services from planted and restored forests. The fourth programme line would simulate the old project cycle, whereby producer countries could come to ITTO with concept notes in new areas that did not fall directly under one of the other three programme lines. For example, an urgent situation might arise related to forest fire or pests, or there might be a new tracking tool that needed testing, and these could be pursued under this programme line.
153. Mr Dieterle gave examples of activities that could fall within the four programme lines. On line 1, he mentioned that fiscal and other incentive mechanisms for increased investments were essential tools, which ITTO had been working on with the World Bank in Africa, Asia and Latin America. If the fiscal and other macroeconomic framework was not in place, he said, even the best ideas would not work well on the ground if there was a lack of incentives at the top. He mentioned other examples of activities, such as public-private partnerships; information on marketing and trade; linking buyers of certified timber with producers; and working with customs organizations and other government authorities to understand the complexity of tropical timber species and how to detect them and how to assess them.
154. In programme line 2, activities might focus on implementing the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Production Forests; listings of tropical timber species in the appendixes of the Convention on International Trade in Endangered Species of Wild Fauna and Flora; and ensuring the effective management of protected areas and maintaining the livelihoods of local communities living near these.
155. The third programme line would address the complex web of interests among sectors, local communities, governments and the private sector. ITTO could, for example, help implement studies, analyses and assessments of land tenure and assist countries in developing policies, plans, regulations and guidelines. ITTO had taken the initiative to revise the forest landscape restoration guidelines, which the Council would consider at this session, to help ground restoration efforts in sound economic analysis and in the context of economic development in rural areas. ITTO could also help implement forest landscape restoration in the field and work with its partners internationally on this.
156. Programme line four, emerging issues and innovation, would offer a window for producer countries to submit proposals on other areas of work for which they had urgency, which could be funded through the voluntary contributions of donors. It would enable a rapid response to emergencies such as fire and flooding that were affecting forests, and it would also help in promoting innovation.
157. There had been lengthy discussions in the working group and within the ITTO Secretariat on how best to reconcile producer and consumer interests. For example, producer countries and applicable

organizations could work collaboratively on the preparation of proposals for thematic or regionally based programmes, projects and activities for which ITTO had unlocked funding. Thus, if there was a prospective donor that had indicated the type of activities that were eligible for funding, it would be possible to reach out to producers and to work together to develop appropriate proposals that were acceptable to both sides.

158. Moreover, if the ITTO Secretariat was engaged in a competitive bidding process it could invite producer countries to work with it in preparing proposals, along with partner organizations. ITTO could also work with partner organizations and as a junior partner in larger project proposals. Mr Dieterle said the Secretariat was currently working on such a proposal for a governance and law enforcement project with a trade component, financed by Norway. The ITTO Secretariat could also work with producer countries to develop their concept notes to ensure they were aligned with one of the programme lines and to maximize the opportunity to obtain funding. Mr Dieterle noted that the programme lines had been developed to ensure they were relevant to the SDGs, the Global Forest Goals and the strategic priorities in ITTO Strategic Action Plan.
159. The Chairperson thanked the Executive Director for his presentation. Resuming after a break, the Chairperson invited interventions from the floor.
160. The delegate of Japan said he appreciated the work by the Ad Hoc Working Group on this matter and the presentations made by Ms Conje and the Executive Director on the outcome of the work. As a member of the working group, Japan endorsed the recommendations outlined in the report. His intervention today, however, would focus on the need for ITTO to increase its engagement with mega-funds like the GEF and the GCF.
161. The delegate of Japan urged the Council to recognize the long-term structural changes in the funding landscape. Voluntary and earmarked contributions from donor countries were coming under increased pressure, and more funds were flowing into mega-funds like the GCF and the GEF. Japan was no exception: although he was pleased to report that Japan had resumed its voluntary contributions to ITTO this year, its funding disbursements were affected by changes in the funding landscape.
162. It was indispensable, therefore, for ITTO to adapt and respond to, and capitalize on, the new financial landscape and opportunities, rather than looking back at models that had worked only in the past. The good thing for ITTO was that it was well positioned to make use of these new opportunities. In the case of the GEF, its total funding for the current replenishment cycle from 2018 to 2022 was over USD 4 billion, with more than 6 percent allocated to areas relevant to the mandate and activities of ITTO, such as biodiversity, climate change and land degradation. The delegate also pointed out that other international organizations had already accessed those funds in various ways without being accredited. There was no reason for ITTO to hesitate in seeking access to such resources. To facilitate financing from the GEF, the Government of Japan had several concrete suggestions for consideration at this Council session. First, it encouraged the ITTO Secretariat to seek a closer partnership with the GEF. For example, the GEF had a large work programme called Food Systems, Land Use and Restoration (FOLUR) and also a Sustainable Forest Management programme. ITTO seemed a perfect fit to be involved in the steering committees of these.
163. Second, the delegate of Japan encouraged the ITTO Secretariat to seek closer partnerships with the conventions that the GEF funded as their financial mechanism. This would include the expedient review and renewal of existing memoranda of understanding with the CBD. His delegation urged the reinstatement or establishment of memoranda of understanding with the UNCCD and the UNFCCC in the upcoming year. These efforts could dramatically help facilitate financing for ITTO in such areas as sustainable forest management, land restoration and commodity supply chains.
164. The delegate of Japan said ITTO needed a mechanism to guide the Secretariat's intersessional work to facilitate financing related to the GEF to avoid missing opportunities. For example, it was essential that the Organization engage with the CBD in time for the GEF Council meeting next June and the CBD Conference of the Parties next October. In this vein, Japan invited the Council to recall past decisions of this nature aimed at guiding the Secretariat in its work with other international forums, such as Decision 5(XLIX) and Decision 13(XXIX), which set up a communication channel with

members using such processes as electronic no objection approval. ITTO also needed to showcase itself as an organization worthy of trust in accessing multilateral funds such as the GEF. That included highlighting ITTO's recent reform efforts, such as its development of new rules related to finance, governance and fiduciary duties, by placing such rules and efforts on ITTO's website.

165. The delegate of Japan said that ITTO's strong engagement with the private sector and other stakeholders was a core strength that should be highlighted. For example, it might be worthwhile to increase the visibility of the Trade Advisory Group, such as by making its terms of reference more widely known and establishing a dedicated webpage that would encourage more membership and further activities. Such efforts could lead to an expansion in the co-financing and co-development of project ideas with various stakeholders.
166. The delegate of Japan said his country believed that enhancing the financial activity of ITTO was the most important topic that needed a specific outcome at this Council session. As the host country of ITTO and the largest donor to the GEF, Japan was ready to work with other ITTO members, including through their ITTO and GEF focal points, to make that a reality. But to do so, decisions were needed at this session to facilitate the Secretariat's work in that direction.
167. The Chairperson thanked the delegate of Japan and invited the delegate of Peru to take the floor.
168. The delegate of Peru said he had taken part in the work of the Ad Hoc Working Group on the New Financing Architecture and Fundraising Strategies. It was an issue the Council had been dealing with for some time through Council decisions, which showed that the will existed to re-establish and revitalize fundraising to finance projects that remained pending. The crisis that the Organization had been living with for some time had had a significant impact on the funding of projects and activities, and it had also generated pessimism and skepticism in the Organization and among producer nations. The delegate of Peru noted that a quorum had not yet been achieved at this session because on 17 of the 30 producer members were present or represented and 19 were needed. Thus, despite the huge efforts of the host, Togo, and the excellent arrangements for the session, the Council had fallen short of expectations by failing to achieve a quorum. The delegate of Peru expressed the hope that a quorum could be achieved before the end of the session.
169. The delegate of Peru said the working group had considered a report commissioned by the Secretariat from a consultancy firm on the current situation and future perspectives for fundraising to finance ITTO activities. The report showed that the funds received by the Organization had declined steadily since about 2008, and contributions were now at very low levels. The report included the results of an online survey sent to the Organization's national focal points and the results were very clear. The first question in the survey addressed the cause of the decline in financial contributions. The largest percentage of responses stipulated the reason as being changed priorities of donor nations as new issues had emerged. No country had unlimited funds, but it was unexpected that contributions would decline in the way they did. This was a cause for reflection on the extent to which sustainable forest management and the development of sustainable supply chains were now considered priorities and, if not, this would be worrisome. A minimum level of support was required for the Organization to continue working in the way that was expected.
170. The delegate of Peru said that the consultant's report had discussed the potential for ITTO to raise funds on the international scene. The possibility of this was quite strong because ITTO was the only international organization dealing directly with and tackling the issues of tropical timber from sustainably managed forests in Africa, Asia and Latin America. Nevertheless, the Organization's competitive advantage was not being fully capitalized on, and the consultant had recommended a restructuring of the Organization to optimize its capabilities, including a more robust Secretariat. A minimum core administrative budget must be ensured to finance projects. If this were done, it would be possible to generate more funds on the world stage.
171. The delegate of Peru noted that the Secretariat had put forward a proposal for a new programmatic structure. Producer countries had stressed that supply chains should be established and should be given priority in the field. There was a need to consider the relationship between the forests and the market: it wasn't possible to expect tropical forests to be productive and successful without investing in

management and industry. In considering ITTO's activities some ten years ago, the idea had been to invest in projects that would enable this, but the thematic programmes on industry and value added had received little or no funding. Most of the funding in thematic areas had been made on issues associated with governance and FLEGT, which could not be criticized. Nevertheless, it would not be possible to resolve the problems without investing in management and vertical integration between industry and the forest. This was an issue that had been addressed on Trade and Markets Day, and countries had expressed concern that there was no added value, with Togo, for example, exporting about 87% of its production in raw material and only 13% with value added. Ghana was in the same situation, as was Cameroon and many other countries, not just in Africa but also in Latin America.

172. The delegate of Peru said that the programme lines must take this into account. The system must be based and founded on those priorities, needs and objectives. He voiced the opinion that a new financing architecture could not be adopted quickly. There was a need to change the Organization's mindset, overcome the issues and modernize and improve the Organization, and this needed to be done one step at a time. The proposal on programmatic areas was a good one, but more thought was needed on the proposal. The report of the Ad Hoc Working Group set out clearly that there were differences of opinion where work was still needed to reach consensus between consumers and producers. Thus, the point had not yet been reached to adopt this programmatic structure. There was a need to continue to examine the issue, whether within the Council or in other working groups.
173. The Chairperson thanked the delegate of Peru and invited the delegate of the USA to take the floor.
174. The delegate of the USA said he would be speaking on behalf of the consumer caucus as spokesperson. The consumer caucus extended its appreciation for the significant efforts of the members of the Ad Hoc Working Group and the report and the recommendations it had produced. The consumer caucus recognized that the revision of the financial architecture was an issue of importance for ITTO and its strength and financial viability. It stressed the importance of support from all ITTO members to enable the Organization to continue its financial recovery, expressed concern about the continued trend of increasing arrears by ITTO members, and urged the Secretariat to work with members to make prompt payment of those arrears.
175. The consumer spokesperson said there was general consensus among consumers on the recommendations of the Ad Hoc Working Group, and he thanked the Executive Director for the paper he had prepared on the programme lines, which offered additional information for consideration. The consumer caucus strongly believed that progress should be achieved on the revision of the financial architecture at this session. To that end, the consumer caucus requested the Secretariat to prepare a skeleton decision on this agenda item based on the recommendations in the Ad Hoc Working Group report as a starting point for those discussions and to introduce it to the Chairperson's Open-ended Drafting Group for negotiation. The consumer caucus looked forward to engaging in more discussions in that context.
176. The Chairperson thanked the consumer spokesperson and said the Secretariat would address the request for a skeleton draft decision for the consideration of both caucuses in the drafting group. He invited the delegate of the USA to take the floor.
177. The delegate of the USA thanked the working group for its hard work and noted that the issue of financing, especially the backlog of unfunded projects, was longstanding. It created division and was a roadblock in enabling ITTO to move in a more constructive direction. Therefore, the USA saw a need for change and to try a new approach in increasing ITTO's financial resources in order to achieve its vision. The USA considered that the recommendations of the working group provided a solid basis for this. In regard to the overall programmatic approach, the USA believed that the issue of ecosystem services, including carbon sequestration and watershed protection, was not fully captured in the programme line, even though these had been mentioned extensively in the survey and the consultant's report. They could be accommodated by including "ecosystem services" in the title of programme line 2.
178. The delegate of the USA said that another question arose regarding a practical workflow and reporting and implementing the new programmatic approach. The three days allocated to the Ad Hoc Working

Group had been short for such a large mandate. If the Council decided to adopt the approach at this session, the USA would like to see a Secretariat paper at the 56th Council in Yokohama that would clarify how activities and projects funded through different financing mechanisms would be divided between functional areas of ITTO consistent with their expertise and maintain the standard of evaluation, reporting and auditing. The delegate of the USA said that the issue of oversight and transparency was important for the USA, especially given that the new fundraising approach would provide the Executive Director with greater flexibility. The presentation of the working-group report had touched on a transparency feedback loop in which the Executive Director would need to inform the ITTO membership before an agreement was finalized. The USA was glad to see this incorporated and strongly believed it should be part of any decision taken on this issue.

179. The delegate of the USA said that ITTO was an intergovernmental organization governed by its membership. Any activities undertaken by the Executive Director and the Secretariat must ensure they did not cross policy boundaries that were inappropriate for an intergovernmental body or undertake activities lacking policy consensus across its membership. The USA understood that donor regulation varied among organizations and entities, and the Secretariat was supposed to respond in a timely manner to funding opportunities. Based on the piloting of the LSSC over the past year, the USA hoped to see improvement in timeliness and transparency in informing members of potential agreements as well as better engagement with the Trade Advisory Group and the Civil Society Advisory Group. The USA saw potential value in an advisory group in addition to this virtual transparency feedback loop. Such an advisory group could meet virtually via conference calls with the Secretariat to provide additional guidance and transparency on existing and future financing agreements.
180. The delegate of the USA said his delegation believed it would be useful to develop core indicators to better measure and communicate ITTO's impact across different activities and projects and also to capture progress toward the Organization's goals, taking into consideration existing international indicators under other processes. The core indicators would need to be part of any project concept-note format and approved by the Council. Moreover, in any transition period to pilot the new programmatic approach, concept notes could address how they would contribute to ITTO and the Strategic Action Plan. A move towards project concept notes would serve to ensure that project developers did not invest significant time and effort in full project proposals only for them to not receive funding, and it would allow a better alignment of producer country needs and donor priorities in a co-development process.
181. In terms of balancing expectations with available funding and to ensure that countries have the flexibility to express their needs in a timely manner, the USA believed that instead of the Secretariat issuing calls for concept notes under specific programmatic lines, countries should have the flexibility to submit concept notes at any time with a limit of three concept notes per country across the four programme lines. Specific calls for concept notes could still occur for funding opportunities should the Secretariat consider that such a call was warranted. Under specific calls, each country could submit an additional two concept notes. The USA recognized and was thankful for the expertise of the Expert Panel. In the absence of the Expert Panel, should that be decided, the USA believed that the oversight and technical input functions of the technical committees would become more important and that thought should be given to enhancing the effectiveness and functionality of those committees.
182. The Chairperson thanked the delegate of the USA and indicated that the Secretariat would take note of his proposals. Receiving no more requests for the floor, he closed this agenda item.

MATTERS RELATED TO THE APPOINTMENT OF THE EXECUTIVE DIRECTOR – DECISIONS 8(LII) AND 6(LIV) (AGENDA ITEM 15)

(a) Term of Appointment of the Executive Director

183. In introducing this agenda item, the Chairperson commented that, pursuant to Decision 8(LII), Annex, paragraph (8), the Executive Director was to ensure that the issue of appointment of the Executive Director was on the agenda of the Council session that occurred at least one year before the end of his or her term. Pursuant to Decision 10(LII), the end of the current Executive Director's term was 31 March 2021.

184. The Chairperson informed the Council that, on 19 November, he and (he believed) the consumer and producer spokespersons had received a letter from Mr Dieterle expressing his interest in a second term as ITTO Executive Director, as follows: "According to ITTC Decision X(LII), my term as Executive Director of ITTO will come to an end on April 30th, 2021¹. According to current rules, the incumbent shall notify the Council at least one year ahead of the end of his term about his intention to apply for a second term. I herewith would like to express my interest in leading ITTO beyond the expiration date of my appointment. The Organization is currently in the middle of a recovery and restructuring process, which in my view would require continued leadership and stability to consolidate ongoing activities and to achieve the tasks ahead. I would be more than happy to inform the Council at its 55th Session about my expression of interest at a time you deem convenient. Yours sincerely, Mr Gerhard Dieterle, Executive Director of ITTO."
185. The Chairperson invited the consumer spokesperson to take the floor.
186. On behalf of the consumer caucus, the consumer spokesperson expressed his appreciation for the service of Mr Dieterle and recognized the value of continuity. The consumer caucus would willingly engage in discussions with the intent to find a solution on this issue that maintained trust between consumers and producers and respected all applicable rules. The consumer caucus welcomed Mr Dieterle's willingness to continue to serve.
187. The Chairperson thanked the consumer spokesperson and invited the producer spokesperson to take the floor.
188. The producer spokesperson supported and agreed with the words of the consumer spokesperson. There was an interesting dynamic going on in the Secretariat, he said, which was working very professionally, and the producers were grateful for that. It must be recognized how professionally and efficiently the current Executive Director was doing his job and that was why he had been elected. He had been a good candidate. At that time, to avoid extending discussions on who should be the next Executive Director, whether from the consumers or the producers, the delegations of Brazil, Indonesia and Malaysia had withdrawn their candidates and a way had been found out of the impasse. This meant that there was a need to draw up a new series of rules, and these were clearly enshrined in the various decisions adopted by the Council.
189. In particular, Article 14 of the ITTA, 2006, indicated that the terms and conditions for the election of the Executive Director were part and parcel of the competencies and responsibilities of the Council. The Council had taken Decision X(LII), which fitted within a very clear legal framework in the ITTA, 2006. The producers had accepted the nomination of the Executive Director, and his mandate was to be four years. That was clearly stated. Thus, there was an agreement, which was clear on the legal framework for the nomination of the Executive Director and the length of his mandate. The terms and conditions of the appointment of the new Executive Director were quite clearly stated therein. That decision was accompanied by a series of other decisions mentioned in the report of the Ad Hoc Working Group on the Selection of the Candidates for the Position of Executive Director of the ITTO. Thus, it was all clearly stated in writing. The Executive Director had done good work, but the Organization had rules, and the rules must be complied with. So the best way of proceeding was in a friendly, transparent and conciliatory manner in respect of those rules.
190. The Chairperson thanked the producer spokesperson for his intervention.
191. On Thursday, 5 December and Friday, 6 December closed sessions for members only were held on Agenda Item 15(a) to consider the current Executive Director's request for extension of his mandate for an additional 4 years. After long discussions no consensus was reached regarding this request. Due to the impending late hour of the discussions, there was no time left to put forward a draft decision for Council approval. In this light, the Chairperson of the Council called upon members to work intersessionally on a decision, taking into account that the current term of the Executive Director of ITTO will expire in the first half of 2021.

¹ Mr Dieterle joined ITTO with effect of May 1, 2017

(b) Report of the Ad Hoc Working Group on 'Selection of the candidates for the position of Executive Director of the ITTO' – Decision 6(LIV)

192. The Chairperson reminded delegates about previous decisions related to this agenda item. He opened the floor for discussion, inviting the two co-chairs of the Ad Hoc Working Group on the Selection of the Candidates for the Position of Executive Director of the ITTO to present their report.
193. Ms Catherine Rivoal said that the working group had worked constructively and intensely over three days, and she thanked the other members of the working group and her co-chair, Jorge Malleux. The aim was to ensure that ITTO would have access to the best candidates possible and that the governance of the panel in charge of their selection would be optimal. The working group had also addressed the potential extension of the current Executive Director. The focus had been on the importance of candidates' experience, skills and competencies throughout their careers and their ability to forge partnerships and to raise funds. The potential for conflicts of interest was addressed in Annex 2 of the document; it was a key aspect of the recruitment process, and the working group had attempted to ensure that future candidates would be able to identify potential conflicts of interest themselves, and the selection panel would have the power to ask the candidates on this, should there be doubts. It was envisaged that, by the end of its consultation, the selection panel would have developed a shortlist of candidates, which would then be submitted to the Council for decision.
194. Ms Rivoal said that Annex 2 of the document also dealt comprehensively with the issue of the extension of the term of the future Executive Director. In accordance with Decision 6(LIV), operative paragraph 3, the proposal in Annex 2 was for a four-year mandate, with potential to extend this for a further two years pending approval by the Council.
195. The Chairperson thanked Ms Rivoal for her report and invited Mr Malleux to present his report.
196. Mr Malleux said that the matter of the election of the Executive Director would open up debate, but he hoped for a consensus on it. He referred to Annex 1 of the report, which referred to Decision 6(LIV) on the selection of candidates for the position of Executive Director of ITTO. It was extremely important to take this into account because that decision had been reached after a series of previous decisions and after lengthy debates on how to deal with the future selection of executive directors. Decision 6(LIV) was clear and well designed. There was also reference to decision 5(LI), which established an open and transparent procedure for identifying qualified candidates for the Council, so that the Council could appoint an Executive Director.
197. Decision 9(LII), which also referred to Decision 6(LIV), established that the Ad Hoc Working Group would consider the rotation in the framework of the selection of the Executive Director. This was a more specific decision; it didn't just refer to the terms of reference for the Executive Director but to consideration of candidates within the idea of rotation. Decision 10(VIII) established that 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 would be to secure the highest standard of efficiency, leadership, competence and integrity. On the basis of that, the Council had worked on the terms of reference. This provided the framework for Decision 6(LIV), which established the mandate of this particular working group.
198. Mr Malleux referred to certain aspects to be taken into account for the selection of candidates. It was agreed that the highest professional qualifications of leadership were needed. This entailed a new selection process, which had already been established in the mandate of one of those decisions, that the rotation system would commence at the conclusion of the terms of reference of the current Executive Director. One of the conditions was professional experience. Candidates were needed that have had an opportunity to have held a previous post as a director or leader of an international organization, but they also needed to be sufficiently experienced in sustainable forest management and sustainable supply chains.
199. Mr Malleux said that the working group had had considerable discussions on the question of conflicts of interest. It was extremely important that any candidate who would take on the position of

- ITTO Executive Director, and other high-level officials of the Organization, should have no vested financial interest in the timber industry or timber trade. Moreover, there should be no criminal record.
200. Mr Malleux expressed the view that Annex 3 of the report, on the proposed process for the extension of the term of the Executive Director, was also important. The first point was that the maximum period of extension should be two years. A mechanism would be needed to evaluate the level of work done by the person holding the post of Executive Director. The working group had discussed how to proceed in carrying out this kind of evaluation. There was a proposal to the extent that this would need to be done in the Council plenary, where delegates could express their views directly on the various aspects of performance. A proposal, as discussed by the producer group, was to establish a contact group comprising representatives of producer and consumer countries to carry out an in-depth analysis and to provide the Council with a report to enable a decision. The producers felt that an open evaluation with the participation of all delegates simultaneously, even though it would be very democratic, might be time-consuming, especially to establish consensus. Mr Malleux concluded his intervention by thanking his co-chair, Ms Rivoal, for her contributions to the work.
 201. The Chairperson thanked Mr Malleux and Ms Rivoal for their presentations and invited Ms Rivoal to make a further comment.
 202. Ms Rivoal pointed out that, regarding the assessment of the performance of the Executive Director, referred to by Mr Malleux, there had been no consensus between the producers and the consumers.
 203. The Chairperson gave the floor to the Executive Director.
 204. Mr Dieterle said he wanted to draw to the attention of the Council to a possible error in one of the documents of the Ad Hoc Working Group related to the retirement age of the Executive Director. In his view, citation of rule 709 of the Staff Regulations and Rules of the ITTO was not correct. The report indicated that, under rule 709 of the Staff Regulations and Rules, the extension of the Executive Director beyond the mandatory retirement age would be in one-year increments. The context for that sentence was the following, however: "In the exercise of his discretion to recommend to the Council, the extension of a staff member's employment beyond retirement age, the Executive Director shall give consideration to such factors as the immediate needs of the service, the performance ...". Mr Dieterle said that this context indicated that, in this special case, staff rule 709 did not apply to the Executive Director because the appointment of the Executive Director was, in this case, made by a specific decision of the Council and the terms and conditions were determined by the Council. The point, therefore, might not be fully consistent with the existing rules of the Organization.
 205. After a break, the Chairperson reintroduced item 15(b) of the agenda on matters related to the appointment of the Executive Director, Decisions 8(LII) and 6(LIV). He invited delegations to express their points of view and suggest how to move forward on the selection of candidates.
 206. The spokesperson for the consumers made a statement on behalf of the consumer caucus, which extended its appreciation to the members of the Ad Hoc Working Group for their efforts. There was general consensus among consumers on the content of the working group's report, namely Annex 2, which was the revised terms of reference and procedure for the selection panel and procedures for the selection of candidates, and Annex 3, which was the proposed process for the extension of the term of the ITTO Executive Director. The consumer caucus requested the Secretariat to prepare a skeleton decision on this agenda item based on the report of the Ad Hoc Working Group and to introduce it to the Chair's drafting group for further negotiation.
 207. The Chairperson thanked the consumer spokesperson and invited the producer spokesperson to take the floor.
 208. The producer spokesperson indicated that he had unavoidably been out of the room during the commencement of this item and sought an indication of what had been discussed. The Chairperson responded that the consumer spokesperson had reported that the consumer caucus had reached consensus and had approved the document that had been submitted by the Ad Hoc Working Group. The consumer caucus had asked that the Secretariat prepare a skeleton decision to be discussed at the Chairperson's drafting group.

209. The producer spokesperson thanked the Chairperson for this synopsis. He said he had taken part in the Ad Hoc Working Group for the drafting of the terms of reference for candidates to the Executive Director position. The question of rotation had been discussed and had clearly been provided for in decisions on the election of a new Executive Director. He agreed that a skeleton decision should be drafted in order to be considered by the drafting group. He reminded delegates of a pending issue in Annex 3, which related to the way in which the Council would consider the extension of the mandate within the new system of rotation, where the mandate would be four years plus two.
210. The producer spokesperson said that, in considering the two-year extension, there was a need for the Council to review the performance of the Executive Director. The proposal of some members of the Ad Hoc Working Group was that this assessment needed to be done with the participation of all delegations so that they had the chance to discuss whether an extension was to be granted. This might not be the most practical way of proceeding, however, and so it was also suggested, in footnote 3 in Annex 3 of the report, to set up a contact group made up of three, five, six or eight people from each caucus, which would discuss the issue more thoroughly and present a report to the Council for its decision. In the view of the producers, this would be the best way of proceeding under 15(a) of the agenda of this Council session for deliberating on the extension of the mandate.
211. The Chairperson thanked the producer spokesperson and invited the delegate of the EU to take the floor.
212. The delegate of the EU thanked the consumer spokesperson for his statement, with which the EU fully aligned. It had been clear from the Chairperson's introduction that agenda item 15(b) was currently under discussion, not item 15(a). It was also the EU's understanding that the report of the Ad Hoc Working Group dealt with future candidates for the position of Executive Director and for the possible extension of the term of a future Executive Director. He agreed with the producer spokesperson that there were some outstanding issues regarding the annexes of the report, and the EU was prepared to discuss those in the context of the drafting group on the basis of a skeleton decision prepared by the Secretariat.
213. The Chairperson thanked the delegate of the EU and closed the item pending discussion on the draft decision in the Chairperson's drafting group.
214. On the final day of the Council session, the delegate of the USA sought clarification from the Chairperson or the Secretariat on this agenda item, which remained open from the session, and how it might be dealt going forward.
215. The Secretariat clarified that a draft decision had been prepared for consideration at the Chairperson's drafting group, but due to time constraints the draft had not been discussed and no conclusion had been reached. Therefore, the item would move to the next Council session or it could be addressed intersessionally. It was up to the Council to decide how to proceed on the issue.

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 16)

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

Committee on Reforestation and Forest Management

217. Mr Jobst-Michael Schroeder, Chairperson of the Committee on Reforestation and Forest Management (CRF), presented the committee's report of its 53rd session, as contained in document CRF(LIII)/6. He said that the CRF had met four times at the session to deliver 16 agenda items. It had reviewed the work of seven completed projects, all of which had contributed towards achieving ITTO objectives in the area of sustainable forest management and in the three tropical regions, assisting ITTO member countries to strengthen forest management policies and put them into practice on the ground. Regarding policy work, the CRF had had productive deliberations on the following seven subjects: 1) promotion of smallholder forest landscape restoration in West Africa; 2) the development of training curricula for Central African countries on legal and sustainable supply chains; 3) the ITTO guidelines

on forest landscape restoration in the tropics; 4) the prevention and management of fire in tropical timber-producing forests; 5) amendment of the guidelines on environmental and social risk assessment in ITTO projects; 6) the Joint ITTO–Convention on Biological Diversity Collaborative (CBD) Initiative for Tropical Forest Biodiversity; and 7) enhancing the conservation and sustainable management of teak forests and legal and sustainable wood supply chains in the Greater Mekong Subregion.

218. Mr Schroeder said he was pleased to inform the Council that the committee had had a very productive discussion on the draft guidelines on forest landscape restoration, which provided 32 guiding elements to support the implementation of globally recognized forest landscape restoration principles. After intensive discussions, the CRF had recommended that the draft guidelines should be revised, taking into account the comments of members submitted to the Secretariat by 15 January 2020. The CRF had also recommended that the revised draft guidelines should be adopted through an electronic non-objection procedure between 1 and 20 March 2020. The CRF believed that the adopted guidelines would greatly contribute to the effective design and implementation of forest landscape restoration strategies and actions towards the restoration and management of degraded tropical forest landscapes for the sustainable supply of forest goods and ecosystem services. Regarding the final draft of the ITTO Environmental and Social Management (ESM) guidelines, the CRF recommended that the Council adopt the final draft ESM guidelines. The CRF also recommended that the assessment process set out in the ESM guidelines should be applied in formulating future project proposals. It believed that the ESM guidelines were important in the context of fundraising because prospective donors would look at the safeguards in place.
219. Mr Schroeder informed the Council that Mr Bruno Enrique Arias Rivas (Guatemala) had been elected as Chairperson of the CRF in 2020 and Ms Aysha Ghadiali (USA) had been elected as Vice-chairperson. He congratulated them both on their election.
220. Mr Schroeder concluded by saying that he believed the CRF had had useful deliberations on various themes related to forest management in the tropics. He thanked all those who had participated in the session and extended special thanks to the interpreters, translators, ITTO staff, resource persons and volunteers who had worked so hard to ensure success. On behalf of the CRF he thanked the Government of Togo and the City of Lomé for hosting the session.

Committee on Economics, Statistics and Markets

221. Mr Anicet Ngomin (Cameroon), the Chairperson of the Committee on Economics, Statistics and Markets (CEM), presented the committee's report at its 53rd session, as contained in document CEM-CFI(LIII)/4. Mr Ngomin reported that the Committee on Forest Industry (CFI) had met jointly with CEM during the session, co-chaired by Mr Mohd Kheiruddin Mohd Rani (Malaysia) and himself. Among other things, the CEM had: declared the completion of two projects—a project implemented in Côte d'Ivoire on operationalizing the national information system for the sustainable management of forest resources, and a project implemented in Ecuador on conserving forest resources to strengthen the economic inclusion of community families, particularly rural women of the Chimbo river basin; reviewed progress in the implementation of two ongoing projects and eight projects pending financing; and further considered four issues and activities under policy work—market access, forest and timber certification and the progress reports of the Clean Wood and Independent Market Monitoring projects.
222. Mr Ngomin reported that the CEM had decided to continue the discussion of three of these items—market access, forest and timber certification, and the Independent Market Monitor—in its policy work in 2020, plus a new item on the progress of APEC EGILAT. There had also been a lively ITTO Annual Market Discussion, as part of Trade and Markets Day, on the theme of adding value to timber in Africa, the opportunities and challenges, moderated by Mr Barney Chan, the co-chair of the Trade Advisory Group. The Trade Advisory Group had decided to defer its decision on the theme for the 2020 Annual Market Discussion, and this would be communicated to the ITTO Secretariat in advance of the next Council session.
223. Mr Ngomin said that, under other business during Trade and Markets Day, the CEM had received three interesting presentations, on the Global Timber Trade Network (GTTN), the World Resources

Institute's Open Timber Portal and the current state of APEC EGILAT, with which ITTO had been recommended to collaborate. The CEM had unanimously elected Ms Catherine Karr-Colque from the USA as its chairperson for 2020, and she had also been appointed as chairperson of the CFI. Mr Ngomin informed the Council that the proceedings and recommendations of the CEM session could be found in document CEM-CFI(LIII)/4. The committees recommended that funding be made immediately available for eight project proposals pending financing.

224. On behalf of the CEM, Mr Ngomin expressed his appreciation to his colleagues, the Chairperson of the CFI, the organizers of the session, conference assistants, interpreters, translators, members of the ITTO secretariat and everyone who had contributed to the smooth and successful convening of the session.

Committee on Forest Industry

225. The Chairperson of the CFI, Mohd Kheiruddin, presented the committee report, as contained in document CEM-CFI(LIII)/4. The CFI had met twice jointly with the CEM during the session, co-chaired by Mr Anicet Ngomin (Cameroon) and himself. The CFI had noted the work carried out on three ongoing projects in Indonesia, Honduras and Viet Nam in supporting the development of supply capacity of the wood base, biomass energy, the promotion of lesser used timber species, and increasing the efficiency of the acacia plantation and timber-processing industry. The projects were being implemented as scheduled without major problems.
226. Mr Kheiruddin said that the CFI had received a presentation on progress on enhancing the conservation and sustainable management of teak forests and legal and sustainable wood supply chains in the Greater Mekong Subregion. Progress on this policy item would also be reported at the next session of the CFI. The CFI recommended three projects listed under pending finance for immediate financing. Mr Kheiruddin informed the Council that the proceedings and recommendations of the CFI could be found in document CEM-CFI(LIII)/4.
227. Mr Kheiruddin expressed his appreciation to all members of the CFI, the chair of the CEM, Mr Anicet Ngomin, for his efficient collaboration during the session, and the Secretariat and interpreters for their efficient work. He congratulated Ms Karr-Colque for her election as chair of the CEM and the CFI in 2020.

Committee on Finance and Administration

228. The Chairperson of the Committee on Finance and Administration (CFA), Katharina Kuehmeyer (Austria) presented the report of the CFA at its 34th session, as contained in document CFA(XXXIV)/9. In accordance with its terms of reference, the CFA had examined the Organization's administrative budget and management operations and reviewed its assets, liabilities and revenues and the extent to which these constrained the work of the Secretariat. The CFA had reviewed the independent audited statements pursuant to the requirements of the ITTO auditing standard and discussed recommendations to the Council on any modifications the committee might judge necessary to the rules of the Organization. In addition, the CFA had discussed a request by Liberia for relief from obligations, as well as draft policy documents aimed at strengthening the Organization's governance.
229. Ms Kuehmeyer said that the CFA had made the following recommendations to the Council: to approve the biennial administrative budget for the financial years 2020 and 2021, as contained in document CFA(XXXIV)/2 Rev.1, in the amount of USD 7,091,487 and USD 7,104,316, respectively; to approve the financial reports prepared in accordance with the ITTO financial rules and procedures and set out in Annex 4 for the financial year 2018 as contained in document CFA(XXXIV)/6; to continue to appoint Ernst & Young Japan, Tokyo, to audit the accounts of the Organization for the financial year 2019; to place the possible development of a policy and procedures for the use of the Working Capital Reserve on the agenda of the next session of the CFA; to request the Secretariat to engage with the Government of Liberia to discuss modalities and a suitable payment plan for the Council's consideration at its next session; to request the Secretariat to initiate a process of consultation with ITTO members and partners on additional policies for the governance of the Organization and to present a draft of these policies for the Council's consideration at its next session; to endorse the list

of sole providers, as contained in Annex 1 of document CFA(XXXIV)/4 Rev.1; to amend the financial rules of ITTO, as contained in document CFA(XXXIV)/7 Rev.1; and to examine and take actions to secure the needed resources to achieve the objectives of the Organization. The CFA submitted its report together with its recommendations to the Council for its consideration and adoption. Lastly, on behalf of the CFA, Ms Kuehmeyer thanked the members of the committee and the Secretariat for their assistance and hard work, and she extended her deep appreciation to the government and people of Togo for their generosity and gracious hospitality in hosting the meeting.

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2020 (AGENDA ITEM 17)

230. The Producer Spokesperson proposed the election, by acclamation, of Mr Björn Merzell (Sweden) as incoming Chairperson of the Council.
231. There was no nomination by the Consumer Spokesperson for the Vice Chairperson of the Council. The producer caucus was invited to nominate a candidate intersessionally.
232. Mr Merzell said it was a pleasure to address the Council as its new elected chairperson. He expressed his sincere appreciation to the government and people of Togo for their great hospitality and for providing excellent facilities for the 55th Session of the Council. The world was facing pressing challenges, and countries had agreed to tackle those challenges through, among other things, the 2030 Agenda and its SDGs. It was also well known that forests and sustainable forest management would be able to contribute to almost all the SDGs.
233. Mr Merzell said ITTO had a very important role in this regard, and the objectives set out in the ITTA, 2006, corresponded well to the SDGs. ITTO was in the middle of a process of recovering from the crisis caused by the impairment of funds and at the same time in the middle of a transitional period in preparing the Organization for the future. It was about to start piloting a new financial architecture that could help ITTO in receiving additional funding to implement projects and programmes showing how forests and their products and services could contribute to sustainable development. ITTO was also in the process of developing a new biennial work programme and a new strategic action plan to deal with future challenges and opportunities.
234. Mr Merzell said he had had the honor of chairing the first Trade and Markets Day, which, in his opinion, had been very successful and had brought ITTO back to its core business. Delegates had received information on tremendous activities underway in tropical forests that were contributing to people's wellbeing and livelihoods and to sustainable development. He looked forward to working with all delegates in further strengthening the role of ITTO and making it fit for the future. He thanked Council delegates for their trust in him as the new chairperson and committed to doing his best to serve them.
235. Mr Merzell presented the outgoing Chairperson, Mr John Leigh, with a small token of appreciation for his service during the year. Mr Leigh expressed his gratitude to all countries and delegates for their continuing, undeniable support of ITTO, which he had served in many capacities, including as a member of the Secretariat, the expert panel, and as Vice-chairperson and Chairperson of the Council. He thanked Mr Merzell for the gift, which he would take in his heart forever.

DATES AND VENUES FOR THE FIFTY-SIXTH AND FIFTY-SEVENTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 18)

236. The Chairperson invited countries to express interest in hosting the Fifty-sixth and Fifty-seventh Session of the Council.
237. The delegate of Japan said that Japan and the City of Yokohama would be pleased to host the 56th Session of the Council in the second week of November 2020, starting from 9 November 2020. The exact dates would be posted by the Secretariat in due course.

238. The Secretariat (Mr Gerhard Breulmann) informed the Council that there had been initial talks with a member country from the Asia-Pacific region interested in hosting the 57th Session of the Council but that no formal agreement had yet been reached.

OTHER BUSINESS (AGENDA ITEM 19)

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

DECISIONS AND REPORT OF THE SESSION (AGENDA ITEM 20)

240. 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.
241. 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.
242. The delegate of the EU sought clarification on whether agenda item 14 remained open.
243. The Secretariat explained that a draft decision had been submitted by the Chairperson's Open-ended Drafting Group as part of the package circulated to members, drawing attention to Decision 8 on implementing ITTO's new financing architecture, phase 1.
244. The Chairperson introduced draft Decision 1(LIV) "Projects, Pre-projects and Activities". There being no comments, the Council adopted the decision.
245. The Chairperson introduced draft Decision 2(LIV) "Administrative Budget for the 2020–2021 Financial Biennium". There being no comments, the Council adopted the decision.
246. The Chairperson introduced draft Decision 3(LIV) "Extension of ITTO Biennial Work Programme 2018–2019". There being no comments, the Council adopted the decision.
247. The Chairperson introduced draft Decision 4(LIV) "Further Extension ITTO's Strategic Action Plan 2013–2018". There being no comments, the Council adopted the decision.
248. The Chairperson introduced draft Decision 5(LIV) "Amendment of the Financial Rules of the ITTO". There being no comments, the Council adopted the decision.
249. The Chairperson introduced draft Decision 6(LIV) "ITTO Environmental And Social Management Guidelines". There being no comments, the Council adopted the decision.
250. The Chairperson introduced draft Decision 7(LIV) "Guidelines for Forest Landscape Restoration in the Tropics". There being no comments, the Council adopted the decision.
251. The Chairperson introduced draft Decision 8(LIV) "ITTO's New Financing Architecture Phase 1". There being no comments, the Council adopted the decision.

CLOSING OF THE SESSION (AGENDA ITEM 21)

252. The Chairperson invited H.E. Honorable David Wonou Oladokoun, Minister of Environment, Sustainable Development and Nature Protection of Togo, to give his closing statement.
253. On behalf of His Excellency, the President of the Republic and on behalf of the Prime Minister Selom Klassou, the head of the government, Mr Oladokoun thanked all participants for the serious manner in which they had taken part in the work of the session. The Council felt that it had accomplished its duty with regard to all the issues to be discussed at the session and was convinced of the need to meet demand for tropical timber and fill gaps in supply and committed to ITTO. Mr Oladokoun thanked the Chairperson and the Executive Director for their lead roles in the convening of the session. The Council had examined the financial crisis of the Organization, which had meant that admissible

projects were not being financed and considered the financing infrastructure and the best way to raise funds to streamline the financing of projects. At this session the Council had adopted a programmatic approach with four programme lines.

254. Mr Oladokoun paid tribute to the efforts made and the energy deployed to ensure that the session was inclusive and resilient. The Council had talked about models, the structural transformation of forest economies and about benchmarks and good practices among producer and consumer countries. It had heard from women's organizations and civil society, and about the role of forest ecosystems in increasing the resilience to climate change. The session had also examined the mandate of the Executive Director and discussed this in a friendly way, although no consensus had yet been found. Mr Oladokoun again thanked all participants and wished them a safe journey back to their home countries. He noted that, on the following day, participants would visit the gazetted forest of Missahoe, and declared the session closed.
255. Mr Oladokoun presented a gift to the Council Chairperson and the Executive Director as a token of appreciation and as a memory of the session held in Lomé.
256. The Chairperson thanked Mr Oladokoun for his wise and encouraging words, and thanked him for his hospitality. He then invited the Executive Director to make his closing remarks.
257. Mr Dieterle said that a long, busy week lay behind, and complicated issues had been at hand that were difficult to reconcile at times. Nevertheless, some good outcomes had been achieved and the Secretariat had received strategic guidance from the Council, especially regarding the important question of increasing finance to the Organization. He said that the Secretariat would invest all its efforts to bringing new and additional financial resources to the Organization for the benefit of the people and forests of member countries. This was the key priority and commitment to the Council. It would enable the Secretariat to pursue new initiatives as a proactive member of the Collaborative Partnership on Forests and to highlight the role of productive forests, forest products and green supply chains for inclusive growth, poverty alleviation, fighting climate change, biodiversity conservation and the environment in general.
258. Mr Dieterle said that, in this context, he was pleased to inform the Council that, today, a new project agreement had been signed together with the Food and Agriculture Organization of the United Nations, the International Union for Forest Research Organizations and ITTO on forest education, which was funded by the Government of Germany. Forest education was a cornerstone for the development of forest resources and for managing the challenges ahead.
259. Mr Dieterle expressed his deepest appreciation to the government and wonderful people of Togo for their unwavering support and for having taken care of participants so generously. He was also grateful that the Prime Minister of Togo had honored the Council with his presence at the opening session.
260. Mr Dieterle said there had been many good "ghosts" at the session—the technicians and volunteers who had worked behind the scenes so efficiently and for long hours over the last week. He thanked the team of experienced interpreters and translators, who made sure that all participants had the same understanding, irrespective of language or culture. He thanked the great Secretariat team, which had devoted its full energy to assisting participants and the Council in any regard. He thanked the chairs and co-chairs of the caucuses and committees, who had brought all the decisions together and the Trade Advisory Group and Civil Society Advisory Group for their support, advice and fascinating contributions. It was his firm commitment to bring trade back more strongly into Council decisions and discussions and to involve civil society more strongly in the work of ITTO.
261. Mr Dieterle said he looked forward to establishing close collaboration with the new Council leadership under Chairperson-elect Björn Merckell, who he congratulated on his election. Mr Dieterle expressed his sincere thanks to the outgoing Chairperson, Mr John Leigh, and the spokespersons of the caucuses, who had enabled the Council to clear hurdles that had sometimes seemed a bit high. He concluded by thanking all participants and entreating them to enjoy the next day's field trip and to travel safely home.

262. The Chairperson opened the floor for other statements. Seeing none, he proceeded to give his closing address.
263. The Chairperson said that, as always, the Council had covered a wide range of important issues and, despite differences, consensus had been achieved to move ahead, which was a hallmark of this extraordinary Organization that was so close to his heart. The session had opened on the best of notes, with Togo's Prime Minister, His Excellency Komi Selom Klassou, honoring the Council with his presence. His Excellency had noted the urgent need to implement sustainable forest management led by the sustainable trade of timber and timber products. The Council had also heard from Mr David Wonou Oladokoun, Togo's Minister of Environment, Sustainable Development and Nature Protection, who had emphasized the importance of sustainable tropical timber supply chains for the benefit of all, especially for tropical timber producers and smallholders and ultimately for ensuring sustainable forest management.
264. In its substantive work, the Council had reviewed ways to enhance the financial architecture and fundraising of the Organization. The first Trade and Markets Day had been convened, which had broadened understanding of the opportunities and challenges for adding value to timber in Africa. In an event co-organized by the Civil Society Advisory Group, delegates had learned about the important role of African women in the various markets for forest products. The Council had reviewed the many projects and activities conducted by the Organization and heard from producer members about the high value they place on ITTO projects for implementing sustainable forest management, both at the policy level and on the ground.
265. The Chairperson said that the gap between projects submitted and the funding available was an extremely serious matter. Considerable effort and resources were required to develop project proposals, and it was disheartening that dozens of proposals deemed worthy of funding had fallen through the funding gap. A remedy must be found because the lack of substantial project funding was limiting the capacity of producer members to implement sustainable forest management and thereby continue to produce the goods, environmental services and many other benefits that were needed so urgently, both locally and globally.
266. The Chairperson said it was important to reiterate that ITTO served a unique niche. A strong ITTO was needed because no other organization had the capacity to both develop universally agreed policies and help countries implement these on the ground. He urged all participants to do their best to make the Organization function as best it could.
267. The Chairperson said that the Council had been blessed to have spent the week in the beautiful city of Lomé and to have been pampered by the wonderful hospitality of the people of Togo. He thanked everyone who had ensured that the Council session had run so smoothly, especially the Government of Togo and through it, the Ministry of Environment, Sustainable Development and Nature Protection and the Office de Développement et d'Exploitation des Forêts. The Chairperson thanked the interpreters, the facility staff, the caterers, the volunteers and everyone else involved. He congratulated Björn Merkell, the incoming chairperson, and said he was leaving the gavel in capable hands. He thanked Mr Dieterle and his exemplary team in the Secretariat and wished everyone safe travels home.

ANNEX I

LIST OF PARTICIPANTS

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INTERNATIONAL TROPICAL TIMBER COUNCIL

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FIFTY-FIFTH SESSION
2 – 7 December 2019
Lomé, Togo

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

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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.

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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.

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PERU

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Ambassador, Embassy of Peru, Tokyo
- *** Mr. Jorge Malleux
Asesor Forestal SERFOR, Lima
- *** Mr. John Leigh
Chairperson of the ITTC 2019

REPUBLIC OF KOREA

- * Ms. Youngji Lee
Deputy Director, International Cooperation Division, Korea Forest Service, Daejeon
- ** Ms. Ji Hyoung Shin
Programme Officer, International Cooperation Division, Korea Forest Service, Daejeon
- ** Mr. Keon Ho Kim
Research Scientist, National Institute of Forest Science, Korea Forest Service, Daejeon

SWITZERLAND

- ** Ms. Anne Schick
Deputy Head of Cooperation, Embassy of Switzerland in Ghana, Accra

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- * Mr. Sapol Boonsermsuk
Director, Forestry Affairs Office, Royal Forest Department, Bangkok
- ** Ms. Kantinan Peawsa-Ad
Director of Forest Economics Bureau, Royal Forest Department, Bangkok
- ** Ms. Prattana Meesincharoen Potts
Foreign Relations Officer, International Forestry Cooperation Division, Royal Forest Department, Bangkok

TOGO

- * H.E. Prof. David Wonou Oladokoun
Ministre, Ministère de l'Environnement, du Développement Durable et de la Protection de la Nature, Lomé
- ** Mr. Kudadze Kodjo
Directeur de Cabinet du Ministre de l'Environnement, du Développement Durable et de la Protection de la Nature, Lomé
- ** Lieutenant-Colonel Aoufa Koffi Dimizou
Secrétaire Général du Ministère de l'Environnement, du Développement Durable et de la Protection de la Nature, Lomé
- ** Mr. Kodjo Menan
Conseiller du Président de la République, Lomé
- ** Mr. Kodzo Dzossou Kassamada
Conseiller du Premier Ministre, Lomé
- ** Mr. Kadevi Kodjovi Koudaogbo
Député à l'Assemblée Nationale, Lomé
- ** Commandant Pyoabalo Alaba
Directeur Général de l'ODEF, Lomé
- ** Commandant Essodina Konzahou
Directeur de l'Inspection des Ressources Forestières, Lomé
- ** Dr. Amah Atutonu
Directeur des Ressources Forestières, Lomé
- ** Mr. Patcha Nimon
Président de la PFPC, Lomé
- ** Mr. Kossivi Ayikoe
Président de la FIPRO Forêt, Lomé
- ** Mr. Keyebena-Esso Adjade
Président de l'Organisation Non Gouvernementale UONGTO, Lomé
- ** Mr. Kodjo Kessougbo
Président de l'Organisation Non Gouvernementale Amis de Poubelles, Lomé
- ** Mr. Richard Dansrou Kodjo
Secrétaire Général de SYTREBACT, Lomé
- ** Mr. Edjdomélé Gbadoe
Ancien Directeur Général de l'ODEF, Lomé
- ** Commandant Kojmla Detse
Directeur Technique de l'ODEF, Lomé
- ** Mr. Palakiyeme Mouzou
Economiste, Spécialiste de l'Economie Rurale et de l'Environnement à la Présidence de la République, Lomé
- ** Dr. Novinyo Kossi Segla
Chargé d'Etudes au Ministère de l'Enseignement Supérieur et de la Recherche, Lomé
- ** Mr. Ezoba Kossi
Juriste, Charge de Mission du Premier Ministre, Lomé
- ** Mr. Elom Yao Awume
Charge d'Etudes à la Primature, Lomé
- ** Mr. Yao Sodjavi
Conjonctiviste à la Chambre du Commerce et d'Industrie, Lomé
- ** Mr. Akilessou Kpelenga
Charge d'Etudes au Ministère du Commerce, de l'Industrie, du Développement du Secteur Privé et de la Protection de la Consommation Locale, Lomé
- ** Mr. Kokou Djidji
Chargé d'Etudes au Ministère du Commerce, de l'Industrie, du Développement du Secteur Privé et de la Promotion de la Consommation Locale, Lomé
- ** Mr. Iyatan Akakpo
Chargé d'Etudes au Ministère de l'Economie et des Finances, Lomé

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- * Ms. Catherine Karr-Colque
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- *** Ms. Aysha Ghadiali
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- *** Mr. Amon Johnson
Foreign Service Officer, United States Department of State, Washington D.C.

***Mr. Luke Thompson

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Conservation and Water, U.S. Department of State,
Bureau of Oceans and International Environmental
and Scientific Affairs, Washington D.C.

VENEZUELA

* H.E. Ms. Belen Orsini

Embajadora, Embajada de la Republica
Bolivariana de Venezuela, Cotonou

VIETNAM

* Mr. Ngo Sy Hoai

President, Viet Nam Timber Industry Association,
Hanoi

OBSERVERS

Permanent Observers

CITES (UNEP)

Ms. Ivonne Higuero	Secretary General
Ms. Milena Sosa Schmidt	General Coordinator, CITES Tree Species Programme

FOOD AND AGRICULTURE ORGANIZATION (FAO)

Mr. Ewald Rametsteiner	Deputy Director, Forestry Department
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Non-Governmental Organizations

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Mr. Zhang Zhongtian	Assistant Executive Director
Ms. Liu Wei	Capacity Building Manager

CERCLE POUR LA SAUVEGARDE DES RESSOURCES NATURELLES (CESAREN), BENIN

Mr. Mensah Bienvenu Célestin Bossou	Directeur Exécutif
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FOREST STEWARDSHIP COUNCIL INTERNATIONAL, GERMANY

Mr. Kim Carstensen	Director General
Ms. Anakarina Pérez Oropeza	Strategic Development Advisor

INTERNATIONAL BAMBOO AND RATTAN ORGANIZATION (INBAR), P.R. CHINA

Prof. Lu Wenming	Deputy Director General
Dr. Wu Junqi	Director of Communications
Ms. Hao Ying	Director of Membership Affairs

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

Ms. Cindy L. Squires, Esq	Executive Director
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MALEBI, COTE D'IVOIRE

Ms. Delphine Ahoussi née Ayouo Logbochi	President
Ms. Gnima N'Gbalamou épse Kissi	Vice President

REFACOF, CAMEROON

Ms. Cecile Ndjebet	Director
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
Ms. Wensira Bafera	Member, REFACOF-Togo
Ms. Yawa Edzodzinam Dogbe	Member, REFACOF-Togo
Ms. Hawa Meatchi-Albada	Member, REFACOF-Togo
Ms. Tchilalo Padayodi	Member, REFACOF-Togo
Ms. Awoussi Boyindjo	Member, REFACOF-Togo
Ms. Ablavi Ananivi	Member, REFACOF-Togo

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Timber Trade Programme Leader

WORLD RESOURCES INSTITUTE (WRI), U.S.A.

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Open Timber Portal Manager

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Mr. Labode Popoola
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Market Discussion Speaker
Market Discussion Speaker
Market Discussion Speaker
Market Discussion Speaker
Market Discussion Speaker
Market Discussion Speaker
Market Discussion Speaker
Market Discussion Speaker

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Council

Chairperson	Mr. John Leigh
Vice-Chairperson	Mr. Björn Merrell

Economic Information and Market Intelligence

Chairperson	Mr. Anicet Ngomin
Vice-Chairperson	Dr. Catherine Karr-Colque

Reforestation and Forest Management

Chairperson	Dr. Jobst-Michael Schroeder
Vice-Chairperson	Mr. Bruno Enrique Arias Rivas

Forest Industry

Chairperson	Mr. Mohd Kheiruddin Mohd Rani
Vice-Chairperson	Dr. Catherine Karr-Colque

Finance and Administration

Chairperson	
Vice-Chairperson	Ms. Katharina Kuehmeyer

Spokespersons

Producers	Mr. Jorge Malleux
Consumers	Mr. Luke Thompson

ITTO SECRETARIAT

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Executive Director

Dr. Steven E. Johnson
Director, Trade and Industry

Ms. Sheam Satkuru
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Director, Forest Management

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Planning, Monitoring and Evaluation Officer

Dr. Tetra Yanuariadi
Projects Manager, Trade and Industry

Dr. Hwan Ok Ma
Projects Manager, Forest Management

Mr. Polycarpe Masupa-Kambale
Projects Manager, Forest Management

Mr. Ramon Carrillo Arellano
Outreach and Communication Officer

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Programme Officer, Ecosystems Restoration, Forest Management

Mr. Simon Kawaguchi
Finance / Administrative Officer

Ms. Kanako Ishii
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Ms. Naho Tamura
Programme Assistant

Ms. Maiko Suzuki
Senior Finance / Administrative Assistant

Mr. Tomiji Shudo
IT Assistant

Ms. Shoko Suzuki
Finance/Administrative Assistant

Mr. Takumi Akama
Secretary

ANNEX II

AGENDA

DOCUMENT: ITTC(LV)/1 Rev.1



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LV)/1 Rev.1
8 November 2019

Original: ENGLISH

FIFTY-FIFTH SESSION
2 – 7 December 2019
Lomé, Togo

PROVISIONAL AGENDA

1. Opening of the Session
2. Ascertainment of the Quorum
3. Adoption of Agenda and Organization of Work
4. Report on Membership of the Council
5. Report of the Credentials Committee
6. Proposed Distribution of Votes for the 2020 – 2021 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 9(XXXIV)
 - (a) Progress Report on the Implementation of the ITTO Biennial Work Programme
 - i. Update on the Legal and Sustainable Supply Chain (LSSC) Pilot Programme
 - ii. Enhancing Cooperation between ITTO and CITES - Decisions 3(XVI), 7(XXXIV), 2(XXXVII) and 5(XLVI)
 - iii. ITTO Fellowship Programme – Decision 4(XXVII)
 - (1) Progress report on the ITTO Fellowship Programme
 - (2) Report of the Chairperson of the Fellowship Selection Panel
 - (b) ITTO Biennial Work Programme 2020 – 2021
11. Progress Report on the Implementation of the ITTO Thematic Programmes
12. 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)
13. Impairment of ITTO Funds – Decisions 5(LII), 6(LII) and 7(LIII)
14. Enhancing the Financing Architecture and Fundraising of the Organization – Decisions 9(LIII) and 5(LIV)
15. Matters related to the Appointment of the Executive Director – Decisions 8(LII) and 6(LIV)
 - (a) Term of appointment of the Executive Director – Decision 8(LII)
 - (b) Report of the Ad Hoc Working Group on 'Selection of the candidates for the position of Executive Director of the ITTO' – Decision 6(LIV)

16. Reports of the Associated Sessions of the Committees
17. Election of Chairperson and Vice-Chairperson of the Council for 2020
18. Dates and Venues of the Fifty-sixth and Fifty-seventh Sessions of the Council and the Associated Sessions of the Committees
19. Other Business
20. Decisions and Report of the Session
21. Closing of the Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 - Opening of the Session

The Fifty-fifth 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(LV)/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(LV)/12]

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

Item 5 - Report of the Credentials Committee

[Document ITTC(LV)/3]

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

Item 6 - Proposed Distribution of Votes for 2020 – 2021 Biennium

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

The proposed distribution of votes for the 2020 – 2021 biennium, in accordance with Article 10(7) of the ITTA, 2006, is shown in the Annex of the Provisional Agenda [Document ITTC(LV)/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.

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 2020 – 2021 biennium.

Item 7 - Admission of Observers

[Documents ITTC(LV)/Info.3 and ITTC(LV)/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(LV)/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-third Meeting of the Informal Advisory Group (IAG), to be convened on Sunday, 1 December 2019. The report will be presented by the Chairperson of the Council.

Item 10 - ITTO Biennial Work Programme - Decision 9(XXXIV)

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

- (a) The Council will receive the progress report on the implementation of the ITTO Biennial Work Programme for 2018 – 2019 as contained in Document ITTC(LV)/4. In addition, more detailed presentations will be provided on the following BWP activities:
- i. The Council will receive an update on the Legal and Sustainable Supply Chain (LSSC) Pilot Programme (BWP Activity 2). This presentation will be provided during the Trade and Markets Day to be convened as part of the session of the Joint Committees.
 - ii. The Council will receive an update on the cooperation between ITTO and CITES (BWP Activity 6). This presentation will be provided during the Trade and Markets Day to be convened as part of the session of the Joint Committees.
 - iii. ITTO Fellowship Programme – Decision 4(XXVII) (BWP Activity 22)
 - (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(LV)/5];
 - (2) The report of the Fellowship Selection Panel will be presented by its Chairperson [Document ITTC(LV)/6]. The Council will announce the final selection of awards based on the Chairperson's report.
- (b) Taking note of the recommendation of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies established under Decision 6(LIV) to approve a new ITTO Strategic Action Plan (SAP) at the 56th Session of the Council in 2020, and the anticipated piloting of a new programmatic approach and project cycle in 2020, the Council may wish to discuss and consider the extension of the BWP 2018-2019 for one year until 2020. A new BWP, in line with the new SAP and taking into account the results of the new programmatic approach and project cycle, will be considered and adopted by the Council at its 56th Session in 2020.

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

[Document ITTC(LV)/8]

The Council will receive the progress report on the status of implementation of the ITTO Thematic Programmes.

Item 12 - Special Account and Bali Partnership Fund

[Document ITTC(LV)/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.

Item 13 - Impairment of ITTO Funds – Decisions 5(LII), 6(LII) and 7(LIII)

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

Item 14 - Enhancing the Financing Architecture and Fundraising of the Organization – Decisions 9(LIII) and 5(LIV)

[Document ITTC(LV)/10]

The Council will receive an update on the implementation of Decision 5(LIV) including the results of the member survey undertaken and the report of the meeting of the Ad Hoc Working Group on 'Enhancing the Financing Architecture and Fundraising of the Organization' held in Yokohama, Japan, 3-5 September 2019.

Item 15 - Matters related to the Appointment of the Executive Director – Decisions 8(LII) and 6(LIV)

[Document ITTC(LV)/11]

- (a) Pursuant to Decision 8(LII), Annex, paragraph (8), 'the Executive Director shall ensure that the issue of appointment of the Executive Director is on the agenda of the Council Session that occurs at least one year before the end of his or her term.' Pursuant to Decision 10(LII) the end of the term is 31 March 2021.
- (b) The Council will receive the report of the Ad Hoc Working Group established under Decision 6(LIV) 'Selection of the candidates for the position of Executive Director of the ITTO'.

Item 16 - 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 17 - Election of Chairperson and Vice-Chairperson of the Council for 2020

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2020. 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 18 - Dates and Venues of the Fifty-sixth and Fifty-seventh 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-sixth and Fifty-seventh Sessions.

At its Fifty-fourth Session convened in Yokohama, Japan, the Delegate of Japan expressed that the Government of Japan and the City of Yokohama are pleased to host the Fifty-sixth Session in 2020. The Council may wish to confirm the dates and venue of the Fifty-sixth Session and set the dates and venue for its Fifty-seventh Session to be convened in 2021.

Item 19 - Other Business

The Council may consider any matters brought under this item.

Item 20 - 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 duration of ITTC 55:
 - In relation to the Provisional Agenda, Members submit proposals for Council decisions to the Executive Director for circulation to all Members not less than two weeks prior to the Council Session. Each proposal contains three elements: the subject, the purpose of the decision, and the proposed action, including any financial implications. The Executive Director will not circulate incomplete proposals.
 - Minus Day 1: The IAG considers the proposals for Council decisions from Members, as well as proposals from the Executive Director.
 - Council Day 1: The Chairperson presents the proposals to Council as part of the IAG report. 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.
 - Council Day 3: The Chairperson's Open-Ended Drafting Group convenes to discuss and draft decisions.
 - Council Day 4: 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 21 - Closing of the Session

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

Annex

PROPOSED DISTRIBUTION OF VOTES FOR 2020-2021 BIENNIEUM

PRODUCER MEMBERS

	<u>2019</u> <u>No. of Votes</u>	<u>2020/2021 Biennium</u> <u>No. of Votes</u>
<i>Africa</i>		
Benin	21	22
Cameroon	22	22
Central African Republic	21	22
Congo	22	22
Côte d'Ivoire	22	22
Democratic Republic of the Congo	22	22
Gabon	22	22
Ghana	21	22
Liberia	21	21
Madagascar	21	22
Mali	21	21
Mozambique	22	22
Togo	21	21
Asia & Pacific		
Cambodia	19	24
Fiji	14	14
India	28	28
Indonesia	88	90
Malaysia	90	83
Myanmar	49	30
Papua New Guinea	44	42
Philippines	15	15
Thailand	37	49
Vietnam	16	16
Latin America/Caribbean		
Brazil	120	121
Colombia	23	23
Costa Rica	13	13
Ecuador	18	19
Guatemala	12	12
Guyana	15	16
Honduras	12	11
México	24	24
Panamá	12	13
Peru	28	29
Suriname	14	15
Trinidad and Tobago	10	10
Venezuela	20	20
TOTAL:	1,000	1,000

CONSUMER MEMBERS

	2019 <u>No. of Votes</u>	2020/2021 Biennium <u>No. of Votes</u>
Albania	10	10
Australia	16	16
China	278	291
European Union	375	371
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	29	25
Germany	19	19
Greece	11	11
Hungary	10	10
Ireland	13	13
Italy	22	20
Latvia	10	10
Lithuania	10	10
Luxembourg	10	10
Malta	10	10
Netherlands	29	30
Poland	11	11
Portugal	13	13
Romania	10	10
Slovakia	10	10
Slovenia	10	10
Spain	14	14
Sweden	11	11
United Kingdom	26	27
Japan	156	144
New Zealand	11	11
Norway	10	10
Republic of Korea	60	63
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-FIFTH SESSION

DOCUMENT: ITTC(LV)/12
DOCUMENT: ITTC(LV)/13
DOCUMENT: ITTC(LV)/14
DOCUMENT: ITTC(LV)/15
DOCUMENT: ITTC(LV)/16
DOCUMENT: ITTC(LV)/17
DOCUMENT: ITTC(LV)/18
DOCUMENT: ITTC(LV)/19



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
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ITTC(LV)/12
6 December 2019

Original: ENGLISH

FIFTY-FIFTH SESSION
2 – 7 December 2019
Lomé, Togo

DECISION 1(LV)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Fifty-fifth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM-CFI(LIII)/4 and CRF(LIII)/6; and the report of the Twenty-fifth Meeting of the Panel on Sub-Account B of the Bali Partnership Fund as contained in document ITTC(LV)/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 2019;

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 2019:

PPD 193/19 Rev.1 (M)	Enhancing Socio-economic Development and Environmental Protection through Comprehensive Bamboo and Rattan Programme in the ASEAN Member Countries (Philippines) ITTO Budget \$131,600.00
PPD 196/19 Rev.1 (F)	Support for Operational and Planning Capacity-Building for Stakeholders in the Private and Community Forestry Sector in Togo (Togo) ITTO Budget \$85,792.00
PD 808/16 Rev.3 (F)	Conservation of African Barwood (<i>Pterocarpus Erinaceus</i> Poir) in the Gazetted Forests of La Palée and Boundiali in Northern Côte d'Ivoire with the Participation of Local Communities (Côte d'Ivoire) ITTO Budget \$583,043.00
PD 818/16 Rev.3 (F)	BOSS - CUSHABATAY Project - Forest Management and Restoration in the Cushabatay Basin on the Eastern Slope of the Cordillera Azul National Park (PNCAZ), Peru (Peru) ITTO Budget \$454,558.00
PD 852/17 Rev.3 (F)	Development of a Regional Strategy for the Restoration and Rehabilitation of Degraded Areas on the South Coast of Peru (Peru) ITTO Budget \$149,968.00
PD 877/18 Rev.2 (F)	Taper and Commercial Volume Systems for the Planning of the Sustainable Management of Ten Tropical Forest Species in Quintana Roo, Mexico (Mexico) ITTO Budget \$144,512.00
PD 879/18 Rev.1 (M)	Building the Capacity of the National Forest Information and Statistics System (Benin) ITTO Budget \$347,088.00

PD 890/18 Rev.2 (F)	Rehabilitation of the Upper Bandama Gazetted Forest in the North of Côte d'Ivoire with the Participation of the Local People (Côte d'Ivoire) ITTO Budget \$583,785.00
PD 893/19 Rev.1 (M)	Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana (Ghana) ITTO Budget \$567,694.00
PD 894/19 Rev.1 (F)	Strengthening of Community Forest Management in Peru (Peru) ITTO Budget \$571,879.00
PD 895/19 Rev.1 (F)	Strengthening the Participation of Women in Rural Communities for the Development of Ecotourism Service Enterprises and Sustainable Business Models on the Coast of Veracruz, Mexico (Mexico) ITTO Budget \$155,599.00
PD 900/19 Rev.1 (I)	Developing Gender Sensitive, Community-based Bamboo Industry Development to Support Sustainable Bamboo Resource Management and Conservation in Lake Toba Catchment Area (LTCA) of the North Sumatra Province of Indonesia (Indonesia) ITTO Budget \$499,184.00
PD 905/19 Rev.1 (F)	Providing Support for the Sustainable Management of the Fosse-aux-Lions Gazetted Forest in the Savanna Region in Togo (Togo) ITTO Budget \$504,194.00
PD 819/16 Rev.3 (M) (Resubmitted)	Market Survey for Forest Products in Peru (Peru) ITTO Budget \$406,459.00
PD 845/17 Rev.2 (M) (Resubmitted)	Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana (Ghana) ITTO Budget \$146,944.00
PD 853/17 Rev.2 (F) (Resubmitted)	Forest Fire Prevention and Response in Tropical Forests and Forest Plantations in Peru (Peru) ITTO Budget \$441,045.00
PD 832/16 Rev.2 (M) (Revised and resubmitted)	Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala (Guatemala) ITTO Budget \$416,080.00

- (ii) Authorize the financing for immediate implementation of the Projects, Pre-Project 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 2019 for Projects, Pre-Projects and Activities

(i) Approved during the 2019 project cycle:	
PPD 196/19 Rev.1 (F) Support for Operational and Planning Capacity-Building for Stakeholders in the Private and Community Forestry Sector in Togo (Togo) [USA \$50,000.00 (Note 4) Unearmarked Fund \$35,792.00 (Note 4)]	\$85,792.00
PD 832/16 Rev.2 (M) (Revised and resubmitted) Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala (Guatemala) [Japan \$396,080.00 (Note 4) USA \$20,000 (Note 4)]	\$416,080.00
(ii) Approved at earlier Sessions:	
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) – <i>pending balance</i> [Korea \$150,000.00 (Note 4) <i>Pending Finance \$248,154.00</i>]	\$150,000.00
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) – <i>pending balance</i> [Korea \$200,000.00 (Note 4) USA \$50,000 (Note 4) <i>Pending Finance \$164,651.00</i>]	\$250,000.00
(iii) Activities approved through Decision 2(LIII) Biennial Work Programme for the Years 2018-2019:	
PP-A/53-323 Building Legal and Sustainable Forest Product Supply Chains (LSSC) (ITTO Biennial Work Programme 2018-2019 Activity: 2) – Additional funding [China \$200,000(Notes 1 & 5) Germany (BMEL) \$2,390,000.00 (Note 3) Germany (GIZ) € 70,000.00 (Note 3) PPECF \$43,868.65 (Note 1) Japan \$315,789.19 (Note 4) USA \$75,000.00 (Note 4)]	\$3,104,293.79
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 [Japan \$10,000.00 (Note 1) USA \$25,000.00 (Note 4)]	\$35,000.00
PP-A/52-320 Enhance cooperation between ITTO and CITES (ITTO Biennial Work Programme 2018-2019 Activity: 6) – Additional funding [USA \$150,000 (Note 4)]	\$150,000.00
[PP-A/55-336: Grant Agreement with EU] Criteria and Indicators Workshops (ITTO Biennial Work Programme 2018-2019 Activity: 8(a)) [European Union € 31,500.00 (Note 3)]	\$34,483.68

[PP-A/55-336: Grant Agreement with EU] Adapting the 2016 ITTO Criteria and Indicators (C&I) for SFM to African context (ITTO Biennial Work Programme 2018-2019 Activity: 8(b)) [European Union € 97,500.00 (Note 3)]	\$106,735.20
PP-A/54-332 & [PP-A/55-336: Grant Agreement with EU] Statistical capacity building workshops (ITTO Biennial Work Programme 2018-2019 Activity: 9) [European Union € 24,500.00 (Note 3) Japan \$25,000.00 (Note 1)]	\$51,820.64
PP-A/54-326 Update ITTO Guidelines for Forest Landscape Restoration (ITTO Biennial Work Programme 2018-2019 Activity:10(b)) [Korea \$20,000 (Notes 4 & 6)]	\$20,000.00
PP-A/55-335 & [PP-A/55-336: Grant Agreement with EU] Formulate a new Strategic Action Plan (ITTO Biennial Work Programme 2018-2019 Activity:11) [Japan \$50,000.00 (Note 1) European Union € 97,500 (Note 3) USA \$43,264.80 (Note 4)]	\$200,000.00
PP-A/54-333 Prevention and management of fire in tropical timber-producing forests (ITTO Biennial Work Programme 2018-2019 Activity: 12) [Japan \$5,000.00 (Note 1)]	\$5,000.00
PP-A/50-305 & [PP-A/55-336: Grant Agreement with EU] Cooperation and consultation with the CPF, UNFF and others (ITTO Biennial Work Programme 2018-2019 Activity:14) [European Union €28,000.00 (Note 3) USA \$25,000.00 (Note 4)]	\$55,652.16
PP-A/55-338 & [PP-A/55-336: Grant Agreement with EU] Collaboration on Criteria and Indicators for SFM (ITTO Biennial Work Programme 2018-2019 Activity:15) [European Union €21,000.00 (Note 3) USA \$20,000.00 (Note 4)]	\$42,989.12
PP-A/55-339 ITTO Communication Strategy (ITTO Biennial Work Programme 2018-2019 Activity:16) [USA \$70,000.00 (Note 4)]	\$70,000.00
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 4)]	\$20,000.00
PP-A/52-319 ITTO Fellowship Programme (ITTO Biennial Work Programme 2018-2019 Activity: 22) [Japan \$46,363.00 (Note 1) USA \$40,000.00 (Note 4)]	\$86,363.00
 (iv) Other Activities:	
PP-A/53-321 Secondment of Programme Officer from the Korea Forest Service [Korea \$141,733.43 (Notes 2 and 5)]	\$141,733.43
PP-A/55-337 CPF Joint Initiative on FLR GEF [IUCN \$38,687.00 (Note 3)/ Korea \$32,000.00 (Notes 2 and 6)]	\$70,687.00

- Note 1: Inter-sessional pledges received after the Fifty-fourth Session of the Council.
- Note 2: Inter-sessional pledge received after the Fifty-fourth Session of the Council, including reallocation of previous pledges. Pledges from Korea to PP-A/54-326 recorded as maximum budget allocation (\$120,000) is amended in 2019 to actual costs incurred during 2018-2019 (\$78,772.87), however, this is a reallocation of previous pledges from PP-A/53-321 so there is no change to the net amount pledged by Korea.
- Note 3: Inter-sessional pledge received through a funding agreement or Memorandum of Understanding.
- Note 4: Pledges received during the Fifty-fifth Session of the Council
- Note 5: Funds received from pledges made in previous years.
- Note 6: Total pledges confirmed after the Fifty-fourth Session of the Council to-date: \$5,096,810.02, less reallocation of prior year's pledge: \$32,000 (Korea) amount to net increase in voluntary contribution received after the Fifty-fourth Session of the Council to-date: \$ 5,064,810.02.

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**INTERNATIONAL TROPICAL
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ITTC(LV)/13
6 December 2019

Original: ENGLISH

FIFTY-FIFTH SESSION
2 – 7 December 2019
Lomé, Togo

DECISION 2(LV)

ADMINISTRATIVE BUDGET FOR THE 2020 AND 2021 FINANCIAL BIENNIUM

The International Tropical Timber Council,

Recalling the Financial Rules and Rules Relating to Projects of the ITTO, Rule 3.3, which stipulates that Council shall approve and adopt the budget for the Administrative Account through a Council Decision;

Decides to:

1. Approve and adopt the Biennial Administrative Budget for the Financial Years 2020 and 2021 as contained in document CFA(XXXIV)/2 Rev.1, in the amount of US\$7,091,487 and US\$7,104,316, respectively.

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Lomé, Togo

DECISION 3(LV)

EXTENSION OF THE ITTO BIENNIAL WORK PROGRAMME 2018-2019

The International Tropical Timber Council,

Appreciating the work of the Secretariat in implementing the Biennial Work Programme for the years 2018-2019;

Taking note of the recommendation of the ad hoc Working Group on Financing Infrastructure and Fundraising Strategies to extend the ITTO Strategic Action Plan 2013-2018 to the end of 2020 with a draft SAP based on new programmatic lines to be presented for adoption by Council in 2020;

Also taking note that the progress report on implementation of the BWP 2018-19 presented to the Fifty-fifth Session of the ITTC [Document ITTC(LV)/4 Rev.1] includes descriptions of work that may carry on into 2020 and possibly beyond in the Implementation Status updates provided for relevant approved activities;

Further taking note of the recommendation of the Informal Advisory Group to extend the BWP 2018-2019;

Decides to:

1. Extend the Biennial Work Programme for 2018-2019, as contained in the Annex to this Decision, for a period of one year;
2. Urge all members to pay their assessed contributions in a timely manner and consider making additional resources available, be it through voluntary contributions or in kind resources to implement the Biennial Work Programme 2018-2019;
3. Request the Executive Director to seek additional funding sources to finance the continued implementation of the Biennial Work Programme;
4. Request the Executive Director to report on the progress in implementing the Biennial Work Programme to the Council during its Fifty-sixth Session;
5. Request the Executive Director to present a new Biennial Work Programme for consideration and approval to the Council during its Fifty-sixth Session which should be structured to more clearly show the connection between the new BWP and the SAP and the new streamlined ITTO funding infrastructure vision.

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DECISION 4(LV)

FURTHER EXTENSION OF THE ITTO STRATEGIC ACTION PLAN 2013-2018

The International Tropical Timber Council,

Noting that the implementation period of the ITTO Strategic Action Plan 2013-2018, extended to 2019 would expire at the end of 2019;

Taking note of the recommendation of the ad hoc Working Group on Financing Infrastructure and Fundraising Strategies to extend the ITTO Strategic Action Plan 2013-2018 to the end of 2020 with a draft SAP based on new programmatic lines to be presented for adoption by Council in 2020;

Also taking note of the recommendation of the ad hoc Working Group on Financing Infrastructure and Fundraising Strategies to more clearly show the connection between the BWP and the SAP and the new streamlined ITTO funding infrastructure vision;

Also taking note that funding for implementation of the 2018-2019 Biennial Work Programme activity to develop the next ITTO Strategic Action Plan has only been pledged during the last quarter of 2019 by the EU and the Government of Japan;

Further taking note of the recommendation of the Informal Advisory Group to extend the SAP 2013-2018 extended to 2019, for one additional year until 2020;

Recognizing the objectives of ITTO as set out in Article 1 of the ITTA, 2006;

Decides to:

1. Extend the implementation period of the ITTO Strategic Action Plan 2013-2018 extended to 2019, for one additional year through 2020;
2. Request the Executive Director to implement in a timely manner the 2018-2019 Biennial Work Programme activity to develop the next ITTO Strategic Action Plan for consideration and approval by Council at its Fifty-sixth Session in 2020.

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Lomé, Togo

DECISION 5(LV)

AMENDMENT OF THE FINANCIAL RULES OF THE ITTO

The International Tropical Timber Council,

Recalling that at its Thirty-third Session, the Committee on Finance and Administration recommended to consider amending the financial rules to extend the audit term to match best practices in the market;

Further recalling that the ITTO Financial Rules requires the Secretariat to conduct a systems appraisal at least once every 3 years to assess the appropriateness of systems and the proper functioning of internal controls and to make improvements if necessary;

Noting 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;

Further noting that Rule 28 of the ITTO Financial Rules stipulates that amendments must be approved by the Council;

Decides to:

1. Amend the Financial Rules and Rules Relating to Projects of the ITTO and associated policies and procedures, as contained in document CFA(XXXIV)/7 Rev.1, with effect from 1 January 2020 or as soon as practical thereafter.

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FIFTY-FIFTH SESSION
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Lomé, Togo

DECISION 6(LV)

ITTO ENVIRONMENTAL AND SOCIAL MANAGEMENT (ESM) GUIDELINES

The International Tropical Timber Council,

Recalling the “Guidelines for Environmental and Social Risks and Impacts Assessments in ITTO Projects” approved by the Committee on Reforestation and Forest Management in 2016;

Also recalling the Committee’s recommendation in 2018 that the Guidelines be refined to address implementation problems revealed during the pilot phase, particularly regarding the cost and time involved in undertaking the assessment process;

Welcoming the comments on the draft “ITTO Environmental and Social Management (ESM) Guidelines” made before the current Session;

Decides to:

1. Adopt the “ITTO Environmental and Social Management (ESM) Guidelines” as contained in document CRF(LIII)/5 “ITTO Environmental and Social Management (ESM) Guidelines”;
2. Request the Executive Director to post the Guidelines on the ITTO website in the three official languages by 31 January 2020;
3. Request Members to apply the assessment process set out in the Guidelines in formulating future project proposals for ITTO consideration;
4. Request the Executive Director to assist Members in applying the ESM Guidelines;
5. Request the Executive Director to report on implementation of this Decision at the next Council Session.

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INTERNATIONAL TROPICAL TIMBER COUNCIL

FIFTY-FIFTH SESSION
2 – 7 December 2019
Lomé, Togo

DECISION 7(LV)

GUIDELINES FOR FOREST LANDSCAPE RESTORATION IN THE TROPICS

The International Tropical Timber Council,

Recalling the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests published in 2002 which represented the first international effort to provide overall guidance on tropical forest restoration;

Also recalling the ITTO Biennial Work Programme for 2018-2019 which called for the updating of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests to take into account global emerging issues and priorities;

Further recalling the report on Forest Landscape Restoration (FLR): Analysis of ongoing FLR Programs of CPF Members and Revision of ITTO Restoration Guidelines [Document CRF (LII)/4];

Welcoming the draft Guidelines for Forest Landscape Restoration in the Tropics [Document CRF(LIII)/4] which have been developed in collaboration with CIFOR, FAO, IUCN, IUFRO, UN-Environment, WeForest and WRI under a joint initiative of the Collaborative Partnership on Forests (CPF) on Forest Landscape Restoration;

Also welcoming the comments on the draft Guidelines for Forest Landscape Restoration in the Tropics made before the current Session;

Decides to:

1. Request the Executive Director to revise the draft Guidelines for Forest Landscape Restoration (FLR) in the Tropics [Document CRF (LIII)/4], taking into account Members comments made during the current Session of ITTC as well as those submitted to the Secretariat by 15 January 2020;
2. Request the Executive Director to post the revised draft Guidelines for Forest Landscape Restoration (FLR) in the Tropics incorporating Members comments made by 15 January 2020 on the ITTO Website in the three official languages from 1 March to 20 March 2020;
3. Adopt the Guidelines through an electronic non-objection procedure;
4. Request the Executive Director to prepare and publish the adopted FLR Guidelines and to distribute the publication widely to Members and other interested parties;
5. Request the Executive Director to undertake the following actions to promote the FLR Guidelines and their application by Members:

- a. Publish a policy brief summarizing the FLR Guidelines (“Guidelines at a glance”) in the three official languages of ITTO;
 - b. Encourage Members to apply the FLR Guidelines in the Tropics considering the national circumstances of Member countries and to submit project proposals to ITTO where appropriate;
6. Encourage Members, the private sector, local communities and stakeholders to use the FLR Guidelines in the Tropics as a reference document and a contribution towards the restoration of degraded tropical forest landscapes;
 7. Request the Executive Director to report on implementation of this Decision at the next Council Session.

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FIFTY-FIFTH SESSION
2-7 December 2019
Lomé, Togo

DECISION 8(LV)

IMPLEMENTING ITTO'S NEW FINANCING ARCHITECTURE – PHASE I

The International Tropical Timber Council,

Acknowledging the need for the Organization to improve its financial architecture and to adapt the operations of the Secretariat in order to more effectively carry out its mandate of the ITTA;

Recalling the objectives of Article 1 of the ITTA, 2006;

Recalling Decision 9 (LIII), which established the Ad-hoc Working Group on Financing Infrastructure and Fundraising Strategies;

Further recalling Decision 5 (LIV), which approved, among other elements: the piloting of an additional fundraising approach, an electronic survey to gain more information on Member's views on the funding situation and possible solutions, and extended by one year the mandate of the Ad-hoc Working Group on Financing Infrastructure and Fundraising Strategies to develop a proposal for a "streamlined project cycle" and assist in the development of appropriate themes to be used in fundraising proposals;

Taking into consideration the work and recommendations of the Ad-hoc Working Group on Financing Infrastructure and Fundraising Strategies;

Recalling the legal obligation of members to pay their assessed contributions to the Administrative Budget, which contributes to the overall operational strength of the Organization to fulfill its mandate;

Noting the need to conserve and sustainably manage tropical forests given the critical interrelationship between tropical forests and environmental threats such as climate change, biodiversity loss, land degradation and desertification;

Recognizing the direct relevance of ITTO's activities to other forest-related international organizations and processes such as United Nations Framework Convention on Climate Change (UNFCCC), United Nations Convention to Combat Desertification (UNCCD), Convention on Biological Diversity (CBD), Intergovernmental Panel on Climate Change (IPCC), Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) and related programmes such as the Green Climate Fund (GCF);

Recognizing that Global Environment Facility (GEF) is increasingly implementing projects, which address, in an integrated manner, sustainable forest management, the link between deforestation and commodity supply chains, landscape restoration, sustainable agriculture and climate change adaptation, such as through the GEF-7 Food Systems, Land Use and Restoration Impact Program and the Sustainable Forest Management Impact Program;

Acknowledging ITTO's unique mandate and role in promoting the sustainable management of tropical timber producing forests, facilitating the achievement of legal and sustainable commodity supply chains and

land use, and private sector engagement, which are highlighted as key components of GEF-7 Impact Programs;

Noting the need for transparency, oversight, and call for active Membership involvement and input in the proposed financial architecture and streamlined project cycle;

Decides to:

1. Call upon the Secretariat to play a more proactive role in seeking new funding avenues and partners for the funding of ITTO's work;

Programmatic Approach and Lines

2. Pilot the programmatic approach and the four programme lines for the period of 2020-2022 as follows:
 - Legal and Sustainable Supply Chains (LSSC);
 - Conservation of Biodiversity and Ecosystem Services;
 - Forest Landscape Restoration and Resilient Livelihoods;
 - Emerging Issues and Innovation;

Engagement with GEF and other potential partners

3. Request the Executive Director to further engage with the Secretariats of GEF and related conventions, with a view to finding opportunities to partner with GEF as a non-accredited partner in the near future, while still pursuing the vision of becoming a GEF accredited partner;
4. Request the Executive Director to seek an extension or renewal of the MoU with the Secretariat of CBD for an additional five years as well as the MoU with the Secretariat of UNCCD for the next five years, with a view to enhancing mutually supportive implementation of ITTA and these Conventions, especially for activities which are funded under the GEF biodiversity and land degradation focal areas;
5. Request the Executive Director to explore establishing an MoU with the UNFCCC for a similar purpose;
6. Request the Executive Director to:
 - i. convey ITTO priorities to the GEF to inform forest/ timber-related strategies and work programmes in GEF-7;
 - ii. explore avenues to engage in the Steering Committees of the GEF Sustainable Forest Management Program, Food, Land Use and Restoration Program and other forest-related programmes with a view towards implementing the objectives of the ITTA;
7. Request the Executive Director to continue efforts to become formally accredited to the GCF, while exploring near term opportunities to partner with an accredited entity, to enhance ITTO's active role in fighting deforestation and forest degradation;
8. Allocate time in the agenda(s) of future Council Sessions to invite new potential partners and donors to present on upcoming funding opportunities and priorities to help inform future project concept notes;

Additional funding mechanisms

9. Authorize the Executive Director to explore additional financial arrangements, as appropriate (i.e competitive tenders, contracts, and solicitations), that bring new funding into the Organization and are in line with the mandate of the ITTA, Strategic Action Plan, Biennial Work Programme, all rules of the Organization and take into consideration ITTO's projects pending financing;
10. Establish a "virtual informed feedback loop" under the new funding architecture and request the Executive Director to inform the membership before entering into any agreement – preferably, no later than one month in advance, if possible. Members will have an opportunity to provide

feedback on the agreement. The Executive Director will base his/her decision on whether or not to proceed with the agreement based on the feedback received from Members;

11. Authorize the Executive Director to engage a consultant(s) for specific targeted support on fundraising efforts as needed by the Secretariat;
12. Authorize the Executive Director to seek voluntary contributions for the implementation of paragraph 11, and if none are forthcoming, utilize an amount not exceeding US\$100,000.00 from the Working Capital Account for its implementation;

Streamlined Project Cycle

13. Request the Secretariat to develop a project concept note template and post it on the website for members use when responding to calls;
14. Request the Secretariat to issue a call for project concept notes as needed while specifying a geographical and thematic focus to help inform and support the response to potential funding sources/opportunities that the Secretariat is pursuing. Members are encouraged to also submit proposals on a regional basis;
15. Request the Executive Director to convene an ad hoc working group in the first quarter of 2020 consisting of three experts nominated by consumer members, three experts nominated by producer members and one representative each from Civil Society Advisory Group (CSAG) and Trade Advisory Group (TAG) to undertake the following tasks:
 - a) Taking into consideration the draft for discussion “The new Programmatic Approach and the four new Programme Lines” presented by the Executive Director, develop brief descriptions and three to four objectives for each programmatic line to be presented to Council at its Fifty-sixth Session;
 - b) Further refine the elements for a streamlined project cycle process as contained in the Report of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies (document ITTC(LV)/10), taking into account the report as a basis for discussion and the need to maintain a review function within the streamlined project cycle ;
 - c) Review the template of the project concept note that is to be developed by the Secretariat.
 - d) Produce a report of its work to be presented to Council at its Fifty-sixth Session;
16. Establish an advisory board composed of the IAG complemented by representatives of TAG and CSAG, or their designated alternates, that meets via conference call every four months to receive an update on the implementation of the pilot programmatic approach, including engagement with international bodies such as potential funding partners, and to advise the Executive Director;
17. Request the Executive Director to report on progress/achievements in the implementation of this Decision including an assessment of its fundraising potential at the Fifty-sixth Session of the ITTC.

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES

**Documents: CEM-CFI(LIII)/4
CRF(LIII)/6
CFA(XXXIV)/9**



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON ECONOMICS,
STATISTICS AND MARKETS**

COMMITTEE ON FOREST INDUSTRY

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Page 91
CEM-CFI(LIII)/4
6 December 2019
ENGLISH ONLY

FIFTY-THIRD SESSION
2 – 6 December 2019
Lomé, Togo

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

FIFTY-THIRD SESSION OF THE

COMMITTEE ON ECONOMICS, STATISTICS AND MARKETS

AND THE COMMITTEE ON FOREST INDUSTRY

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Report

Appendix A: Report on the ITTO Annual Market Discussion – 2019

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

REPORT

1. Opening of the Session

The Fifty-third Session of the Committees was opened on 4 December 2019 at the Joint Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), co-chaired by Mr. Anicet Ngomin (Cameroon), Chairperson of CEM and Mr. Mohd Kheiruddin Mohd Rani (Malaysia), Chairperson of CFI. Mr. Björn Merzell (Sweden), Vice-Chairperson of the Council chaired the Joint Session of All Committees. The list of participants is presented in document ITTC(LV)/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(LIII)/1 Rev.1 was duly adopted. The Joint Session of the CEM and the CFI met on 4 and 6 December to consider items 1, 2, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16 of the Agenda. The Joint Session of All Committees met on 3 and 5 December 2019 to consider items 4, 5, 14 and the policy work items of the CEM under item 10 of the Agenda.

3. Admission of Observers

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

4. ITTO Annual Market Discussion – 2019

The Committees noted the summary of the ITTO Annual Market Discussion – 2019, held in the Joint Session of All Committees as part of the Trade and Markets Day on 3 December 2019, as contained in Appendix A. The theme of the Market Discussion was “Added Value Processing in Africa - The Opportunities and Challenges”. Mr. Barney Chan (TAG Co-coordinator) chaired the Market Discussion.

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

Mr. Pyoabalo Alaba, Forest and Water Engineer Director General, ODEF	<i>Forestry and wood processing in Togo – challenges and opportunities</i>
Mr. Ayite Gaba, Co-founder and President Togo Timber S.A.	<i>Value chains from smallholders’ teak plantations in Togo</i>
Ms. Fifonsi Ayélé Dangbo University of Lomé, Togo	<i>Recommendations of the ITTO Regional Workshop on Smallholders Forest Landscape Restoration (FLR) in West Africa</i>
Dr. Labode Popoola, President, West African Research and Innovation Management Association Pioneer Director, Centre for Sustainable Development, University of Ibadan, Nigeria	<i>The dynamics of intra-Africa wood trade markets and implications for sustainable development</i>
Mr. Roy Southey, Executive Director, Sawmilling SA	<i>Wood processing in South Africa – success and setbacks</i>
Mr. Rik Sools, Managing Director, Form International	<i>Industrial forestry plantations in Africa and their importance for developing timber industries – the case of Form Ghana</i>
Mr. Mafa Chipeta, Retired FAO sub-regional coordinator for Eastern Africa and representative to the African Union, the UN Economic Commission for Africa (UNECA) and Ethiopia	<i>Dreams to industrialize – how can Africa achieve its long-postponed ambitions?</i>

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-54.

In its general findings and recommendations, as derived from the appraisal of 30 proposals (25 projects and 5 pre-projects), the Fifty fourth Panel noted that:

- Twelve (12) proposals including 2 pre-projects and 10 project proposals (40 percent of the total) were commended to the Committees for final appraisal with minor modifications required (Category 1);
- Twelve (12) proposals including 2 pre-projects and 10 project proposals (40 percent of the total) were sent back to proponents for essential revisions, rated as Category 2; and
- Six (6) proposals including 1 pre-project and 5 project proposals (20 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.

A high share of projects was related to Reforestation and Forest Management (RFM). Out of the 30 proposals reviewed only 3 were categorized under Forest Industry (10%), 3 were categorized under Economics, Statistics and Markets (10%) and 24 were categorized under Reforestation and Forest Management (80%).

One previously approved but sunset project proposal was resubmitted as a new proposal to the Expert Panel. As this was assessed as Category 1 by the previous Panel, this Panel rated it Category 1 in order to be consistent with the previous evaluation.

The presentation also highlighted that only one proposal focused specifically on gender issues. Additionally two proposals incorporated strong components on gender issues. Although the Panel noticed that more proposals included gender aspects/activities, there is still room for further integrate gender according to the ITTO Policy Guidelines on Gender Equality and Empowering Women (GEEW).

Numerous proposals did not fully follow the ITTO Manual for Project Formulation (Third Edition, 2009). There were inconsistencies with the contents and lengths of various sections and maximum total lengths of the proposals. Many proposals did not follow the correct formulation of budget tables.

6. New Projects and Pre-projects

The Committees noted that the following project was approved in August 2019 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:

Committee on Economics, Statistics and Markets		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 879/18 Rev.1 (M)	Building the Capacity of the National Forest Information and Statistics System	Benin

The Committees noted the projects that were approved in August 2019 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-fourth Meeting as follows:

Committee on Economics, Statistics and Markets		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 893/19 Rev.1 (M)	Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana	Ghana
PPD 193/19 Rev.1 (M)	Enhancing Socio-Economic Development and Environmental Protection through Comprehensive Bamboo and Rattan Program in the ASEAN Member Countries	Philippines

Committee on Forest Industry		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 900/19 Rev.1 (I)	Developing Gender Sensitive, Community-based Bamboo Industry Development to Support Sustainable Bamboo Resource Management and Conservation in Lake Toba Catchment Area (LTCA) of the North Sumatra Province of Indonesia	Indonesia

The Indonesian delegation thanked the Fifty-fourth Expert Panel members for rating project PD 900/19 Rev.1 (I) as Category 1 and emphasised that the revision made to the project proposal is in accordance with the Panel's recommendations. The Secretariat informed the delegation of Guatemala that they could consider resubmitting project PD 897/19 (M) (rated category 4 by the Fifty-fourth Expert Panel meaning the Panel could not commend the project for approval by the Council) once it had been adequately revised to address the concerns of the Expert Panel.

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 (LIII)/2 Rev.1 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 732/14 Rev.2 (M) Improve Forest Governance in Mozambique
3. 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

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

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 took note that the Executing Agency (DENR) had recently submitted the long-delayed final report on this project, but expressed concern that the final financial audit of the use of ITTO funds had still not been submitted. In response to queries from the USA and Japan, the Secretariat noted that while monitoring missions and progress reports submitted by DENR during project implementation had not provided any indication of misuse of ITTO funds, no guarantees of appropriate use of ITTO funds could be provided without the final audit. The Secretariat noted that such problems with projects not completing reporting requirements were also an issue for the Committees on Forest Industry and Reforestation and Forest Management. It agreed to develop proposals on how to prevent such problems and/or deal with them at an earlier stage for consideration of the Committee at its next session. The delegate of USA requested further explanation on the implications of recommending termination of a project for the submitting country. The Secretariat explained that no specific rules or Council decisions regulate this but in practice the Secretariat maintains a 'black list' of executing agencies of terminated projects and informs the Expert Panel of previous problems if such an executing agency submits new project proposals. The Committee decided that it would recommend this project for termination at its next session unless a satisfactory final financial audit is submitted to the Secretariat before then.

- PD 732/14 Rev.2 (M) Improve Forest Governance in Mozambique

The Committee noted that an up-to-date progress report had been submitted to the Secretariat in October 2019, detailing project activities during the first year of implementation. The Secretariat reported on a recent monitoring visit to the project, which had found that all project activities were being implemented as planned in the approved work plan and budget.

- 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

The Committee noted that this project was now complete and therefore decided to consider the project under agenda item 8.

(B) Projects and Pre-projects pending financing

Committee on Economics, Statistics and Markets

1. PD 796/15 Rev.2 (M) Establishing a System for the Collection, Storage, Processing and Dissemination of Forest and Wildlife Statistics in Cameroon
2. PD 819/16 Rev.3 (M) Market Survey for Forest Products in Peru
3. PD 832/16 Rev.2 (M) Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala
4. PD 844/17 Rev.2 (M) Promoting Plantations 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)

5. 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
6. PD 879/18 Rev.1 (M) Building the Capacity of the National Forest Information and Statistics System (Benin)
7. PD 893/19 Rev.1 (M) Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana
8. PPD 193/19 Rev.1 (M) Enhancing Socio-Economic Development and Protection through Comprehensive Bamboo and Rattan Program in the ASEAN Member Countries (Philippines)

Committee on Forest Industry

1. PD 841/17 Rev.2 (I) Building Partnerships Among Actors Involving in Acacia and Eucalyptus Value Chain in Vietnam
2. 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)
3. PD 900/19 Rev.1 (I) Developing Gender Sensitive, Community-based Bamboo Industry Development to Support Sustainable Bamboo Resource Management and Conservation in Lake Toba Catchment Area (LTCA) of the North Sumatra Province of Indonesia

The Committees noted that projects PD 796/15 Rev.2 (M), PD 844/17 Rev.2 (M), PD 841/17 Rev.2 (I) and PD 870/18 Rev.1 (I) would lose their approved status under the sunset provision of Decision 2(X) before the next session of the Committees. The representative of Cameroon requested that donors consider providing additional funds to PD 796/15 Rev.2 (M), which had already received partial funding of US\$80,000 from the USA. She also requested that ITTO consider waiving the sunset provision of Decision 2(X) for approved projects. The Committees decided to recommend all of the above projects for immediate funding.

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 (LIII)/3 and additional information presented during this Session as follows:

Committee on Economics, Statistics and Markets

- 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 Secretariat informed the Committee that the project had been successfully completed, with the final report and audit received by the Secretariat in mid-2019 and deemed acceptable. The final report and other project outputs are available through the project search function on ITTO's website. The project had established a computer based database to allow entry and analysis of data on timber harvests, trade and flows. The representative of Côte d'Ivoire provided further information on the project outputs and thanked the donors who had supported the project, seeking their continued support for possible follow up work. The Committee declared this project complete.

- 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

The Secretariat informed the Committee that the project had been successfully completed, with the final report and audit received by the Secretariat in October 2019 and deemed acceptable. The final report and other project outputs are available through the project search function on ITTO's website. The project had established nurseries and provided agroforestry training to women's groups in the Chimbo River valley in Ecuador to allow restoration of several degraded forest areas in the region. The Committee declared this 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.

(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, but noted that the resources of the pooled ex-post evaluation fund were beginning to accumulate as projects were completed and remaining monitoring funds were transferred to the pooled fund upon agreement by donors. The Committees expressed hope that there would soon be sufficient resources in the fund and requested the Secretariat to prepare a list of all projects declared complete during the previous 3 years for consideration as potential ex-post evaluation candidates at their next Session.

10. Policy Work

Four issues/activities under the CEM were discussed in the Joint Committee Session of all committees during Trade and Markets Day on 3 December 2019 and one issue/activity under the CFI was discussed in the Committee of Forest Industry.

Committee on Economics, Statistics and Markets

(i) Market Access and Forest and Timber Certification

The Secretariat delivered a presentation containing updated developments on: 1) Market Access; and 2) Forest and Timber Certification in 2018. Concerning Market Access, 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 timber entering the 28 EU member states, the United States, Australia and Japan. Meanwhile, attention should also be given to developments relevant to market access in Republic of Korea and Vietnam, as well as under CITES. With regards to Forest and Timber Certification, the total area of certified forests in ITTO producer member countries was 51.4 million hectares in 2018, accounting for 10% of the world's total area of certified forests of about 505 million hectares. The number of Chain of Custody certificates (CoCs) in ITTO producer member countries was 3,654, accounting for 7.7% of global CoCs. The two international certification systems, FSC and PEFC, continued to be the main schemes being implemented in ITTO producing member countries.

The Indonesian delegate added information on Indonesia's Timber Legality Assurance System (SLVK) in which a due diligence procedure is being implemented to verify legality of timber and timber products entering supply chains of timber production in the country. There are five options to prove the product's legality: 1) Holding a FLEGT License (not applicable yet since there are no countries other than Indonesia issuing such licenses); 2) Independent voluntary certification (e.g. FSC, PEFC etc.); 3) Mutual recognition with exporting country; 4) Country specific guidelines on timber and timber product supply chains administration; and 5) Statement letter on legality of timber and timber products from authority of the exporting country. Besides the proof of legality, the due diligence process for imports under SLVK requires information on importer, exporter, imported products (such as product category/HS code, volume, etc.), port of discharge, port of destination, country of origin, country of harvest, etc.

The delegation of the European Commission underlined the importance of collaboration with the VPA countries to promote transparency and accountability of timber supply chains and wider consultation with stakeholders in order to impact consumer consumption patterns and develop better understanding on the need to reduce pressure on natural resources. The delegate also indicated that the target date for Vietnam's VPA process to issue FLEGT licenses in 2020 seems to be too ambitious. The delegate also informed that in July 2019, the EC released a communication describing the EU's fight against deforestation and land degradation in producer countries.

The Liberian delegate shared the progress of the VPA process in his country. Some of the required VPA systems are already in place and Liberia is expecting to complete the licensing process in 2021.

(ii) Clean Wood progress report

The Secretariat reported on its work under a contract with the Japan Forestry Agency to compile data on forest legislation/regulations/etc. for five tropical countries (Brazil, Ecuador, Laos, Philippines and Thailand) for inclusion in the Clean Wood Navi website. The website was developed by the Japan Forestry Agency to provide information to wood-related business entities covered under Japan's Clean Wood Act on laws and regulations applying to production and trade of timber in key exporting countries. The objective of Japan's Clean Wood Act is to promote the use and distribution of wood and wood products made from trees harvested in compliance with the laws and regulations of Japan and the countries of origin. The Act, which was passed in 2016 and came into force in 2017, encourages companies to take measures to ensure the use of legally harvested wood and wood products. The Secretariat informed that the five tropical country reports it prepared had been subject to review at a stakeholder workshop in Tokyo in March 2019 and that English versions of the reports (including information on legislation related to harvesting, transportation, distribution and trade of wood and wood products, information relevant to legality of wood and wood products, current situation of wood production and trade, forest certification and other related aspects) would soon be posted on the ITTO website. The representative of the Japan Forestry Agency thanked the Secretariat for its assistance.

(iii) Progress report on Independent Market Monitoring of FLEGT-licensed timber in 2019

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 analyse 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 Secretariat informed the Committees that the IMM progress report would be presented by the IMM lead consultant (Sarah Storck) and market analyst (Rupert Oliver).

The consultants presented work undertaken during 2018-2019 including key findings of IMM special studies, trade surveys on perceptions of FLEGT licensed timber and trade consultations to explore European buyers' purchasing priorities.

The IMM special studies carried out in 2018-19 included:

- European private-sector timber procurement policies;
- EU member state public timber procurement policies;
- EU wood promotion and FLEGT;
- Architects' perceptions and experience with FLEGT licensing; and
- FLEGT impact on forest sector investment.

All special studies can be downloaded at: <http://www.flegtimm.eu/index.php/reports/special-studies>. The IMM trade surveys have been carried out in seven EU countries, i.e. Belgium, France, Germany, Italy, Netherlands, Spain, and UK, involving 109 respondents. The trade consultations have found that EU buyers make their purchasing decisions based on the following hierarchy: 1) Price; 2) Quality; 3) Reliability (continuous availability of product in required quantities & quality); 4) Logistics /delivery time; 5) European market preferences (wood species); and 6) For furniture/retail, design and flexibility to adapt to fashion play a major role. It was concluded that timber legality is a precondition in Europe, but companies only start looking into environmental credentials/legality after pre-selection according to the above criteria. Detailed trade statistics on timber flows into the EU market were also presented.

The delegate of the European Commission appreciated the detailed IMM report prepared by the consultants. The IMM is important because it allows participants to see the market impact of VPAs and how buyers and public authorities relate to specific measures. He noted that under EU directives, all EU states have a legal obligation to establish public procurement policies in accordance with EU guidelines (which refer to FLEGT) and in line with national needs. The EC delegate also pointed out the impacts of FLEGT licensing on the protection of natural resources and combating deforestation and land degradation.

(iv) Items for CEM Policy Work for 2020

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2020:

- Market access;
- Forest and timber certification;
- APEC EGILAT and ITTO collaboration; and
- IMM progress report.

Committee on Forest Industry

(i) Enhancing conservation and sustainable management of teak forests in Greater Mekong sub-region

The Secretariat made a presentation on the project entitled 'Enhancing conservation and sustainable management of teak forest and legality of wood supply in Greater Mekong Sub-region (PP-A/54-331). The Project was funded in 2018 when USD1.2 million was provided by the Ministry of Food and Agriculture (BMEL) of the Federal Republic of Germany. The project is executed by the ITTO Secretariat in collaboration with five participating countries: Thailand, Myanmar, Lao PDR, Vietnam and Cambodia. The objective of the project is to demonstrate legal and sustainable teak supply chains with the engagement of local communities, smallholders and government actors in the Greater Mekong Sub-region. The progress so far included: the launching of the project in Bangkok, Thailand (April 2019), organizing a workshop on teak propagation techniques and silvicultural practices in Thailand (August 2019), organizing a regional workshop on sustaining teak forests in Mekong Basin (September 2019), field preparation in the participating countries, and issuing 2 newsletters.

The delegate of Indonesia supported the project and expressed the willingness of Indonesia to contribute to any efforts of teak plantation establishment based on Indonesia's experiences.

(ii) Items for CFI Policy Work for 2020

The Committees considered and agreed to maintain the 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 on its Policy Work agenda at its next Session.

11. Biennial Work Programme of the Committees for 2020-2021

The Committees took note of the recommendation of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies established under Decision 6(LIV) to approve a new ITTO Strategic Action Plan (SAP) at the Fifty-sixth Session of the Council in 2020, and the anticipated piloting of a new programmatic approach and project cycle in 2020, and that the Council may wish to discuss and consider the extension of the BWP 2018-2019 for one year until 2020. A new BWP, in line with the new SAP and taking into account the results of the new programmatic approach and project cycle, will be considered for adoption by the Council at its Fifty-sixth Session in 2020.

The Secretariat provided an update on two activities under the 2018-19 BWP that would continue into 2020 which were relevant to the mandates of the Committees. An activity on incentives for SFM was undertaking case studies in all three tropical regions, focusing on both fiscal and non-fiscal incentives. An additional component of this activity is examining the magnitude and potential impact on incentive structures of the looming supply-demand gap for tropical timber in several tropical regions. Another activity under the 2018-19 BWP was providing training for the private sector in producer member countries to better deal with emerging legality and due diligence requirements in timber importing countries. This activity, being undertaken with WRI and other partners, had convened a workshop for

the Peruvian private sector in 2019 and would provide similar training workshops in Guatemala in 2020. Reports on both of these activities would be provided to the Committees at their next Session.

12. Election of Chairpersons and Vice-Chairpersons for 2020

Following the usual consultations undertaken by the producer and consumer groups, Ms. Catherine Karr-Colque (USA) was elected as the Chairperson of the CEM and CFI for 2020. The names of the Vice-Chairs will be communicated prior to the next Session by the producer group and will be announced to the Committees at their next Session for their adoption.

13. Dates and Venues of the Fifty-fourth and Fifty-fifth Sessions of the Committees

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.

The Fifty-fifth Session of the Committees will be held in conjunction with the Fifty-seventh Session of the International Tropical Timber Council in 2021.

14. Other Business

The following items were discussed during Trade and Markets Day on 3 December 2019 under the agenda of the Joint Committees (all Committees):

(i) Global Timber Tracking Network (GTTN) – Phase I & II; Vision Phase III

Mr. José Bolaños from the GTTN Secretariat made a presentation entitled 'Wood identification technology: tools to support legal trade'. He explained that the GTNN was started in 2013 with funding from the Government of Germany under the coordination of Bioversity International and had moved to the European Forest Institute during its second phase. The Network consisted of 200+ researchers, labs and authorities worldwide aimed at advancing innovative science-based approaches to verify trade claims (legality, origin, etc.) for wood-based products. Two key end users of the GTNN include:

- Law enforcement: customs, CITES authorities, competent authorities, and judiciary;
- Due diligence: economic operators' own due diligence systems; SFM and CoC due diligence certifiers.

He elaborated GTTN's work program that consists of developing/maintaining a Service Provider Directory (SPD), reference database, guidelines and standardization, market assessment, priority species list, and communication and advocacy. He invited more parties to join and use GTTN.

The delegate of Germany expressed gratitude to all partners involved in the development of Phase I and Phase II of the GTTN over many years. The GTTN helped ensure the identification of harvested tree species and their origins even for transformed timber and supported capacity building in producing countries plus offering cost-effective tools for law enforcement. The delegate also opined that ITTO's LSSC and SW4SW initiatives will benefit from further development of the GTTN. The delegate mentioned that the Government of Germany would like to support the transfer of the GTTN into the framework of the ITTO LSSC program and was looking forward to the submission of a concept notes jointly prepared by EFI and ITTO. The US delegate informed the Committees of its involvement in Phases I and II of the GTTN and that it welcomed GTTN becoming part of the ITTO LSSC program. The Australian delegate said that the GTTN could provide significant benefits for her country and that she looked forward to its further development in Phase III.

(ii) WRI Open Timber Portal

Ms. Marie Vallée of the World Resources Institute (WRI) made a presentation on the Open Timber Portal (OTP). The OTP is an independent web platform promoting compliance with legal requirements in timber harvest and trade. It is intended to make previously inaccessible information about on-the-ground management practices and compliance with timber legality requirements publically available. The OTP was designed by WRI in consultation with a number of local civil society organizations, government agencies, companies, and industry associations.

The US delegate noted that the OPT is a useful tool to improve transparency of timber supply chains and could benefit many ITTO member countries. The delegate asked if WRI would be expanding the scope of the OPT beyond the initial pilot area in Congo Basin, to which WRI responded that it was planning to do so but the next region to be covered had not been finalized yet.

(iii) APEC-EGILAT

The ITTO Secretariat introduced the APEC Expert Group on Illegal Logging and Associated Trade (EGILAT) and informed the Committees that ITTO had attended two EGILAT meetings in Chile during 2019. He noted that ITTO had been invited to collaborate on policy work agreed at these meetings that aims to assist the private sector to comply with evolving global timber legality measures. He also noted that the Secretariat had included a request for additional funding under Activity 14 of the 2018-19 BWP (on collaboration with other international organizations/initiatives) to allow it to attend APEC-EGILAT meetings in 2020 (planned to be held in Malaysia). He then introduced Mr. Rikiya Konishi of Japan Forestry Agency who made a presentation on behalf of APEC EGILAT members. He explained the primary goal of the APEC is to support sustainable economic growth and prosperity in the Asia-Pacific region. The 21 APEC economies account for 2.19 billion hectares of forest cover (over 50 per cent of the world's forests). They also engage in a significant amount of trade in forest products, accounting for around 80 per cent of the international trade in such products. He described the objectives and key tasks of current policy themes of APEC-EGILAT, i.e. 1) identify the issues faced by private sector entities throughout the timber supply chain in trading in legally harvested forest products; 2) identify actions that can be undertaken by APEC economies (on an individual or collective basis) and other parties (including the private sector, civil society and international organizations) to support legal trade; and 3) identify the resources and materials available to help private sector entities trade in legally harvested forest products. He further revealed the potential collaboration areas of ITTO and APEC-EGILAT especially in the area of legal and sustainable supply chains and the promotion of responsible trade and markets.

The US delegate mentioned that APEC-EGILAT is an important initiative for ensuring the trade of legal timber and supported the involvement of ITTO given the many potential synergies with its work. The Australian delegate thanked Japan for its significant support to APEC-EGILAT and supported ITTO involvement in the initiative, suggesting that the Secretariat liaise with the APEC-EGILAT Secretariat to secure observer status to allow regular attendance at meetings.

During the discussions in Other-Business of the Joint Committees Session, the FSC Director General Kim Carstensen made an intervention to express a common message from FSC-PEFC encouraging more collaboration with ITTO and others on forestry and forest products to solve challenges of climate change and biodiversity. He felt that there is a need to further improve transparency in trade and responsible forest management. He informed the Committees that FSC and PEFC had areas of common interest, such as certification as a tool for legality and ensuring timber products coming from responsible forest management, human capacity building, financial-fiscal incentive, and supply chains control (wood identification and blockchain). He was hopeful for further collaboration with ITTO on these and other relevant topics.

15. 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 2019:

Committee on Economics, Statistics and Markets

PD 832/16 Rev.2 (M)	Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala [US\$416,080]
PD 879/18 Rev.1 (M)	Building the Capacity of the National Forest Information and Statistics System (Benin) [US\$347,088]
PD 893/19 Rev.1 (M)	Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana [US\$567,694]

PPD 193/19 Rev.1 (M) Enhancing Socio-Economic Development and Environmental Protection through Comprehensive Bamboo and Rattan Program in the ASEAN Member Countries (Philippines) [US\$131,600]

Committee on Forest Industry

PD 900/19 Rev.1 (I) Developing Gender Sensitive, Community-based Bamboo Industry Development to Support Sustainable Bamboo Resource Management and Conservation in Lake Toba Catchment Area (LTCA) of the North Sumatra Province of Indonesia [US\$499,184]

(ii) The Committees recommended that funding be made immediately available for the following projects approved earlier:

Committee on Economics, Statistics and Markets

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.3 (M) Market Survey for Forest Products in Peru [US\$406,459]

PD 844/17 Rev.2 (M) Promoting Plantations 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]

PD 845/17 Rev.2 (M) Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana [US\$146,944]

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]

(iii) The Committee on Economics, Statistics and Markets recommended that PD 599/11 Rev.1 (M) be recommended to Council for termination at its next Session unless a satisfactory final financial audit is submitted to the Secretariat before then.

16. 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 - 2019 “Added Value Processing in Africa – The Opportunities and Challenges” 3 December 2019, Lomé, Togo

The theme of the 2019 Annual Market Discussion organized by the ITTO Trade Advisory Group (TAG) was: “Added Value Processing in Africa—The Opportunities and Challenges”.

For decades, efforts have been directed at encouraging domestic added-value tropical timber production for export, but this has not happened to any significant extent in Africa. As it was 20–30 years ago, today’s trade by ITTO member countries in West and Central Africa is dominated by log exports and primary wood production. The changing dynamic of African production and demand for wood products, and what is needed to spur development of the wood-processing sector, were the issues addressed by speakers at this year’s ITTO Annual Market Discussion.

Five speakers spoke on the manufacturing of added-value wood products in Africa. Other speakers examined value chains from smallholder teak plantations in Togo, and one presented recommendations from the ITTO Regional Workshop on Smallholder Forest Landscape Restoration in West Africa, held on 27-29 November 2019 in Lomé. The speakers, and the titles of their presentations, were as follows:

Mr. Pyoabalo Alaba Forest and Water Engineer Director General, Office of Forest Development and Exploitation, ODEF	<i>Forestry and wood processing in Togo – challenges and opportunities</i>
Mr. Ayite Gaba Co-founder and President, Togo Timber S.A.	<i>Value chains from smallholder’s teak plantations in Togo</i>
Ms. Fifonsi Ayélé Dangbo University of Lomé, Togo	<i>Recommendations of the ITTO Regional Workshop on Smallholders Forest Landscape Restoration (FLR) in West Africa</i>
Dr. Labode Popoola, President West African Research and Innovation Management Association Pioneer Director Centre for Sustainable Development University of Ibadan, Nigeria	<i>The dynamics of intra-Africa wood trade markets and implications for sustainable development</i>
Mr. Roy Southey, Executive Director Sawmilling SA	<i>Wood processing in South Africa – success and setbacks</i>
Mr. Rik Sools, Managing Director Form International	<i>Industrial forestry plantations in Africa and their importance for developing timber industries – the case of Form Ghana</i>
Mr. Mafa Chipeta Retired FAO Sub-regional coordinator for Eastern Africa and FAO representative to the African Union, the UN Economic Commission for Africa (UNECA) and Ethiopia	<i>Dreams to Industrialize – how can Africa achieve its long-postponed ambitions?</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). Presentations made during the 2019 ITTO Annual Market Discussion and the TAG statement are available at <http://www.itto.int/ittc-55/presentations>.

Summary of Presentations

Pyoabalo Alaba said that the forest sector in Togo contributes to the country's economic development but, despite the many goods and services provided by forests, this contribution to national wealth is poorly defined and underappreciated. He pointed out that the low level of development of sectoral statistics has contributed to this lack of understanding of the economic potential of the forest sector.

Mr Alaba reported that logs account for around 65% of Togo's timber exports; some sawnwood is exported, but there is virtually no secondary or tertiary product production for export. Industrialization of the timber sector remains a major concern, and there is a need to provide incentives for the development of the forest industry, address traceability and establish a legal framework for promoting industrialization.

The major challenges, according to Mr Alaba, include strengthening the institutional framework to support industrialization, raising the technical capacity of stakeholders, strengthening the statistical framework to provide a sound basis for policy decisions, and addressing standardization and legality verification. Mr Alaba concluded by saying that demand for wood products in Togo is expanding rapidly, and efforts are needed to increase domestic production to meet this demand.

Mr Ayite Gaba, a Togolese entrepreneur and teak exporter, opened his presentation by pointing out that the global market for teak is worth around USD 500 million annually and that India is the largest market for teak (followed by Thailand and China). Mr Gaba said that Togo exports most of its high-quality teak logs and sawnwood to India, and dependence on one market poses a risk.

Mr Gaba made four recommendations: 1) teak growers in Togo should improve the quality and productivity of plantations to command higher prices; 2) the government should provide incentives to drive domestic processing to diversify the pool of buyers for small growers; 3) ITTO should develop support mechanisms for small teak growers and processors; and 4) local manufacturers should offer benefit-sharing mechanisms to growers to raise their income and ensure the continuous supply of raw materials.

Ms Fifonsi Ayélé Dangbo provided a summary of recommendations from the ITTO Regional Workshop on Smallholders Forest Landscape Restoration in West Africa. She pointed out that smallholders are usually classified according to their size, which can vary from less than 1 hectare up to 10 hectares and more. The common characteristics of smallholders in West Africa include: limited access to land; low financial capital; a general focus on subsistence; the application of only simple technologies for production; and dependence on others for marketing, which creates a high level of vulnerability and risk of exploitation.

Of the workshop's five recommendations, two were highlighted: 1) governments need to establish land and tree tenure for the effective empowerment of smallholders undertaking forest landscape restoration as well as create incentive mechanisms and management support for smallholders; and 2) smallholders should be supported to improve the growth, quality and productivity of plantations and in the development of markets. Ms Dangbo concluded with the statement, arising from the workshop, that, "if a smallholder has technical support and capital for a modest investment, tree plantations and woodlots can serve as a 'tree bank' offering secured interest and acting as a personalized 'pension fund'".

Dr Labode Popoola illustrated the timber resource flows in the West African sub-region, noting that Africa is still one of the world's least-connected continents in terms of ease of movement of people, trade, information and finance, both within and across borders. He pointed out that intracontinental trade is still limited in Africa at 10–13 percent, which is much lower than in other continents.

Dr Popoola said although the forest product export industry is significant it is poorly integrated with national economies, and this has a negative effect on patterns of economic growth and the satisfaction of domestic regional demand. An imbalance in purchasing power between international and domestic markets and the resulting overconcentration on profiting from the export trade is leaving domestic demand unaddressed. In rapidly urbanizing economies such as Ghana, Gambia, Nigeria and post-conflict Sierra Leone and Liberia, the result of the emphasis on exports is a domestic market that is sourced almost entirely illegally.

Dr Popoola called for a common strategic framework to generate meaningful data on local, national and transboundary trade and their impacts in the sub-region. This will make for proper valuation and accountability in the forest sector. He provided an analysis of regional agreements, saying that the benefits to be derived from an expanded intra-African timber trade will only be achieved if stakeholders are fully committed and look to the long term.

Roy Southey, Executive Director of Sawmilling SA, outlined the development of South Africa's forest industry, from the last century to today. Three factors driving development of wood processing in the country seemed especially important, he said: 1) a strong mining industry, which brought skilled workers to the country and created domestic demand for timber; 2) a timber shortage, which created impetus for the country to develop plantations with the view to achieving timber self-sufficiency; and 3) a period of international isolation, which forced investment to create a domestic wood-processing industry.

Today's South Africa has a number of government incentive schemes to encourage investment and development in the forest products industry, notably those offered by the Industrial Development Corporation, a government-owned finance institution. This support played a major role in aiding private afforestation and the establishment of processing facilities, including sawmills, pulp plants and even small-pole-treating facilities.

Rik Sools, Managing Director of Form International, spoke about his company's experiences in developing teak plantations in Ghana, addressing the question of why there is so little teak processing in Ghana. The timber industry in Ghana, he said, is focused mainly on natural forest logs, and the large mills have not yet seriously considered plantation sources, which are still maturing. Most currently traded teak is 12-15 years old. Quality would be improved if the trees were allowed to mature, but there is pressure, especially on the part of small plantation owners, to take early returns, which leads to the harvesting of small-sized trees and, consequently, low prices for growers. This, said Mr Sools, is discouraging small growers and could drive them to use the land for cash crops such as cashews.

Mr Sools emphasized the role of the public sector in providing an enabling environment, for example through direct support for sustainable private-sector projects, human resource development and research and development. Governments could facilitate land access, improve plantation regulations and provide subsidies and tax incentives for reforestation.

Feature address

Mafa Chipeta spoke provocatively on the issue of Africa's lagging forest industries, beginning with the challenge, "What can be done to get better outcomes?". He said that, even though the Annual Market Discussion was a private-sector forum, most answers to questions about making a real difference must be directed at government policy and action rather than the private sector.

He said Africa's development has been weak in all areas, and a culture of laying blame on others instead of finding its own solutions has taken root. In his opinion, the failure of private investment in Africa has almost certainly been mostly due to a failure of government policy, commitment and discipline.

Given that industrialization has failed in many sectors, including where Africa has abundant natural resource endowments, Mr. Chipeta set out what he perceives to be the key policy changes and accompanying investments that could unlock the industrialization potential.

He said that, because of the increasing inaccessibility of many natural forests, especially in humid Central Africa, countries should promote the establishment of industrial wood plantations to support processing industries and trade based on them. They should also establish well-managed, corruption-free accessible sources of funds dedicated to promoting value-added forest industries.

Mr. Chipeta said that, "domestic entrepreneurs must stop glorifying small and medium enterprises and seize the ambition for some of them to become giants and champions of their countries' forest industries. The serious sector development efforts cannot forever be subcontracted to foreign companies so the domestic companies introspect and organize themselves to move forward". African countries, he said, should take heart from the success of other regions but develop solutions specific to their own situations rather than trying to copy what those who have already succeeded did.

Discussion and interventions

In the ensuing discussion, a delegate from Peru commented that it is very appropriate to recognize the efforts and contributions made by small and medium-sized enterprises (SMEs) in the forestry and timber sector, and he welcomed the inclusion of presentations on the community forest sector and would like to see more such participation in Council discussions. The delegate from Peru said he was surprised to see that many of the problems in Africa are similar to those facing some Latin American countries. Issues such as industrial economies of scale, deforestation, the low level of added-value production and a disorganized domestic market are very familiar. While recognizing the advantages of certification, the delegate from Peru said this is achievable only by large enterprises because SMEs do not have the financial resources or skills

to achieve certification. He asked, "Why pursue certification when ITTO has an alternative tool, the C&I for SFM?". This, he said, took years to develop, has been updated and revised but seems out of fashion now. It should be relaunched because it is especially useful for small operators as it could be a recognizable "green stamp".

A delegate from Viet Nam provided information on how, over a period of 20-30 years, his country has created an industry capable of exporting wood products worth around USD11 billion this year, with the aim of increasing this to USD20 billion by 2025. Behind this success, said the delegate, is land reform that began in the 1990s. At that time, the government began allocating land to farmers, privatizing state enterprises and encouraging plantations. Viet Nam banned the logging of natural forests in 2016. The delegate reported that Viet Nam currently has around 3 million hectares of acacia plantations and around 1 million hectares of rubberwood plantations, and there has also been extensive tree planting by farmers, who receive payments for forest services funded by downstream water users. Farmers have been encouraged to reforests their lands. Viet Nam has around 5000 wood-processing enterprises, most of which are exporting. The country is actively pursuing SFM and responsible management and hopes to be shipping FLEGT-licensed wood products by 2021.

Trade statement

The TAG coordinator read out a prepared statement to participants attending the Market Discussion. This statement is appended as it was presented in Appendix B.

Theme for 2020 Annual market discussion

The Trade Advisory Group (TAG) decided to defer its decision on the theme for the 2020 Annual Market Discussion. A theme will be conveyed to the ITTO Secretariat in advance of the next ITTC.

APPENDIX B

STATEMENT OF THE TRADE ADVISORY GROUP (TAG)

Presented at the 2019 Annual Market Discussion by
Barney Chan (TAG Coordinator)
3 December 2019

Chairman,

Ladies and Gentlemen,

This Trade Statement is made on behalf of the Trade Advisory Group.

International trade in tropical timber and timber products has been rather uncertain over the last several months, made worse by the reality of a massive trade dispute.

The global timber trade has not been immune to the disruptive effects of the US–China trade dispute. US log and sawnwood exports to China have fallen, hurting US producers, and China's wood-product exports to the US have been decimated by the tariffs imposed on imports and the proliferation of anti-dumping and countervailing orders on a variety of wood products. As a result, Chinese companies have cut back on tropical timber imports used for export production.

Meanwhile, building construction contracted in the European Union in the first half of 2019, according to the latest Eurostat data. A large and growing proportion of the tropical-hardwood-faced plywood imported into the EU is manufactured in China. The EU imported 76 100 tonnes of this product from China in the first half of 2019, up by 39% compared with the same period in 2018. These gains offset a 4% fall in plywood imports from Indonesia over the period, to 46 300 tonnes, and a 32% drop from Malaysia, to 19 700 tonnes.

Japan's plywood imports dropped by 15% in the first half 2019, year-on-year. Import volumes have declined from the main suppliers of China, Indonesia and Malaysia. Meanwhile, Japan is increasing the use of her own local timber resources for plywood production.

As worrying as these figures are, they are only the bumps over the last several months. What is even more worrying is the trend shown over the last several years. The ITTO/FLEGT Independent Market Monitor released a Report in May 2019 on EU public timber procurement policies. This Report analysed the major EU markets for HS Code 44, which is timber and other timber products, imported from VPA partner countries. In 2005, total imported into EU was 9.2 million cubic metres in round wood equivalent. By 2017, this figure has dropped to 4.4 million. In 12 years, products in HS Code 44 going into EU dropped by 52%. Fifty two percent.

However, amidst all this gloomy news, we noted with respect that recently a motion has been accepted in the Dutch parliament, by an overwhelming majority, to use more timber in the building sector as this is much more environmentally friendly than the use of competing materials such as concrete. This Dutch political move has reminded us that TAG had suggested in 2017 that ITTO should look at climate change and see in which niche can we make the biggest impact.

What can ITTO do to address climate change? Firstly, we need to be realistic with the resources we have available. The Finance Working Group was convened twice to seek ways to strengthen our financial health. While it seems there might be light at the end of our dark financial tunnel, we need to be prudent, not to spread ourselves out too thin. In this context, TAG suggests ITTO to focus on only one aspect of climate change: the positive relationship between trees and carbon sequestration. Since there is scientific evidence growing trees is good for the climate, we should capitalize on this. This positive linkage is also now accepted by many international fora.

The Inter-Governmental Panel on Climate Change has clearly recognized the role of wood products, both from natural and planted forests, as significant in the fight against climate change. Further, the Panel said the fight cannot be achieved without forests and forest products. This is a critical statement of fact which TAG wants ITTO to communicate freely and widely.

There is year round sunshine and rains in the tropics, so growing conditions are ideal --- not only in tree plantations but also in well managed commercial production forests. Timber harvesting is not carbon emission and timber products are renewable and store carbon.

Council should be aware of the increasing interest shown globally to establish tree plantations. And more importantly, Council should know the struggle by investors and other stakeholders to plant trees. There is probably enough biological science and knowledge available on how to grow trees, with enough care to biodiversity, but what is holding back plantations of significant scale? Is Economics not on the side of the trees? Is it more profitable to plant other crops which, ironically, might necessitate deforestation before planting?

This is where ITTO can play an important role to unlock the critical obstacles, so as to spur on tree plantations, especially in the context of ecosystem restoration. There is already a lot of expertise in Member Countries, and elsewhere, but ITTO need to show leadership and harness this collective expertise into a practical way forward.

In this context, we ask Council to fund an international meeting of experts on facilitating commercially viable plantations in tropical countries, or the development of an international tropical timber plantations strategy. The strategy could identify the obstacles to commercially viable, long term economics of plantations in tropical countries, as well as actions countries could take to make themselves competitive to international investors interested in tree plantations. The strategy should also look at where industries using plantations are a success and what are the factors that created that business opportunity.

The TAG is standing by to support ITTO management, as we always do. But are you ready? Are we capable to ignite a tree plantation revolution to save the Climate?

Thank you.

* * *



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT**

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FIFTY-THIRD SESSION
2 - 6 December 2019
Lomé, Togo

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

Item 1 - Opening of the Session

The Fifty-third Session of the Committee on Reforestation and Forest Management (CRF) was opened on 2 December 2019 by Dr. Jobst-Michael Schroeder (Germany), Chairperson of the CRF. The list of participants is presented in Document ITTC(LV)/Info.2.

Item 2 - Adoption of Agenda and Organization of Work

The Provisional Agenda for the CRF, as contained in Document CRF(LIII)/1 Rev.1, was duly adopted. To expedite proceedings, the Agenda items 4 and 6 were considered at the Joint Session of the Committees convened on 3 and 4 December 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.

Item 3 - Admission of Observers

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

Item 4 - ITTO Annual Market Discussion - 2019

The Committees noted the summary of the ITTO Annual Market Discussion – 2019, held in the Joint Session of All Committees as part of the Trade and Markets Day on 3 December 2019, as contained in Appendix A of Document CEM-CFI(LIII)/4. The theme of the Market Discussion was “Added Value Processing in Africa - The Opportunities and Challenges”. Mr. Barney Chan (TAG Co-coordinator) chaired the Market Discussion.

The following feature presentations were made during the Market Discussion (available at <http://www.itto.int/ittc-55/presentations>):

Mr. Pyoabalo Alaba, Forest and Water Engineer Director General, ODEF	<i>Forestry and wood processing in Togo – challenges and opportunities</i>
Mr. Ayite Gaba, Co-founder and President Togo Timber S.A.	<i>Value chains from smallholders’ teak plantations in Togo</i>
Ms. Fifonsi Ayélé Dangbo University of Lomé, Togo	<i>Recommendations of the ITTO Regional Workshop on Smallholders Forest Landscape Restoration (FLR) in West Africa</i>
Dr. Labode Popoola, President, West African Research and Innovation Management Association Pioneer Director, Centre for Sustainable Development, University of Ibadan, Nigeria	<i>The dynamics of intra-Africa wood trade markets and implications for sustainable development</i>
Mr. Roy Southey, Executive Director, Sawmilling SA	<i>Wood processing in South Africa – success and setbacks</i>
Mr. Rik Sools, Managing Director, Form International	<i>Industrial forestry plantations in Africa and their importance for developing timber industries – the case of Form Ghana</i>
Mr. Mafa Chipeta, Retired FAO sub-regional coordinator for Eastern Africa and representative to the African Union, the UN Economic Commission for Africa (UNECA) and Ethiopia	<i>Dreams to industrialize – how can Africa achieve its long-postponed ambitions?</i>

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

Item 5 - Policy Work

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

(i) Promotion of Smallholders' Forest Landscape Restoration in West Africa [ITTO Programme on Legal and Sustainable Supply Chains (LSSC) Activity #3]

The Secretariat reported to the Committee on the progress made in the implementation of this Policy Activity, which is funded by the Ministry of Food and Agriculture (BMEL) of the Government of Germany, as follows:

- This Policy Activity intends to provide strategic advice in promoting incentive-based policies and enabling conditions for smallholders' forest landscape restoration (FLR) management systems in West Africa through a comprehensive analysis on the promotion of smallholders' FLR in six ITTO producer member countries (Benin, Côte d'Ivoire, Liberia, Ghana, Mali and Togo) in West Africa.
- Six country case studies have been carried out by national consultants under the leadership of the international consultant, Professor Jürgen Blaser, School of Agricultural, Forestry and Food Sciences (HAFL), Bern University of Applied Sciences. These six country case studies have been dealing with the current situation of smallholders' plantations in West Africa in terms of land tenure, silvicultural competence, pre-financing of forest investments, purchase agreements of marketable products, value chain development as well as actions taken on policies and institutional arrangements. The lead consultant and his team have been collecting FLR policies and successful FLR case stories in six ITTO member countries in West Africa in order to draw lessons on the ways and means for unleashing the potential and prospects for accelerating the development of collaborative smallholders' plantation systems in West Africa.
- A regional workshop on sustainable development of smallholder FLR plantations in West Africa was held on 27 - 29 November 2019, in Lomé, Togo prior to the ITTC 55. It was attended by 45 participants from all 16 ITTO members countries, including all 13 ITTO member countries in Africa. The Office de Développement et d'Exploitation des Forêts (ODEF) was in charge of logistical aspects of this regional workshop. The main outcomes of this regional workshop were shared with delegates and participants at the 55th ITTC Session, during the ITTO Trade and Market Day on Tuesday 3 December 2019, by Ms. Fifonsi Ayélé DANGBO and Mr. Ayité GABA.

The Committee took note of the progress made in the implementation of this Policy Activity under the collaborative partnership between HAFL, ODEF and the ITTO Secretariat.

(ii) Development of training curricula for Central African countries on Legal and Sustainable supply Chains (LSSC) [ITTO Programme on Legal and Sustainable Supply Chains (LSSC) Activity #5]

The Secretariat reported to the Committee on the progress made in the implementation of this Policy Activity, which is funded by the Ministry of Food and Agriculture (BMEL) of the Government of Germany, as follows:

- This Policy Activity aims to contribute to building capacity on legal and sustainable supply chains (LSSC) for professionals and technicians in Congo Basin countries in order to allow them to understand the concept of LSSC through the utilization of the following training modules:
 - Module 1: Understanding deforestation-free
 - Module 2: Assessing legality and achieving accountability
 - Module 3: From legality to sustainability
 - Module 4: Markets and access to markets
- Identifying and surveying relevant stakeholders to be involved in the sensitization campaigns on legal and sustainable supply chains (LSSC): the survey was undertaken in five countries in the Congo Basin (Cameroon, Central African Republic, Congo-Brazzaville, Congo-Kinshasa and Gabon) by the RIFFEAC Secretariat in collaboration with four consultants selected for the formulation of the abovementioned training curricula, through the circulation of the e-version of a questionnaire on LSSC-related issues to relevant stakeholders. The data and information collected through the survey are under review;
- The four regional consultants prepared a draft document regarding the methodology to be used for preparation of the training modules which were discussed during the abovementioned Inception Regional Workshop in order to enrich the inputs and offer amendments suggested by representatives of stakeholders; and

- The regional workshop dealing with the sensitization and awareness on legal and sustainable supply chains (LSSC), in relation to forest governance in Congo Basin countries, was held on 14-15 October 2019, in Douala (Cameroon). It was attended by participants representing relevant forestry-related stakeholders (government institutions, private sector associations/unions, forestry training institutions, forestry/environment-related civil society organizations, etc.) from five ITTO member countries in Congo Basin (Cameroon, Central African Republic, Democratic Republic of the Congo, Gabon and Republic Congo).

The Committee took note of the progress made in the implementation of this Policy Activity which is at in its earlier implementation period.

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

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

- Under a Joint Initiative on Forest Landscape Restoration (FLR) of the Collaborative Partnership on Forest (CPF), ITTO undertook an analysis of the ongoing FLR programmes of CPF members in 2018. This analysis was facilitated by the engagement of two international consultants: Prof. Jürgen Blaser (Switzerland) and Dr. Cesar Sabogal (Peru);
- At its 52nd Session (5-9 November 2018, Yokohama), the Committee received a report on the analysis of CPF members FLR programmes and a background paper for setting new ITTO guidelines for tropical forest landscapes prepared by the two consultants;
- The first FLR Expert Group Meeting was held in mid-November 2018 in Bangkok, Thailand with financial support of AFoCO and the Korean government reviewed the outlines of the new FLR guidelines with input from restoration experts from member countries, international and regional organizations and civil-society organizations. In June 2019, a second FLR Expert Group Meeting was held in Lüderenalp, Switzerland with the financial assistance of the Swiss Development Cooperation, AFoCO and the Korean government. This meeting reviewed the draft guiding elements and implementation guide described in the first draft FLR guidelines; and
- Based on the comments of the FLR Expert Group Meeting in Lüderenalp, the two consultants revised the first draft FLR guidelines. The Executive Director circulated the draft FLR Guidelines to Members on 30 September, inviting comments by 22 November. The draft "Guidelines for Forest Landscape Restoration in the Tropics" were posted on the ITTO website in late October. The Secretariat received several responses from governments, CPF members and FLR experts.

The consultant, Prof Jürgen Blaser made a presentation on the draft Guidelines for FLR in the Tropics and highlighted the following points:

- Attention to landscape restoration is growing globally. 16 international organizations, including 11 CPF members have major programmes and projects on (forest) landscape restoration while 8 major FLR guidelines have been developed;
- The draft Guidelines for FLR in the Tropics aim at building sustainable forest landscapes in the tropics. The main purpose of these Guidelines is to provide a knowledge base for tropical forest landscape restoration focusing on forest-/tree-based land use systems as well as a guide for planning and implementing restoration and management practices at the site (local) and landscape level;
- The draft Guidelines are organized into five sections: (1) Background (reviewing existing guidelines and tools), (2) Principles and guiding elements for the restoration of tropical forest landscapes, (3) Implementation processes and operational guidance, (4) Case studies on tropical forest landscape restoration, and (5) The way forward;
- A total of 32 guiding elements are presented to further describe the six internationally recognized principles of FLR in 2018. The six FLR principles include (1) Focus on landscapes, (2) Engage stakeholders and support participatory governance, (3) Restore multiple functions for multiple benefits, (4) Maintain and enhance natural forest ecosystems within landscapes, (5) Tailor to the local context using a variety of approaches, and (6) Manage adaptively for long-term resilience; and
- For each guiding element, FLR interventions are structured according to project phases (visioning, conceptualizing, acting, and sustaining). 17 case studies have been selected to share concrete experiences restoring degraded tropical forests and forest lands with landscape approach and to show evidence supporting the replicability and sustainability of FLR experience.

Following the presentation of Prof Jürgen Blaser, the Delegation of Republic of Korea welcomed the development of new FLR guidelines under the CPF's Joint Initiative on FLR in line with the UN Decade on Ecosystem Restoration 2021-2030. She looked forward to her Government's continued support for the implementation of this Activity to enhance the restoration of degraded forest landscapes. The Delegation of Benin also supported the development of the new FLR guidelines but asked if a French version of the draft FLR guidelines is available. The Delegation of Germany commended the consultant, Prof. J Blaser for his comprehensive report and presentation. He questioned whether the six FLR principles in 2018 are applicable to all types of forests. The Delegation of the United States also commended the consultant for his excellent presentation and highlighted the importance of new FLR guidelines. Regarding the six FLR principles, she suggested referring to them as internationally recognized principles rather than internationally agreed principles. In addition, she advised the finalization of the draft FLR Guidelines incorporating the comments submitted by members.

A consultation meeting was held on 3 December to review the draft FLR guidelines. The Delegation of the United States reported the key outcomes of this meeting to the Committee providing substantive advice for further refinements of the draft FLR guidelines. She noted that the draft FLR guidelines are ready for finalization after their long development process which included two FLR expert group meetings in Thailand and Switzerland with participation of CPF members. Recognizing the French and Spanish versions of the draft FLR guidelines are not available to Members, she encouraged extending the deadline for receiving comments from Members on the draft FLR guidelines. The Delegation of Côte d'Ivoire commented on the importance of financing FLR activities under the new mechanism of Programmatic Lines to enhance ITTO's financing architecture and fundraising approach.

The Committee commended the two consultants for their excellent work in formulating the draft FLR guidelines to advance the effective design and implementation of FLR strategies and actions on the ground. In light of the importance of finalizing the draft FLR guidelines, the Committee recommended that the draft "Guidelines for Forest Landscape Restoration (FLR) in the Tropics" [Document CRF(LIII)/4] should be revised, taking into account Members comments submitted to the Secretariat by 15 January 2020. The Committee also recommended that the final draft FLR Guidelines should be made available on the ITTO website from 1 March to 20 March 2020, in all three working languages of ITTO, for the adoption of these guidelines through an electronic non-objection procedure. The Committee also encouraged that Members, the private sector, local communities and other stakeholders apply the adopted FLR Guidelines in the Tropics, where appropriate, as a contribution towards the restoration of degraded tropical forest landscapes

**(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:

- The main objective of this activity is to enhance synergies between ITTO forest fire projects and global fire management efforts. More specifically this activity intends to provide the platform to assist participation of ITTO forest fire related project experts in international fire conferences in order to promote exchange of opportunities among professionals related to fire management and forest fire control.
- ITTO assisted the participation of five forest fire experts in the 7th International Wildland Fire Conference (IWFC) held in October 2019 in Campo Grande, Brazil under the theme "Facing fire in a changing world: reducing vulnerability of people and landscapes by integrated fire management". This conference was organized by the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) and it was attended by more than 1000 participants including government officials, scientists, and professionals from civil society from 37 countries and international organizations.
- Participants at the conference discussed challenging fire regimes in a changing world as well as the strengthening of policy-science-practitioner interface to contribute to the implementation of the Sendai Framework for Disaster Risk Reduction 2015-2030. A conference statement highlighted the need to promote integrated actions on fire management, multi-sectoral planning approaches that recognise the inclusion of traditional and indigenous knowledge as well as gender balance and local based solutions to ensure the resilience of landscape to wildfires. Continued international cooperation in fire management was also highlighted as the means for effective cross border fire management.
- The ITTO sponsorship for the five fire experts from Ghana, Indonesia, Panama, Peru and Vietnam offered an excellent opportunity to network with scientists and practitioners from other regions and to develop further cooperation in fire management in the region.

- The ITTO Secretariat has continued its close collaboration with global forest fire institutes including the United Nations International Strategy for Disaster Reduction (UNISDR) and the Global Fire Monitoring Center. ITTO developed the Guidelines on Fire Management in Tropical Forests in 1997 after the extended fire in S.E. Asia during the El Niño of 1982-83. In terms of capacity building to implement 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.
- As such, the Secretariat is looking forward to continue supporting fire management capacities in Producer Member Countries through strengthening partnerships to develop and implement integrated fire management strategies. In the context of the extended BWP 2018-2019, the Secretariat looks forward to providing its support to Member Countries in training and extension of local communities for prevention and suppression of forest fires and improvement of early warning systems.

The Committee took note of the progress made in the implementation of this Policy Activity and looked forward to continued discussion at its next session.

(v) Amendment of “Guidelines for Environmental and Social Risks and Input Assessment (ESIA) in ITTO projects”

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

- This activity was to amend the “2016 Guidelines for Environmental and Social Risks and Impacts Assessments in ITTO Projects” based on the recommendation of the 52nd Session of the CRF in 2018 which highlighted the need to address implementation problems revealed in the pilot phase, particularly regarding the time and costs associated with carrying out the assessment process.
- In response to this guidance, the Secretariat engaged 2 consultants: Ms. Stephanie Caswell (USA) and Dr. Hiras Sidabutar (Indonesia) to streamline the 2016 Guidelines to address the implementation problems in a user friendly format and to take into account the Gender Guidelines approved in Lima, as well as the environmental and social (ES) management processes used by FAO and IUCN.
- The consultants developed the draft revised “ITTO Environmental and Social Management Guidelines” addressing the implementation problems. The ITTO Executive Director circulated the draft Guidelines to Members on 11 September, inviting comments by 1 October. As of mid-October, the Secretariat had received responses from 3 countries: Guyana, Mexico and the USA. The consultants revised the draft based on these comments, and the final draft Environment and Social Management (ESM) Guidelines were posted on the ITTO website in late October.
- In the risk assessment there are three risk categories. These are Category A for potentially high risk project proposals, Category B for medium risk proposals and Category C for low or no risk proposals. There are 3 levels of assessment possible which correspond to risk categories A, B and C:
 - For low risk proposals, a proponent conducts an “ES Review” consistent with guidance contained in the Project Formulation Manual.
 - For medium risk proposals, a proponent conducts an “ES Analysis” which is described in Annex 3 of the Guidelines.
 - High risk proposals require an “ES Impact Assessment” which is more comprehensive than an ES Analysis. While an ES Impact Assessment may be prepared internally, it would be advisable for credibility to engage an independent consultant to undertake the assessment.
- The Secretariat will reinforce its role in environment and social assessments of all project proposals even under a streamlined project cycle promoting project concept notes and co-development of proposals as the core of the ESM guidelines remain same. As such, the Secretariat looks forward to the adoption of the final draft ESM guidelines by the Council.

The Delegation of Japan commented on the importance of finalizing the draft ESM guidelines in project work. He also noted that these ESM guidelines would be important to the ITTO accreditation proposal to the Green Climate Fund (GCF). He sought clarification on the type of Category B proposals. The Secretariat indicated that a list of indicative types of project proposals by risk categories including Category B proposals is provided in the draft ESM guidelines. The Delegation of the United States highlighted the value of ESM guidelines in ITTO's project work and future partnerships. She also noted that the ESM guidelines will be implemented as a living document and updating will be made in accordance with the development of a new project cycle. She further recommended to wait on a professional printing of the guidelines and use an electronic copy for the time being.

The Committee commended the two consultants for their excellent work in formulating the final draft ESM guidelines incorporating the recommendations of the 52nd Session of the CRF as well as the comments made by Members. The Committee recommended the adoption of the final draft “ITTO Environmental and Social Management (ESM) Guidelines” by Council. The Committee also recommended that the assessment process set out in the adopted “ITTO Environmental and Social Management (ESM) Guidelines” should be applied in formulating future project proposals.

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

The Secretariat reported to the Committee on the progress made in the implementation of the CBD-ITTO Joint Initiative as follows:

- This policy activity has not been included as an agenda item of the Council, for the last two ITTC Sessions, because no funds were provided for new projects or pre-projects by donors;
- It was recalled that under the ITTO-CBD Collaborative Initiative, 12 projects had been funded and implemented in the three tropical regions, for a total of over USD 15 million. Most projects are currently either completed or near completion. The CBD-ITTO Joint Initiative has been visibly contributing towards the achievement of the CBD 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 Germany recommended the ITTO Secretariat to interact with the CBD Secretariat, for the renewal of the memorandum of understanding (MoU) signed between the Secretariats of both organizations, to enhance biodiversity conservation in production tropical forests, and to improve the conservation and management of protected areas for sustainable livelihoods of local communities and indigenous groups. He noted that there is an increasing need to enhance collaborative partnerships between CBD and ITTO under the new CBD post-2020 global biodiversity framework.

(vii) Enhancing Conservation and Sustainable Management of Teak Forests and Legal and Sustainable Wood Supply Chains in the Greater Mekong Sub-region

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

- Under the ITTO Biennial Work Programme 2018-2019, the activity “Enhancing teak Management” aims to promote a regional approach for enhancing the contribution of sustainable teak management to the protection of tropical forests in participating countries, as well as promoting legal and sustainable teak industry and trade.
- In 2018, the proposal entitled ‘Enhancing Conservation and Sustainable Management of Teak Forests and Legal and Sustainable Wood Supply Chains in the Greater Mekong Subregion’ was formulated and it was financed by the Federal Ministry of Food and Agriculture of Germany (BMEL).
- Since last March, many national and regional activities have been taken place. A regional workshop for sustaining teak forests was held in Yangon, Myanmar on 27-29 September 2019 in collaboration with the Asian Forest Cooperation Organization (AFoCO) and the Forest Department of Myanmar. For the sustainable development of the teak-based forest sector in the Mekong region, the workshop participants made the following recommendations:
 - Enhance the in-situ and ex-situ conservation of teak genetic resources through the establishment of seed production areas and seed orchards for supplying high-quality seed for teak plantations and joint research on the conservation of teak genetic resources linked with breeding and biotechnology.
 - Improve silvicultural aspects of teak plantations, from the selection of suitable sites to thinning and harvesting techniques. There is a strong need to share knowledge and experiences in the sustainable management of teak plantations.
 - Promote the engagement of smallholders and communities, including young people and women, in natural teak forest management and the establishment of planted teak by supporting the supply of high-quality teak seedlings and extension services to smallholders and encouraging capacity building, networking and partnerships.
 - Promote sustainable value chains for teak timber and timber products through value-added product development, appropriate incentive mechanisms for smallholder plantations, improved marketing and greater access to finance and long-term investment

Following the presentation by the Secretariat, the Delegation of Japan noted the importance of

sustainable teak forest management in the Mekong region. He pointed out Japan's previous support to the implementation of a teak project "Ex-Situ and In-Situ Conservation of Teak to Support Sustainable Forest Management in Myanmar" and looked forward to increasing teak genetic resources improvement cooperation with relevant research institutes, including the Forest Tree Breeding Centre in Japan.

The Delegation of Germany acknowledged the presentation by the Secretariat and the implementation of this activity with engagement of many partners enhancing cross border cooperation. He enquired on the opportunity for cooperation between this activity in teak genetic resource exchange with Togo and Ghana in West Africa. He also drew the attention of the Committee to the value of mapping high quality teak plantation areas globally.

In response, the Secretariat informed the Committee that regional cooperation on teak between the Mekong and West African regions will be facilitated by the World Teak Conference (August 2020, Accra, Ghana) which is being jointly organized with ITTO. He also indicated that future work under this activity will review the feasibility of mapping high quality teak plantation areas to promote high quality teak products produced in a longer rotation cycle (e.g. 40 years). The Delegation of Indonesia expressed its willingness to share Indonesian experience in promoting high quality teak plantations and looked forward to quality teak products trade development.

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 Dr. Jobst-Michael Schroeder (Germany), as contained in Document ITTC/EP-54. In its general findings and recommendations, as derived from the appraisal of 30 proposals (25 projects and 5 pre-projects), the Fifty-fourth Panel noted that:

- Twelve (12) proposals including 2 pre-projects and 10 project proposals (40 percent of the total) were commended to the Committees for final appraisal with minor modifications required (Category 1);
- Twelve (12) proposals including 2 pre-projects and 10 project proposals (40 percent of the total) were sent back to proponents for essential revisions, rated as Category 2; and
- Six (6) proposals including 1 pre-project and 5 project proposals (20 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.

A high share of projects was related to Reforestation and Forest Management (RFM). Out of the 30 proposals reviewed only 3 were categorized under Forest Industry (10%), 3 were categorized under Economics, Statistics and Markets (10%) and 24 were categorized under Reforestation and Forest Management (80%). One previously approved but sunset project proposal was resubmitted as a new proposal to the Expert Panel. As this was assessed as Category 1 by the previous Panel, this Panel rated it Category 1 in order to be consistent with the previous evaluation.

The presentation also highlighted that only one proposal focused specifically on gender issues. Additionally two proposals incorporated strong components on gender issues. Although the Panel noticed that more proposals included gender aspects/activities, there is still room for further integrate gender according to the ITTO Policy Guidelines on Gender Equality and Empowering Women (GEEW). Numerous proposals did not fully follow the ITTO Manual for Project Formulation (Third Edition, 2009). There were inconsistencies with the contents and lengths of various sections and maximum total lengths of the proposals. Many proposals did not follow the correct formulation of budget tables.

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-54, following the recommendations of the Expert Panel at its Fifty-fourth Meeting held in Yokohama, Japan from 24-28 June 2019, as follows:

Fifty-fourth Expert Panel

Category 1:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 808/16 Rev.3 (F)	Conservation of African Barwood (<i>Pterocarpus Erinaceus Poir</i>) in the Gazetted Forests of La Palee and Boundiali in Northern Côte d'Ivoire with the Participation of Local Communities	Côte d'Ivoire
PD 818/16 Rev.3 (F)	"BOSS - CUSHABATAY" Project – Forest Management and Restoration in the Cushabatay Basin on the Eastern Slope of the Cordillera Azul National Park (PNCAZ), Peru	Peru
PD 852/17 Rev.3 (F)	Development of a Regional Strategy for the Restoration and Rehabilitation of Degraded Areas on the South Coast of Peru	Peru
PD 877/18 Rev.2 (F)	Taper and Commercial Volume Systems for the Planning of the Sustainable Management of Ten Tropical Forest Species in Quintana Roo, Mexico	Mexico
PD 890/18 Rev.2 (F)	Rehabilitation of the Upper Bandama Gazetted Forest in the North of Côte d'Ivoire with the Participation of the Local People	Côte d'Ivoire
PD 894/19 Rev.1 (F)	Strengthening of Community Forest Management in Peru	Peru
PD 895/19 Rev.1 (F)	Strengthening the Participation of Women in Rural Communities for the Development of Ecotourism Service Enterprises and Sustainable Business Models on the Coast of Veracruz, Mexico	Mexico
PD 905/19 Rev.1 (F)	Providing Support for the Sustainable Management of the Fosse-aux-Lions Gazetted Forest in the Savanna Region in Togo	Togo
PPD 196/19 Rev.1 (F)	Support for Operational and Planning Capacity-building for Stakeholders in the Private and Community Forestry Sector in Togo	Togo

Category 4:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 859/17 Rev.2 (F)	Establishment of a Collaborative Framework through the Creation of a Local Joint Management Body for the Haho-Baloé Reserved Forest in Togo	Togo
PD 864/17 Rev.2 (F)	Forest Restoration to Reduce the Vulnerability of Rural Communities to Climate Change in Five Municipalities of Las Verapaces	Guatemala
PD 880/18 Rev.1 (F)	Demonstrate the Development of Relationships Between Tree Growth and Climate Variability and Topographical Factors in Thailand's Natural Forests to Support Sustainable Forest Management in Thailand: Phase I	Thailand
PD 899/19 (F)	Accelerating effective integrated management of newly constructed Peat Hydrology Unit (PHU) in Kalimantan	Indonesia
PPD 194/19 (F)	Strengthening Sustainable Forest Management in ACTO Member Countries (ACTO-MC) through the Application and Use of Harmonized ACTO/ITTO C&I and the Generation of Reliable and Useful Information for Technical Decision-Makers and Forest Policy-Makers	Peru

The Committee took note that the Fifty-fifth and Fifty-sixth Meetings of the Expert Panel are tentatively scheduled for 3-7 February 2020 and 22-26 June 2020, respectively based on Document ITTC(LV)/Info.6 - Project Cycle Calendar for Spring 2020 and Document ITTC(LV)/Info.7 - Project Cycle Calendar for Autumn 2020.

Item 8 - Report on Completed Projects and Pre-projects

The Committee considered the completed project contained in Document CRF(LIII)/2 and noted that seven projects are to be declared complete by the Council.

8.1 Completed Projects

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

The Committee took note that the implementation of this project had contributed to gradually building human resource capacity required to achieve sustainable forest ecosystem management in the Congo Basin, in order to ensure that they are capable to train the personnel able to implement sustainable forest management in Congo Basin countries. For that purpose, reference training modules/programmes and associated teaching methodologies (at university level and at lower level) were prepared and finalized by the University of Laval and CERFOR Technical Forestry Centre of Canada in consultation with all RIFFEAC training institutions, directly or indirectly involved and/or linked to the project implementation, as well as with other forestry-related public and private institutions operating Congo Basin countries.

The Delegation of Japan expressed the appreciation for the successful implementation of this project, after two extensions of the project implementation period, until March 2019. He expressed the wish that the beneficiaries training institutions will continue to efficiently use the main project outcomes. He informed the Committee that the project coordinator, Professor Claude KACHAKA, made an interesting presentation at the Seventh Tokyo International Conference for African Development (TICAD-7), held in Yokohama (Japan), in August 2019, for sharing the project achievements.

The Delegation of the United States commended the collaboration between CBD and ITTO in the implementation of this regional project dealing with ITTO member countries in Congo Basin, under the memorandum of understanding governing the CBD-ITTO Joint Initiative.

The Secretariat informed the Committee that the Completion Report, Technical 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 456/07 Rev.4 (F) as completed.

- 2) **PD 470/07 Rev.1 (F) Development and Implementation of Criteria and Indicators for Sustainable Management of Planted Forests and Community Forests (Thailand)**

The Committee took note that this project has been implemented by the Royal Forest Department of Thailand. The project aimed to establish a comprehensive system of criteria and indicators for sustainable management of planted forests and community forests in order to contribute to the improved availability of timber and non-timber forest products from sustainable and legal sources in Thailand.

The Delegation of Thailand made a presentation on the main achievements of the project. He highlighted the development of Thai Criteria and Indicators (C&I) for sustainable management of planted forests and community forests and Thai Chain of Custody (CoC) certification through the intensive work of National Working Group and its sub-groups in consultation with relevant stakeholders. The 7 Criteria of Thai C&I are: compliance with law, policy and related measures; proportion and condition of forest areas; condition and adaptation of forest ecosystems; forest products and ecosystem services; forest biodiversity; soil and water conservation, and; economic, social and cultural aspects of local community. Regarding the publications produced by the project, he pointed out they include a manual of C&I and COC; info Graphic on SFM and C&I in managing forest plantations and community forests. He appreciated the Government of Japan for financing the project which has contributed to the advancement of Thai C&I for SFM.

The Delegation of Japan welcomed for the successful completion of the project despite various difficult situations in the country during project implementation. He encouraged the wider application of the Thai C&I for sustainable management of planted forests and community forests.

The Secretariat informed the Committee that the Completion Report, Technical 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 470/07 Rev.1 (F) as completed.

3) PD 477/07 Rev.4 (F) Improving Forest Functions in Bengkulu Province through Community Participation in Rehabilitation of Degraded Forest by Using Local Prospective Commodities (Indonesia)

The Committee noted that the project has been implemented by the Department of Watershed Control and Forest Protection, Ministry of Environment and Forestry of Indonesia to rehabilitate and restore degraded forests in Bengkulu Province, Sumatra, Indonesia. Specifically, the project was to improve livelihoods of local communities through their involvement in the plantation of locally adapted and prospective timber species. The project has identified seed sources for two indigenous species (Kayu Bawang and Bentara Durian) and developed propagation and plantation techniques for these species with preparation of technical guidelines. Overall, the project has contributed to implementing suitable technology for the production of high quality planting materials of locally adapted valuable indigenous species with improved stakeholders' involvement.

The Delegation of Japan welcomed the successful completion of this project and acknowledged the local government's commitment to the sustainability of the project. He encouraged the wider dissemination of project results, including technical manuals, to interested parties. The Delegation of Indonesia thanked the donor, Japan for financing the project and confirmed that project outcomes leading to improved livelihoods of the local communities would be extended to similar projects in the country to increase the impact of the project.

The Secretariat informed the Committee that the Completion Report, Technical Report(s) 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 477/07 Rev.4 (F) as completed.

4) PD 563/09 Rev.5 (F) Community Based Forest Management of Sungai Medihit Watershed (Malaysia)

The Committee took note that the project was financed by the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet) under the MoU between ITTO and APFNet on promotion of sustainable forest management. The project has been implemented by Forest Department of Sarawak and it has promoted sustainable forest management in Sungai Medehit Watershed, Sarawak, Malaysia through community capacity building and collaborative governance mechanisms on community development. Sungai Medihit catchment is located in Ulu Limbang Division, north Sarawak in a remote and hilly 35,400 ha area where the Kelabit and Penan indigenous communities subsist on shifting agriculture and resources collected from increasingly disturbed forests. Two community forest management plans have been developed and demonstration activities on SFM have been carried out with establishment of a community-based forest management platform. During the implementation of the project, alternative livelihood activities have been emphasized. These include fish raising, poultry raising, vegetable cropping and home stay for eco-tourism.

The Delegation of Malaysia thanked ITTO and APFNet for financing the project in Sarawak and confirmed the sustainability of the project through the on-going programmes of Forest Department of Sarawak.

The Secretariat informed the Committee that the Completion Report, Technical 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 563/09 Rev.5 (F) as completed.

5) PD 601/11 Rev.3 (F) Strengthening Mangrove Ecosystem Conservation in the Biosphere Reserve of Northwestern Peru (Peru)

The Committee took note that the project implementation contributed to improve the standard of living of the population in mangrove ecosystem areas in the regions of Tumbes and Piura, by increasing the number of participatory mechanisms for mangrove forest protection, conservation and rehabilitation in the regions of Tumbes and Piura. It was done through the following strategies: (1) using adequately the legal powers by regional and local governments for the conservation of mangrove forests; (2) improving the level of forest administration and management so as to preserve mangrove ecosystems; and (3) developing and implementing financial sustainability strategies for mangrove forests.

The Delegation of Peru expressed gratitude to the governments of Japan and United States and informed the Committee that the sustainability of the main project outcomes will be enhanced for the recovery and conservation of mangrove ecosystems which have been under the pressure of activities of other economic sectors in the surrounding areas. The Delegation of Japan commended the successful implementation of this project, after one extension of the project implementation period, until November 2017, which could continue to provide income to local communities living in the project target areas. The Delegation of the United States thanked Peru and the ITTO Secretariat for the comprehensive report regarding the main achievements of this project linked to a strong community component dealing with livelihood for local communities.

The Secretariat informed the Committee that the Completion Report, Technical Report(s) 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 601/11 Rev.3 (F) as completed.

6) PD 602/11 Rev.3 (F) Tropical Forest Governance in the Region of Darien, Panama (Panama)

The Committee took note that the project's primary objective was to support the implementation of the national Strategy for Illegal Logging Prevention and Control developed through the previous project, in order to deal with the out of control problem of illegal logging in Darien, Panama.

The Delegation of Japan commended the successful implementation of this project, after two extensions of the project implementation period, until July 2018. He expressed the wish that the beneficiary country, Panama, will be able to ensure the sustainability of the main project outcomes which could continue to contribute to forestry governance. The Delegation of the United States encouraged Panama to continue using the tools developed with implementation of this project, traceability and chain-of-custody systems, for the improvement of forest governance at all levels in Panama.

The Secretariat informed the Committee that the Completion Report, Technical Report(s) 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 602/11 Rev.3 (F) as completed.

7) PD 710/13 Rev.1 (F) Promoting Conservation of Selected High-value Indigenous Species of Sumatra (Indonesia)

The Committee took note that the project has been implemented by Forest Research Institute in Kuok, Riau Province, Sumatra, under the Forestry and Environment Research and Development Agency (FOERDIA), Ministry of Environment and Forestry of Indonesia. The project has contributed to the achievement of conservation goals through revitalization of the existing conservation programmes, harvest control systems, and regeneration programmes. It has established four ex-situ conservation plots of two indigenous species such as Sumatran yew, and Sumatran merbau. In West Sumatra, an ex-situ conservation plot of four hectares of Andalas, Kulim, Merbau and Giam was established with a small area of an educational plot for Andalas in a strategic location.

The Delegation of Japan commended the Executing Agency for the successful completion of the project and welcomed the Executing Agency's plans to sustainably manage all conservation and demonstration plots established by the project.

The Secretariat informed the Committee that completion report, technical reports and 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 710/13 Rev.1 (F) as completed.

8.2 Completed Pre-project

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

Item 9 - Ex-post Evaluation

The Committee noted that the list of ex-post evaluation 2015-2016 was extended for a period of 2018-2019 at its Fifty-first and Fifty-second Sessions. The Committee also noted that the recommended ex-post evaluation included the following completed projects under two thematic groups:

- 1) Thematic Group on Forest Rehabilitation, Landscape Restoration, and Secondary Forest Management
 - PD 372/05 Rev.1 (F) Contribution to Forest Rehabilitation in Thailand's Areas Affected by Tsunami Disaster (Thailand)
 - PD 501/08 Rev.1 (F) Promoting Household Reforestation in Tropical Zone of Southwestern China through Development and Extension of Household-Oriented Techniques (China)
- 2) Thematic Group dealing with Biodiversity Conservation and 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 (Malaysia)

The Secretariat informed the delay in completing projects, which have funds budgeted for ex-post evaluation, did not allow to conduct the ex-post evaluation of the two abovementioned Thematic Groups. After securing funds for the ex-post evaluation, the ex-post evaluations for these two Thematic Groups will be conducted in cooperation with relevant international partners (e.g. CBD, IUFRO, IUCN, etc.) in 2020.

The Delegation of the United States recommended that terms of references for future ex-post evaluations should reflect the evaluation guidance specified in the newly adopted ITTO Environment and Social Management (ESM) guidelines

The Committee took note that in 2020 the ex-post evaluation will be carried out for the two abovementioned thematic groups.

Item 10 – 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.

10.1 Projects

The Committee took note of the status of projects that had been approved by the Council, as contained in Document CRF(LIII)/3 Rev.1, as categorized: (A) projects under implementation (thirteen projects); (B) projects awaiting implementation agreement (none); and (C) projects awaiting financing (twenty-three projects).

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

(A) Projects under implementation

1) 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 period has been further extended until December 2019, without additional ITTO funds by the ITTO Secretariat, based on an official request including proper justification with appropriate detailed work plan and budget;
- However, the completion of most activities has been delayed because of the delay in updating the databank with the silvicultural data of existing plantations, due to the difficulty to access these forest plantations. One of the reasons was the political insecurity in the counties where are located these forest plantations, over several months of the year 2019; and
- Subsequent to the abovementioned delay in the completion of important project activities, the project executing agency (Forest Development Authority -FDA- of Liberia) requested for the extension of the project implementation period until 30 April 2020, without additional ITTO costs, based on an acceptable work plan for the extension period.

The Delegation of Liberia thanked ITTO and the donors (Japan, Switzerland and USA) for the financial support through the implementation of the project as well as Professor Jürgen Blaser, School of Agricultural, Forestry and Food Sciences (HAFL), Bern University of Applied Sciences, for his technical support to the project executing agency (FDA-Liberia) in 2019 and also during the extension period until 30 April 2020. The restructuring undertaken in 2018-2019 has led to the change of officers in charge of the implementation of this project, with an impact in delaying the project implementation. The stakeholders national workshop was held in late November 2019 instead August 2019. The extension of the project implementation period will allow the project executing agency to finalize the policy documents to be used as basis for the development of forest plantations and forest restoration activities in Liberia.

The Committee took note of the information provided by the Delegation of Liberia and approved the project extension until 30 April 2020, without additional ITTO funds, based on the work plan for the extension period.

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

The Secretariat informed the Committee that the Executing Agency has worked for the creation of a model reforestation framework that encourages customary landowners in the Central Province lowlands to grow high value trees on their grasslands. However, the implementation of some activities has been long delayed and the financial audit report for year 2018 has not yet been submitted to ITTO. In this regard, the Committee urged the Executing Agency in PNG to take urgent follow-up actions for the submission of the financial audit report for 2018 and a final extension proposal to fully complete all project activities for the success of the project.

3) PD 723/13 Rev.2 (F) Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar – Phase I Stage 1 (Myanmar)

The Delegation of the United States commended the Executing Agency for its extensive outreach activities in raising public awareness of forests in conjunction with celebration of the International Day for Forests 2019 in Myanmar.

4) PD 765/14 Rev.3 (F) Development of A Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines – Phase I (Guatemala)

The Delegation of the United States acknowledged that a national forest landscape restoration programme has been developed in line with the ITTO restoration guidelines. She also noted that finalizing

the draft new ITTO FLR guidelines would benefit from the lessons learned from the implementation of the project.

(B) Projects awaiting implementation agreement

The Committee noted that no project is currently awaiting implementation agreement, as contained in Document CRF(LIII)/3 Rev.1.

(C) Projects awaiting financing

The Committee noted that the following twenty-three projects approved at earlier and current sessions were still awaiting funding, out of which twelve projects with an asterisk (*) will be sunset between the 53rd and 54th CRF Sessions if funding is not made available.

- 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)

The Secretariat informed the Committee that the project in Indonesia was approved under the Spring 2014 Project Cycle and its validity was extended based on a request from the Ministry of Environment Conservation and Forestry based on the rules and procedures of ITTO. The project was partially funded in the amount of US\$100,000 (Republic of Korea) during the ITTC 54 in November 2018. If sufficient funding to start the implementation of this project is not secured before May 2020, this project will be sunset in the beginning of June 2020 in accordance with the ITTO sunset provision which specifies a 26-months validating period after the funding date.

- 2) PD 723/13 Rev.2 (F) Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar – Phase I Stage 2 (Myanmar)
- 3) PD 765/14 Rev.3 (F) Development of A Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines – Phase II (Guatemala)
- 4) 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)
- 5) PD 808/16 Rev.3 (F) Conservation of African Barwood (*Pterocarpus Erinaceus Poir*) in the Gazetted Forests of La Palee and Boundiali in Northern Côte d'Ivoire with the Participation of Local Communities (Côte d'Ivoire)
- 6) PD 818/16 Rev.3 (F) "BOSS - CUSHABATAY" Project – Forest Management and Restoration in the Cushabatay Basin on the Eastern Slope of the Cordillera Azul National Park (PNCAZ), Peru (Peru)
- 7) 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)

The Secretariat informed the Committee that this project has been submitted by the Forest Administration of Cambodia and it approved in August 2017. The project was partially funded in the amount of US\$100,000 (Republic of Korea) during the ITTC 54 in November 2018. If sufficient funding to start the implementation of this project is not secured before May 2020, this project will be sunset in the beginning of June 2020 in accordance with the ITTO sunset provision which specifies a 26-months validating period after the funding date.

- 8) 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)

- 9) PD 849/17 Rev.2 (F)* Increasing Commercial Reforestation Competitiveness in Costa Rica (Costa Rica)

The Secretariat informed the Committee that the project was submitted by the Costa Rican Institute of Technology, School of Forestry and Research Centre for Forestry Innovation and it was approved in September 2018. The project was partially funded in the amount of US\$100,000 (USA) during the ITTC 54 in November 2018. If sufficient funding to start the implementation of this project is not secured before May 2020, this project will be sunset in May 2020 in accordance with the ITTO sunset provision which specifies a 26-months validating period after the funding date.

- 10) PD 852/17 Rev.3 (F) Development of a Regional Strategy for the Restoration and Rehabilitation of Degraded Areas on the South Coast of Peru (Peru)
- 11) PD 853/17 Rev.2 (F) Forest Fire Prevention and Response in Tropical Forests and Forest Plantations in Peru (Peru)
- 12) PD 868/18 Rev.1 (F)* Improving Local Governance for Landscape Restoration in the San Alejandro River Sub-watershed, Padre Abad Province, Department of Ucayali, Peru (Peru)
- 13) 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)
- 14) PD 877/18 Rev.2 (F) Taper and Commercial Volume Systems for the Planning of the Sustainable Management of Ten Tropical Forest Species in Quintana Roo, Mexico (Mexico)
- 15) PD 881/18 Rev.1 (F)* Gender Mainstreaming in the Development of Actions to Control Deforestation and Forest Degradation in the Congo Basin (Cameroon)
- 16) 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)
- 17) PD 887/18 Rev.1 (F)* Production and Availability of Teak Clone Varieties: Development of Improved Plant Material for Reforestation in Togo (Togo)
- 18) PD 888/18 Rev.1 (F)* Enhancement of the Participatory Bushfire Prevention and Management System in Togo (Togo)
- 19) PD 890/18 Rev.2 (F) Rehabilitation of the Upper Bandama Gazetted Forest in the North of Côte d'Ivoire with the Participation of the Local People (Côte d'Ivoire)
- 20) 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)
- 21) PD 894/19 Rev.1 (F) Strengthening of Community Forest Management in Peru (Peru)
- 22) PD 895/19 Rev.1 (F) Strengthening the Participation of Women in Rural Communities for the Development of Ecotourism Service Enterprises and Sustainable Business Models on the Coast of Veracruz, Mexico (Mexico)
- 23) PD 905/19 Rev.1 (F) Providing Support for the Sustainable Management of the Fosse-aux-Lions Gazetted Forest in the Savanna Region in Togo (Togo)

D) Projects to be subject to possible termination process

In accordance with the rules and procedures applying to ITTO projects, the Committee considered recommending the termination of the following projects because of the non-submission of the final financial audit report which is considered as due since 2016.

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

The Secretariat informed the Committee that the Fifty-second Session of the Committee urged the project implementing agency to submit the final financial audit report, which is considered as due since 2016, by 31 March 2019.

The final financial audit report was submitted in the end of November 2019, after the finalization of the Committee working documents. It has to be reviewed by the ITTO Secretariat, in order to be reported as completed in the next Committee session, provided that the report is considered as acceptable. Therefore, the reason to keep this project under this Committee agenda item is no longer relevant.

The Delegation of Gabon apologized for the long delay in submitting the final financial audit, beyond the abovementioned deadline of 31 March 2019. The executing agency is waiting for comments, from the ITTO Secretariat, derived from the review of the final financial audit report, for appropriate actions.

The Committee took note of the submission of the final financial report of the project PD 383/05 Rev.2 (F) to be reviewed by the ITTO Secretariat, in view of reporting this project as completed in the next Committee session, if the report is considered as acceptable.

2) 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 informed the Committee that the Fifty-second Session of the Committee urged the project implementing agency to submit the final financial audit report, which is considered as due since 2016, by 31 March 2019.

The Delegation of Ghana apologized for the non-submission of the final financial audit report regarding the implementation of the project and informed the Committee that a letter of commitment was provided by the executing agency, for the submission of the final financial audit report by end of February 2020. That letter will be forwarded to the ITTO Secretariat, for perusal.

The Secretariat informed the Committee that measures have been taken to avoid such problem to happen again with the implementation of future projects. One of the measures is dealing with a special provision which will be added in the revised agreement, governing the implementation of future project. That provision will allow the Secretariat to keep the funds for financial auditing, in order to directly pay for the auditor, so that the final financial audit report could be made available in due time.

The Delegation of Japan thanked the ITTO Secretariat and the Government of Ghana for the follow-up actions which led to the commitment of the project executing agency to submit the final financial audit report to the ITTO Secretariat. The final financial audit report is considered as an important evidence to justify to the Ministry of Finance of Japan that taxpayers money was appropriately spent for the implementation of an ITTO project funded by Japan. He also acknowledged that the new financial auditing systems of the ITTO Secretariat are contributing to the improvements of financial auditing of ITTO projects in order to avoid the non-submission of final financial audit reports in the future.

The Committee took note of the commitment of the project executing agency (PICODEV) of PD 653/12 Rev.1 (F) to submit the final financial audit report, by end of February 2020, in view of reporting this project as completed in the next Committee session, if the report is considered as acceptable.

10.2 Pre-projects

The Committee took note of the status of approved pre-projects, as contained in Document CRF(LIII)/3 Rev.1 and considered the implementation issues, details of which were as follows:

(A) Pre-projects under implementation

The Committee noted that there were no issues of the one 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(LIII)/3 Rev.1.

- 1) PPD 189/17 Rev.3 (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)

(C) Pre-projects awaiting financing

The Committee noted that two pre-projects approved at earlier and current sessions were still awaiting funding, out of which one pre-project with an asterisk (*) will become sunset between the 53rd and 54th CRF Sessions if funding is not secured before the next session.

- 1) 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)
- 2) PPD 196/19 Rev.1 (F) Support for Operational and Planning Capacity-building for Stakeholders in the Private and Community Forestry Sector in Togo (Togo)

Item 11 - Biennial Work Programme of the Committee for 2020-2021

In accordance with the recommendation of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies to extend ITTO Strategic Action Plan 2013-2018 to the end of 2020 as well as the recommendation of the Informal Advisory Group to extend the BWP 2018-2019 for a period of one year, the Committee noted that the ITTO Biennial Work Programme of the Committee for 2018-2019 was extended to the end of 2020.

Item 12 - Election of Chairperson and Vice-Chairperson for 2020

Mr. Bruno Enrique Arias Rivas (Guatemala) was elected as Chairperson for 2020. Ms. Aysha Ghadiali (USA) was elected as Vice-Chairperson for 2020.

Item 13 - Dates and Venues of the Fifty-fourth and Fifty-fifth Sessions of the Committee

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.

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

None

Item 15 - 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 2019:

Projects

- | | |
|---------------------|---|
| PD 808/16 Rev.3 (F) | Conservation of African Barwood (<i>Pterocarpus Erinaceus Poir</i>) in the Gazetted Forests of La Palee and Boundiali in Northern Côte d'Ivoire with the Participation of Local Communities [ITTO Budget: US\$ 583,043] |
| PD 818/16 Rev.3 (F) | “BOSS - CUSHABATAY” Project – Forest Management and Restoration in the Cushabatay Basin on the Eastern Slope of the Cordillera Azul National Park (PNCAZ), Peru [ITTO Budget: US\$ 454,558] |

- PD 852/17 Rev.3 (F) Development of a Regional Strategy for the Restoration and Rehabilitation of Degraded Areas on the South Coast of Peru [ITTO Budget: US\$ 149,968]
- PD 877/18 Rev.2 (F) Taper and Commercial Volume Systems for the Planning of the Sustainable Management of Ten Tropical Forest Species in Quintana Roo, Mexico [ITTO Budget: US\$ 144,512]
- PD 890/18 Rev.2 (F) Rehabilitation of the Upper Bandama Gazetted Forest in the North of Côte d'Ivoire with the Participation of the Local People [ITTO Budget: US\$ 583,785]
- PD 894/19 Rev.1 (F) Strengthening of Community Forest Management in Peru [ITTO Budget: US\$ 571,879]
- PD 895/19 Rev.1 (F) Strengthening the Participation of Women in Rural Communities for the Development of Ecotourism Service Enterprises and Sustainable Business Models on the Coast of Veracruz, Mexico [ITTO Budget: US\$ 155,599]
- PD 905/19 Rev.1 (F) Providing Support for the Sustainable Management of the Fosse-aux-Lions Gazetted Forest in the Savanna Region in Togo [ITTO Budget: US\$ 504,194]

Pre-projects

- PPD 196/19 Rev.1 (F) Support for Operational and Planning Capacity-building for Stakeholders in the Private and Community Forestry Sector in Togo [ITTO Budget: US\$ 85,792]
- (B) The Committee recommended that the final draft "ITTO Environmental and Social Management (ESM) Guidelines" should be adopted by the Council and that the assessment process set out in the ESM Guidelines should be applied in formulating future project proposals.
- (C) The Committee recommended that the draft "Guidelines for Forest Landscape Restoration (FLR) in the Tropics" should be revised, taking into account Members comments submitted to the Secretariat by 15 January 2020. The Committee also recommended that the final draft FLR Guidelines should be posted on the ITTO website from 1 March to 20 March 2020 for the adoption of these Guidelines through an electronic non-objection procedure. The Committee also encouraged that Members, the private sector, local communities and other stakeholders apply the adopted FLR Guidelines, where appropriate, as a contribution towards the restoration of degraded tropical forest landscapes.

Item 16 - 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.

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**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
FINANCE AND ADMINISTRATION**

Distr.
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THIRTY-FOURTH SESSION
2 – 6 December 2019
Lomé, Togo

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**THIRTY-FOURTH SESSION OF THE
COMMITTEE ON FINANCE AND ADMINISTRATION**

Item 1: Opening of the Session

1. The Vice-Chairperson of the Committee on Finance and Administration (CFA), Ms Katharina Kuehmayer of Austria, welcomed all delegates to the Thirty-fourth Session of the Committee. As the Chairperson, Mr Jorge Mario Rodriguez Zuniga of Costa Rica, was unable to attend the entire session, it was decided that this session of the Committee would be chaired by the Vice-Chairperson.

Item 2: Adoption of Agenda and Organization of Work

2. The Chairperson referred to the Provisional Agenda, as contained in document CFA(XXXIV)/1 Rev.1. She informed the Committee that the following new item had been proposed by the Secretariat to be discussed under agenda item 13, "Other Business":

- Draft Policy Documents (Policy Prohibiting and Combatting Fraud and Corruption, and Complaints Policy) – CFA(XXXIV)/CRP-2

3. The Secretariat explained to the Committee the backgrounds of the draft policy document. The introduction of certain policies was aimed at strengthening the governance of the Organization, in addition to the other measures taken since the financial impairment came to light in 2015. Those actions included the successful implementation of the International Public Sector Accounting Standards (IPSAS), implementation of external and internal audits, and the introduction of a new chapter on governance on the ITTO website. The Secretariat raised this item to be discussed by the members of the Committee because other elements of governance—especially non-financial elements—were needed to provide an overarching governance framework.

4. ITTO had continued its efforts to be accredited to the Global Climate Fund (GCF) and the Global Environment Fund (GEF), and under the accreditation process of the GCF, it was a requirement for ITTO to have certain policies such as an anticorruption policy, an antifraud policy, and an official complaints policy. ITTO currently lacked such policies: some elements were included in existing policies but were not very detailed. Therefore, a draft has been prepared using examples from other intergovernmental organizations to illustrate what such a policy might look like in practice. The Secretariat highlighted to the Committee that the draft policies could either be stand-alone, or they could form annexes to the current Staff Rules and Regulations, to be recommended to the Council for approval and adoption.

5. The delegate of the USA inquired how urgent it was to adopt these policies for the accreditation processes of the GCF and GEF. The Secretariat replied that there was no immediate urgency for such steps to be taken at this Council Session, but if the CFA felt it prudent that the Council adopt such policies as part of regaining donor confidence, and while the Organization was piloting its fundraising approach, an intersessional decision could be taken. The Secretariat added that, if there were other elements not covered by the draft policies contained in the Conference Room Paper [CFA(XXXIV)/CRP-2], delegates were welcome to propose, deliberate on and include such elements.

6. As no further issues were raised, the Committee adopted the Provisional Agenda, as contained in document CFA(XXXIV)/1 Rev.1, and decided that the draft policy document [CFA(XXXIV)/CRP-2] would be discussed under Item 13 (Other Business).

Item 3: Admission of Observers

7. The Chairperson advised the Committee that the Council had admitted all applicants shown in document ITTC(LV)/Info.3, which lists states, intergovernmental and non-governmental organizations applying for Observer status. The Chairperson said that the Committee was open to all observers, except, in accordance with the rules of procedure, on those agenda items that were restricted to Members only, in which case observers would be requested to leave the room. As there were no comments from the floor, the Committee approved the Chairperson's suggestion.

Item 4: Draft Biennial Administrative Budget for the Years 2020 and 2021

8. The Secretariat referred to the Draft Administrative Budget for the 2020 and 2021 Financial Biennium, as contained in Document CFA(XXXIV)/2 dated 30 August 2019, which had been circulated earlier to Members.

9. The Secretariat reported that the total budget for 2020 was estimated at US\$7,091,487, which was a decrease of US\$12,854 (0.17%) compared with the approved budget for 2019. The total budget for 2021 was estimated at US\$7,104,316, which was a decrease of US\$25 compared with the approved budget for 2019. Therefore, there was no nominal increase for the overall 2020-2021 budget compared with the approved budget for 2019. However, as in previous years, no contingency had been included in the proposed Administrative Budget for the financial years 2020 and 2021 and therefore unexpected shortfalls in the budget, such as exchange rate fluctuations, inflation and unforeseen personnel change, might need to be financed from the Working Capital Reserve.

10. The Secretariat informed the Committee that the “Basic Administrative Costs” for the 2020-2021 biennium indicated an increase of US\$7,146 (0.12%) for 2020 compared with the budget of 2019 and an increase of US\$19,975 (0.32%) for 2021 compared with the budget of 2019. Therefore, there was no significant change in the level of the basic administrative costs compared with 2019. The “Core Operational Costs” indicated a decrease of US\$20,000 (2.17%) for 2020 and 2021 compared with the budget of 2019. Therefore, there was no significant change in the level of the core operational costs compared with 2019.

11. The Secretariat brought to the attention of the Committee that, in its report documented in ITTC(LV)/10, the ad hoc Working Group on Financing Infrastructure and Fundraising Strategies had made a recommendation to Council to “Consider reallocating the 2020-2021 “Expert Panel” budget [under the Core Operational Costs] to be used for “Resource Mobilization” at the CFA.

12. The delegate of Japan said his delegation appreciated the improved disclosures under the current auditor and the efforts made to conform with best practices, noting that the financial statements were at a much higher level than those of several other multilateral bodies with which he was familiar. Nevertheless, he requested that, at the next Council session, the Secretariat show clearly the budgetary contributions of the host country, in line with standard practice in other organizations. The delegate of Japan referred to Table 1 in document CFA(XXXIV)/2, which indicated costs met by the host country but included no actual figures. In other international organizations, he said, typical budget tables included income lines for transparency, including the amounts funded by assessed contributions, the host country, and reserves. To clearly align the budget with revenues, the delegate of Japan requested the inclusion, by the next Council session, of the combined host contribution, comprising those of the City of Yokohama and the Government of Japan.

13. The delegate of Japan said he appreciated the clear report made by the Secretariat and supported the proposal of zero nominal growth in the budget. Noting that the communication strategy had been unfunded for some time in the biennial work programme, he suggested that there was a need to reconsider an allocation in the communication and outreach budget line. Many international organizations were shifting away from print to “ecofriendly” web versions, and it might therefore be possible to reduce the amount of US\$260,000 currently allocated to publications.

14. Referring to document CFA(XXXIV)/4, the delegate of Japan noted that, in item 8.2 on page 4, the cost of convening Council sessions outside Japan was stated at US\$200,000, but the budgeted cost in the draft administrative budget for the 2020 and 2021 financial biennium was US\$400,000. Therefore, the allocation could theoretically be reduced by half, to US\$200,000.

15. The delegate of Japan noted that the amount currently in the Working Capital Reserve was more than 70% of the core budget and was used in an ad hoc manner. He recommended that a policy and procedures be developed for the use of this reserve at the next Council session. Finally, the delegate of Japan requested clarification in the document on the amounts indicated in the items on post adjustment and provident fund, where the size and rate of growth seemed high.

16. The Secretariat concurred that the actual figures on the host government contribution to the administrative budget were disclosed in the financial statements but were not included in the draft budget document. This would be amended in the presentation at the next Council session when the Secretariat would present the approved budget for 2021, which would include the amounts provided by the host government.

17. Regarding the amount allocated to publications in the draft budget and after internal consultations, the Secretariat reported that it would be possible to reduce printing and dissemination costs by about US\$65,000 by streamlining and making digital copies available. Thus, the amount allocated to O1. Publications (for content, printing and distribution) could be reduced to US\$195,000, with the balance (US\$65,000) reallocated to O2. Outreach, with no overall impact on the total budget.

18. The delegate of Cameroon referred to the proposal by the delegate of Japan concerning publications. While it was important to reduce the environmental impact of printing, she said, many producer countries lacked sufficiently reliable and widespread internet connections to enable adequate access to electronic versions of publications. She requested that this proposal be subjected to further review. The Chairperson acknowledged this concern and requested the Secretariat to examine the pros and cons of phasing out printed versions of publications.

19. The delegate of Japan thanked the Secretariat for its quick response. He said his purpose was not to reduce the cost of publications to zero but to reduce it and to reallocate the amount to outreach. Having worked in Africa for about ten years, he said, it was his experience that internet reliability was good in several African countries, and the modality of printing and distributing hardcopy publications was therefore out of date. He expressed hope that the transfer of the cost of publications could be increased in the future.

20. Regarding the cost of sessions outside Japan, the Secretariat referred to and read aloud the rationale behind the accounting practice for this item, as contained in footnote (b) on page 4 of CFA(XXXIV)/2. The amount of US\$200,000 was allocated in each of the two years of the biennium, although the actual costs would be incurred in only one of those years (2019 in the case of the present Council session). The actual cost was anticipated to consume the entire amount of US\$400,000 allocated over two years. The Secretariat would update the presentation to make this clear.

21. The Secretariat further responded that the management of the Working Capital Reserve would be included in the agenda of the next session of the Committee, scheduled for Yokohama in 2020, as requested by the delegate of Japan.

22. Referring to the request for clarification on the post adjustment and provident fund, the Secretariat informed the Committee that the post adjustment rate was calculated in accordance with Staff Regulations 2.7, which stated that, in order to maintain standard of living, the staff in professional and higher categories shall receive cost-of-living payments in conformity with the prevailing post adjustment schedules of the United Nations. In accordance with this rule, the Secretariat had consulted the scales released by the United Nations in August 2019, which was when the budget had been prepared, and the post adjustment for Japan was 81.2% of the base salary. This was the amount being budgeted. The Secretariat further referred to Staff Rule 5.01, which stated that all staff members shall participate in the provident fund, which will consist of a contribution by the staff member and a contribution by the Organization, with the percentages of both set by the United Nations Joint Staff Pension Fund. In accordance with this, the appropriate amount was budgeted for payment to the provident fund. The explanatory notes would be updated to make this clear in the future.

23. The delegate of Japan said he appreciated the explanations provided by the Secretariat. Regarding the cost of convening Council sessions outside Japan, he suggested the inclusion of an explanatory footnote to make clearer this accounting practice. He requested more information on the post adjustment and provident fund.

24. The Chairperson thanked the delegate of Japan for his inputs and said she had seen nodding from other delegates regarding his suggestion for the development of procedures for the use of the Working Capital Reserve.

25. The delegate of Guatemala asked for clarification on the strategies in place to improve the timely collection of member's assessed contributions.

26. The Secretariat explained that, immediately at the conclusion of Council sessions, the Secretariat sends letters to all members informing them of their assessed contributions for the following year. For the present session, letters would be sent within the two weeks following the conclusion of the session. Before the end of the first quarter of the year in question, reminders are sent to those members who had not yet paid, urging payment in order to qualify for the discount. For those members that failed to pay, a second reminder is sent in the second quarter. This process is repeated in the third quarter; additionally, reminders are occasionally also sent just before the Council session. In the reminder letters sent, members are informed of the repercussions of a failure to pay their contributions within a two-year time frame.

27. The delegate of China emphasized that the timing of members' financial processes differed to those of ITTO, and this sometimes created an issue in which such countries may be unable to qualify for the discount.

28. The delegate of Guatemala proposed a "strategic mapping" of interested sectors in each member country, such as associations and cooperatives, that might be able to indicate to the party in charge of

payments that it might be in the best interest of the member country to pay its assessed contributions in a timely manner.

29. The Secretariat responded that such strategies were pursued concurrently with official processes.

30. The delegate of Switzerland sought clarification on salaries in the notes on page 15 of CFA(XXXIV)/2, specifically on the 2.0% per annum compulsory salary increment.

31. The Secretariat explained that this was in accordance with Regulation 2.4 of the Staff Regulations and Rules, which stated that salary increments shall be awarded annually at levels set out in the salary scales of the United Nations. The United Nations revised its salary scales from time to time.

32. The delegate of Switzerland sought further clarification that the compulsory increment was related to the United Nations system, and any increases in that would be applied to ITTO.

33. The Secretariat responded that the compulsory increment was related to the United Nations salary scale and its levels and steps. Each year, a staff member advanced by a step, which was the compulsory step referred to in the explanatory notes. The Secretariat further explained that the United Nations salary scale is available publicly, showing the steps of each level. At the level of P1, for example, a staff member was entitled to 13 stepwise annual increases, after which there would be no further increase without promotion to a higher level, which was not automatic. At higher levels, increases were biennial. The Executive Director had the prerogative to award two-step increases in appropriate circumstances. The performance of ITTO staff members was subject to annual appraisals, and under the present Executive Director there had been no reason to date to withhold stepwise increases.

34. The delegate of Switzerland requested that the notes made the link between the stepwise increases and staff appraisals, so it was clear that a performance system was in place linked to increases.

35. The delegate of Côte d'Ivoire said that, speaking on behalf of her country and most producer members, it was difficult to convince the ministry of economy to pay assessed contributions. The best incentive was related to project funding—if contributions were not paid, no projects would be forthcoming. She called on the Organization to fund those projects that had been approved. If her country did not see tangible benefits from paying contributions it may be slow in acting, given many other priorities for funding, with forest conservation not always among the highest of these.

36. The Secretariat responded that countries were reminded of the consequences of a failure to pay assessed contributions regarding project funding.

37. The delegate of Ghana said he shared the sentiment of the delegate of Côte d'Ivoire. Those in charge of paying assessed contributions frequently referred to the lack of project funding and wanted to see a correlation between payments and receiving benefits. He pleaded with his consumer colleagues to do what they could to assist with voluntary contributions for project funding. He said that Ghana's assessed contributions were about US\$75,000, and it had an approved project valued at US\$150,000. Without project funding, his government might decide to use the US\$75,000 for other purposes.

38. The delegate of Cameroon echoed the interventions of Côte d'Ivoire and Ghana. Cameroon had paid its contributions for 2018 and 2019, following regular procedures. The Committee documents had been printed before these contributions had reached the Secretariat; nevertheless, Cameroon's contributions should be included in the accounts. She requested the Secretariat to check this, because her delegation had documentation showing that the bank transfers had been made. Cameroon had not been two years in arrears since 2015, yet it had not benefited from any project funding. When the country made an effort to pay it would be nice to see a tangible improvement in the situation. Her minister had asked, in the plenary, that Council members not punish Cameroon due to the actions of the previous Secretariat administration. Cameroon had been punished and she would like this suspension lifted.

39. The Secretariat responded that the funds from Cameroon had not reached the ITTO bank account, neither for 2018 or 2019 as of 4 December 2019. There had been considerable communication and contact between the Secretariat and the official contact point in Cameroon, and there was a problem with the intermediary bank. Efforts had been ongoing for nine months to resolve this problem. Despite documentation held by the Cameroon authorities showing the transfer, the transfer had not been completed.

40. The delegate from the EU said that his delegation underlined that the payment of legally due subscriptions by all members constituted legal obligations attached to membership of the Organization. He emphasized that the Organization's activities and objectives should be at the heart of the national interest of member countries, and it was important that those priorities would also be clearly expressed in the bilateral and plurilateral relations. ITTO should supplement or complement national prioritization in that regard. Developments in ITTO in recent years showed that the process of healing had progressed and that the Organization was on a course for a more stable and predictable future. Discussions on the new financial framework were interesting, and continued stability, predictability and continuity of the management would be seen as important in resolving open funding issues. His delegation had been listening carefully to what members had been saying and would take those messages home.

41. The delegate of Cameroon said her delegation would be in touch with the Secretariat to provide documentation of the transfers so it could monitor the situation.

42. The delegate of Ghana said he shared the sentiment expressed by the EU, and he considered that all members present, including his producer colleagues, would acknowledge what had been said. He reassured that producer countries did prioritize the objectives of ITTO and believed in its ideals. He also acknowledged that there were problems, especially those caused by the impairment. It was important to understand the situation in producer countries, which still had many issues to tackle. Restoring an area of degraded land might not be as pressing as fixing a hospital bed, for example.

43. The Committee took note of the discussion regarding payment of assessed contributions, the lack of project funding, and the many pressing needs of some producer countries. The Committee requested the Secretariat to place the possible development of a policy and procedures for the use of the Working Capital Reserve on the agenda of the 35th Session of the Committee. The Committee further decided to recommend to the Council the adoption of the draft administrative budget for the 2020 and 2021 financial biennium.

Item 5: Review of Contributions to the Administrative Budgets

44. The Secretariat introduced document CFA (XXXIV)/3 dated 5 November 2019, which detailed the status of members' contributions to the administrative budgets for the financial years from 1986 to 5 November 2019, including assessments, receipts, interest charges, and arrearages in contributions. The Secretariat informed the Committee that, in 2019, \$1,563,269.77 had been received from producer members out of the total net assessment of \$3,361,093.80; and \$3,730,382.00 had been received from consumer members out of the net assessed amount of \$3,809,148.00.

45. The Secretariat further informed the Committee that the arrearages in contributions to previous years' budgets from producer members amounted to \$5,854,590 and arrearages from consumer members amounted to \$243,562.00. The amount outstanding from this year's assessment was \$1,797,824.03 for producer members and \$78,766.00 for consumer members. Furthermore, arrearages in contributions from former members of the Organization amounted to \$1,738,049.28, bringing the total outstanding arrearages to \$9,442,791.31.

46. The delegate of Japan expressed concern that the level of arrearages, particularly those of producer members, was very high compared with other international conventions. He stressed the importance of all members paying their assessed contributions, as per their legal obligations, to sustain the operation of the Organization.

47. The delegate of the USA joined Japan in encouraging members to pay their arrears and noted the importance of doing so to ensure the financial viability of the Organization. He expressed appreciation for the efforts of the Secretariat in collecting arrears.

48. The delegate of China said he fully understood the importance of members settling their assessed contributions in a timely manner. He drew the attention of the Committee to the fact that, for some countries, including China, it was difficult to make early payment and thereby qualify for the encouragement mechanism, due to the timing of their respective budget approval processes.

49. The delegate of the EU noted the importance of all ITTO members settling their assessed contributions in order to assist the Organization to continue its financial recovery. He asked the Secretariat about what plans were in place to encourage members to pay their dues in a timely manner.

50. The Secretariat explained that there were mechanisms to issue invoices as soon as each Council was concluded, and incentive mechanisms to encourage members by making discounts available for early payment. The Secretariat noted China's concern that the fiscal year and the budget approval process at the national level could be problematic for making early payments; under the current rules, however, the discount could not be extended. The Secretariat added that invoices are also sent to members who had not paid their assessed contributions by the middle of the calendar year and another in the third quarter of the year. Moreover, in 2019 and also in 2018, the Secretariat had initiated direct contact with the official focal points of members who had not yet paid their assessed contributions. The Secretariat informed the Committee that some members had questioned the necessity for them to pay their assessed contributions in a timely manner when it was unlikely that their approved project proposals would be financed. The Secretariat expressed concern that the penalty imposed on non-paying members may not encourage them to pay their arrears. Nevertheless, the Secretariat was doing its utmost to convince producer members to pay their assessed contributions and arrears.

51. The delegate of the EU noted the link between the fulfillment of the legal obligations of members to pay their assessed contributions and the possibility of accessing funding for project proposals. He suggested that the huge value of arrears could be discouraging donors to provide voluntary contributions; thus, producer members may not be helping their cause by acting in that way. The Secretariat reassured that producer members were fully aware of their legal obligations and of the fact that the status of their obligations was unaffected by whether they would, or would not, receive project financing.

52. The delegate of the EU asked the Secretariat whether the volume of the arrears was reducing or increasing. The Secretariat replied that it was increasing, for different reasons and for different producer regions.

53. The Committee took note of the report.

Item 6: Current Status of the Administrative Account

54. The Secretariat introduced document CFA (XXXIV)/4, dated 5 November 2019, on the current status of the Administrative Account for the financial year 2019, together with the estimated expenditures for the current year. The Secretariat informed the Committee that the estimated total expenditures for the financial year 2019 would amount to \$5,447,344.77 (i.e. \$1,656,996.23 less than the total amount approved in the budget for 2019 of \$7,104,341).

55. The Secretariat further informed the Committee that the total contributions received from both producer and consumer members amounted to \$5,293,651.77, and it was anticipated that a deficit in the amount of \$153,690.00 would accrue in 2019. This amount would be deducted from the Working Capital Reserve.

56. The current year's arrears in contributions amounted to \$1,876,590.03. Total arrears for the period 1986–2019 amounted to \$5,533,018.97 for producer members, and \$243,562.00 for consumer members, and \$1,707,005.72 for former members. The interest charges on these arrears in contribution amounted to \$82,614.59. Total outstanding contributions to the Administrative Account, including interest charges, amounted to USD 9,442,791.31.

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

58. The Secretariat further informed the Committee that the resources of the Working Capital Reserve were estimated to increase from the year's opening balance of \$5,111,202.12 at the beginning of 2019 to \$5,373,910.14 by the end of 2019.

59. The Secretariat also informed the Committee that section E of page 1 of the document showed an interest income balance of \$229,062.94, which was to be used by the Executive Director for hiring consultants in accordance with the Financial Rules, Rule 5(10).

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

61. The Secretariat added that Annex 1 contained information required by the new Financial Rules to be brought to the attention of the CFA. This included a list of procurements greater than USD 100,000; sole suppliers; bad debts that were written off; and banks and financial institutions approved by the Council. In 2019, there were no procurements greater than USD 100,000 or bad debts that were written off.

62. The delegate of Japan showed concern about the balance of over \$5 million in the Working Capital Reserve, noting that it was much higher compared with other conventions such as the CBD, CITES and UNCCD. He stated that normally the Working Capital balance should be kept at around 15% of the Organization's core budget. In the case of ITTO, the core budget was \$7.1 million, while the balance of the Working Capital Reserve was \$5.1 million, which was about 72% of the core budget. The delegate of Japan also suggested that this matter be further reflected upon for discussion at the 56th Session of the Council.

63. The delegate of the USA commended the efforts of the Secretariat in keeping down costs, and encouraged the Organization to continue to explore methods that provided cost efficiencies and savings. He appreciated that the travel expenses were well under control. Noting it as the position of USA and also generally accepted practice, he recommended that at the end of each financial year the Council should vote either the excess balance in the Working Capital Reserve be returned to members or to be used for a special one-time purpose that did not lead to future recurring costs. The USA joined Japan in noting that a threshold of about 15% for the Working Capital Reserve was the practice of organizations of this sort, as per the United Nations Joint Inspections Unit (UNJIU). The USA, noting that the Working Capital Reserve projected for 2019 amounted to 98.65% of annual expenditures, expressed concern at the very high level of the balance of the Working Capital Reserve.

64. The Secretariat explained that the Working Capital Reserve was managed in accordance with provisions in the Financial Rules of the Organization, namely, Rule 5 paragraph 4 and 5. The source of the Working Capital Reserve was a surplus (revenues over expenditures) of the Administrative Account, and late payments by members of their Assessed Contributions. Moreover, the Working Capital Reserve may be used up to \$300,000 should expenditures exceed revenues in the year; any other usage of the Working Capital Reserve required a Council Decision. There was also a rule that the Executive Director shall notify members should the Working Capital Reserve fall below 15% or approximately 2 months of the annual operating budget. Changing the way the Working Capital Reserve was managed would require an amendment to the Financial Rules which requires a Council Decision.

65. The Committee took note of the report.

Item 7: Resources of the Special Account and the Bali Partnership Fund

66. The Secretariat presented document CFA (XXXIV)/5 Rev.1 dated 11 November 2019, 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.

67. 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(XXXIV)/5 Rev.1 served as a reference for reviewing 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.

68. The Secretariat informed the Committee that the current balance of funds under the Special Account and the Bali Partnership Fund was \$16,204,772.14, of which \$13,676,620.74 were funds committed to specific projects and activities. Attention was drawn to the unearmarked funds and the Sub-account B of the Bali Partnership Fund, which had a balance of \$116,874.80. This may be allocated to projects/activities by the Panel on Sub-Account B of the Bali Partnership Fund, which will convene during the week.

69. The delegate of the USA noted that the total fund balance doubled from 2018, and requested the Secretariat to provide more details in the statement regarding the revenues and expenditures of each fund, particularly the Programme Support Reserve, to achieve a higher level of transparency.

70. The Secretariat informed the Committee that the increase in the Programme Support Reserve was a result of Programme Support Revenue generated from new pledges received at the 54th Session of the Council and intersessional pledges received during 2019. The Secretariat took note of the request made by the delegate of the USA and indicated that such details would be added to the statement at the next Session.

71. The Committee took note of the report.

Item 8: Auditor's Reports for the Financial Year 2018

72. The Secretariat introduced document CFA (XXXIV)/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 2018 prepared by the ITTO Management; and ITTO's Financial Statements for the year ended 31 December 2018, audited by the Independent Auditors.

73. The audit was carried out by Ernst & Young Japan, which was appointed by the Council in November 2017 to audit the Accounts of the Organization for the financial year. It carried out its financial audit for the period ending 2018 during the months of March to June 2019.

74. The audited financial statements provided information on the financial position and performance of ITTO for the fiscal year ended 31 December 2018 (FY2018).

75. For ITTO's Project accounts in FY2018, new voluntary contribution pledges of \$3.8 million were announced at the Council Session, while total project cost expenses during this period was \$4.7 million from projects mostly funded prior to FY2018. Total Administrative Account assessed contribution revenues were \$7.1 million, of which \$1.5 million was not received during FY2018 and accounted for as assessed contributions receivable (arrears).

76. In November 2018, Council adopted Decision 5(LIV) at its 54th Session for enhancing the financing architecture and fundraising of the Organization. Additional fundraising approaches would be piloted and new streamlined project cycles and programme themes would be developed in the coming years. Information on revenue, direct and indirect costs associated with implementing this pilot would be reported in the financial statements for calendar years 2019, 2020 and 2021, in accordance with this decision.

77. In accordance with the Financial Rules and Procedures, ITTO had adopted the International Public Sector Accounting Standards (IPSAS) as its standard for preparing its financial statements. As this was the third year of reporting under IPSAS, fixed assets were now recognized and reported since the exemption period for first-time adopters of IPSAS had ended. Other highlights include, among others:

78. The surplus for the FY2018 was \$1.1 million due to differences in the timing of recognizing revenue and expenses (e.g. the entire Administrative Budget is recognized as revenue in the year that the assessments are due, but only expenses incurred during the same year are recognized as expenses from that year's budget).

79. Deferred revenue decreased by \$2.2 million between 2017 and 2018. This was due mainly to projects pledged in prior years making progress in 2018.

80. The main impacts of the initial recognition of fixed assets and software for FY2018 were \$291,000 for property and equipment, \$12,000 for intangible assets and \$157,000 for lease obligations.

81. Attention was also drawn to document CFA (XXXIV)/CRP-1, "Management letter prepared by the independent auditors for ITTO management". This letter was submitted to the CFA meeting in accordance with the ITTO Auditing Standard and contained 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.

82. As there were no 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 2018, as contained in document CFA (XXXIV)/6.

83. The Committee concluded that the auditor's performance was satisfactory and decided to recommend to Council at this Session the re-engagement of Ernst & Young Japan to audit the Organization's Accounts for the financial year 2019.

Item 9: Amendments to the ITTO Financial Rules

84. The Secretariat introduced the background to this Agenda Item. The Committee on Finance and Administration at its Thirty-third Session had recommended to consider amending, at the next Council session, the financial rules to extend the audit term to match best practices in the market. Moreover, the Secretariat had conducted a systems appraisal, which was required at least once every three years under the Financial Rules, to assess the appropriateness of systems and the proper functioning of internal controls and to make improvements if necessary.

85. Accordingly, the Secretariat had prepared document (CFA(XXXIV)/7), which contained proposed amendments to the ITTO Financial Rules related to the mandatory audit firm rotation, financial delegations, and ex-post evaluation pooled funds.

86. For the Mandatory Audit Firm Rotation, in order to match best practices in the market, the proposal was to change the term of the auditor from three years to five years. The mandatory audit firm rotation policy was to be abolished by allowing firms to submit proposals and be reappointed, allowing for competition and for ITTO to retain the same firm if other firms did not meet desirable standards. If reappointed, however, the lead audit engagement partner should rotate off an engagement after a maximum of five years in his or her capacity. Upon rotation, that person would be off the audit team for at least five years to minimize any threat to independence.

87. For the rules on Financial Delegations, the proposal was to change the threshold for authorizing payments and procurements in order to improve the efficiency and cost benefit of the internal controls of the Organization by effectively assigning approvals to the appropriate positions based on the transaction's level of risk.

88. Moreover, it was proposed to move the rules on ex-post evaluation pooled funds contained in Decision 3(XXVIII) into the Financial Rules, with slight amendments to the text to allow funds to be automatically transferred after a certain time passes.

89. The delegate of Japan strongly supported the changes proposed by the Secretariat regarding the term of independent auditors, noting that his delegation had raised this issue at the previous Council Session. He reiterated that this approach was more realistic and in line with other international organizations, and that Japan would support a term even beyond five years, considering the unique context of the Organization.

90. The delegate of Indonesia generally accepted these recommendations to strengthen the effectiveness and efficiency of internal audit and payment approval mechanisms with regard to amendments to the audit provision. He sought clarifications on: (i) whether a record clarifying the period and evaluations of the auditors engaged over the past few years would be made available; and (ii) whether the rule to extend the auditor's term of engagement would be applied retroactively.

91. The Secretariat informed the Committee that the information on past auditors was usually presented in the CFA document when a bid for new auditors was to be held, and the record of all past auditors was kept with the Secretariat; this practice would be continued. The evaluations and findings of the auditors were disclosed to members in the management letter prepared by the audit firm, as contained in CFA(XXXIV)/CRP-1. The Secretariat noted that the proposed rule to extend the auditor's term of engagement would be applied retroactively, extending the current auditor's term from the current three years to five years.

92. Regarding the proposed amendment to item j) contained in Annex 6 paragraph 3-1 of the document, the delegate of the EU requested the reinstatement of the original text stating that international travel for all staff and consultants was subject to approval by the Executive Director.

93. The Secretariat explained that the rationale for the amendment was to separate the human resource element of authorizing staff to travel, which was already mentioned in the staff rules, with the procurement element, such as the purchasing of flight tickets and payments for accommodation. The Secretariat amended the document to make this point clearer.

94. As there were no more interventions, the Committee accepted the proposed changes contained in CFA (XXXIV)/7 Rev.1. In accordance with Rule 28 of the ITTO Financial Rules, which stipulates that

amendments must be approved by the Council, the Committee decided to recommend to the Council that it adopt the proposed changes for their immediate implementation.

Item 10: Request by Liberia for ‘Relief from Obligations’

95. The Secretariat reported that, on 20 December 2018, ITTO had received a letter from the government of Liberia requesting the waiver of its arrears from 1990 to 2017 for the amount of US\$753,037.80 due to the inability of the Liberian government to settle these arrears emanating from Force Majeure of a 14-year civil war. The government of Liberia had, at the same time, committed to settling the current arrears covering 2018 in the amount of US\$70,797.00. Accordingly, the Secretariat had prepared document, CFA(XXXIV)/8, which contained information on this matter, including several annexes. In accordance with Article 30 of the ITTA, 2006, on “Relief from Obligations”, the Secretariat suggested that the Committee might wish to consider this request and to make recommendations to the Council on the terms and conditions on which, and the period for which, the government of Liberia would be relieved of such obligation, and the reasons for which the relief would be granted. The Secretariat further noted that Decision 7(XXXIII) (contained in Annex 6 of the tabled document) also provided a mechanism to write off arrears by authorizing the Executive Director “to write off, on an annual basis, one-fifth of a Member’s arrears of the period 1986-1996 for any Member which has no arrears in its contributions to the Administrative Budget in respect to its obligations related to the year 2002 and beyond”.

96. The delegate of Liberia said that the Managing Director had presented Liberia’s case to the Secretariat on 20 December 2018, explaining the force majeure due to civil unrest and requesting a waiver of arrears in the amount of US\$70,797.00 and US\$753,037.80.

97. The delegate of Indonesia said that, in principle, he had no objection to Liberia’s request. He sought clarification on whether there had been previous cases of such waivers and whether there would be future implications for the Organization.

98. The delegate of the USA said that, while his delegation understood the difficult situation faced by Liberia, it did not support the writing off of arrears, in part because it could create an unstable financial situation for the Organization should other members also pursue such measures. However, the USA did support the financing of such arrears, assuming that the assessed contributions for 2018 and 2019 had been paid.

99. The delegate of the EU welcomed the presentation of the Secretariat on this matter and had listened carefully to the additional argument put forward by the delegate of Liberia. He recognized that Liberia was home to half the remaining rainforest in West Africa, and almost 45% of the country was covered by forest. The country had been the victim of two periods of internal strife, but it was possible to observe a more positive dynamic in the last couple of years regarding sustainable forest management and the trade of timber, not least because of collaboration between the EU and Liberia in the context of a voluntary partnership agreement. In view of this, the EU was not convinced of the case presented for relief from past contributions. Moreover, there was a need to balance the request with the interests of the Organization, which was still in a process of financial recovery and required the support of all members, not least from one whose timber trade was beginning to generate considerable revenues. There was also a risk that acceding to such a request might encourage other members to put forward similar requests.

100. The delegate of Japan thanked the USA and the EU for their interventions. The delegate said he understood the situation of 14 years of civil war, but, as for the USA and the EU, Japan could not support this recommendation. The delegate said he had not seen such special treatment for relief from obligations in other conventions, and he inquired of the delegate of Liberia why, when Liberia had had no arrears in several other conventions, such as the United Nations Convention to Combat Desertification (UNCCD) and the Convention on International Trade in Endangered Species of Wild Fauna (CITES), it had accumulated arrears at ITTO.

101. The delegate of China said he fully understood the Organization’s financial impairment caused by mismanagement, and that ITTO was still in the process of recovery. He also understood the difficulties faced by Liberia in making its assessed contributions, especially in light of the force majeure and the seriousness of the situation. China, therefore, was willing to give serious consideration to Liberia’s request.

102. The Secretariat responded to the question from the delegate of Indonesia by informing the Committee that there had been two previous cases of the writing off of arrears in ITTO’s history, as contained in Annex 4 and Annex 5 of document CFA(XXXIV)/8. The first case had been in 2007, when parts of Liberia’s arrears

had been written off, with conditions stated in the decision. The second had been in 2017, when the arrears of the Central African Republic had been written off. Those were the only two cases.

103. The Chairperson invited the delegate of Liberia to respond to the question from the delegate of Japan. The delegate of Liberia said that, apart from the force majeure, Liberia had been going through a change of leadership, which had increased the difficulty of those entities responsible for forest management to obtain a commitment on the payment of assessed contributions.

104. The delegate of Japan repeated that, even during the 14 years of civil war, Liberia had continued to meet its financial obligations to the UNCCD, CITES and similar conventions and it was therefore unclear why special relief was needed for ITTO.

105. The delegate of Liberia said he didn't want to dwell on other international commitments.

106. The delegate of Japan said that the reason he had mentioned the other conventions was because, during the 14 difficult years, the problem of payment of assessed contributions should have applied equally to other conventions, but it appeared that this had not been so. On the other hand, ITTO was also facing difficult circumstances and required financial stability. He said that, given Liberia's difficult situation, it might be possible to consider a restructured payment scheme to make it easier for Liberia to pay its arrears.

107. The Chairperson said that Liberia had explained its difficult times, which had been acknowledged by other Committee members. Nevertheless, some delegations required more answers to their questions with a view of solving the issue. Given a lack of consensus and as suggested by Japan, she proposed that a means be found to restructure the payments.

108. The delegate of the EU said he understood the proposal of Japan as a request to the Secretariat to discuss with Liberia modalities and a suitable payment plan with a view to enabling Liberia to settle its outstanding contributions, and to bring the matter back to the Council at its next meeting. From the perspective of the EU, he said, any payments that Liberia was able to make during the year, above what it had already committed, would be looked on very favourably.

109. The Committee decided to recommend to the Council that it request the Secretariat to engage with the government of Liberia in this process of restructuring and to report back to the Council at its next session.

Item 11: Election of Chairperson and Vice-Chairperson for 2020

110. The Vice-Chairperson of the Committee for 2019, Ms Katharina Kuehmayer of Austria, was elected Chairperson of the Committee for 2020 and Ms Teresa Guila Nube of Mozambique was elected Vice-Chairperson of the Committee for 2020.

Item 12: Dates and Venue of the Thirty-fifth and Thirty-sixth Sessions

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

Item 13: Other Business

- Draft Policy Documents (Policy Prohibiting and Combatting Fraud and Corruption, and Complaints Policy) – CFA(XXXIV)/CRP-2

112. As it had done at the first meeting of this session of the Committee, the Secretariat explained the background of the draft policy document. The introduction of certain policies was aimed at strengthening the governance of the Organization, in addition to the other measures that had been taken since the financial impairment came to light in 2015. Such actions included the successful implementation of the International Public Sector Accounting Standards (IPSAS), the successful implementation of external and internal audits, and the introduction of a new chapter on governance on the ITTO website. The Secretariat had raised this item to be discussed by the members of the Committee because there were other elements of governance that could be included in order to provide an overarching system of governance, including non-financial elements.

113. The Secretariat said that ITTO was continuing its efforts to be accredited to the Global Climate Fund (GCF) and the Global Environment Fund (GEF), and under the accreditation process to the GCF, it was a

requirement for ITTO to have certain policies in place, including an anticorruption policy, an antifraud policy, and an official complaints policy. ITTO currently did not have such policies—although some elements were included in existing policies, they were not detailed. Therefore, the Secretariat had prepared a draft of certain policies based on the examples of other intergovernmental organizations to illustrate what such policies might look like in practice. The Secretariat highlighted to the Committee that the draft policies could either be stand-alone, or they could form annexes to the current Staff Rules and Regulations, to be recommended to the Council for approval and adoption. The Committee could decide to work on the documents for a possible intersessional decision, or it could initiate a consultation process to develop the drafts further with a view to adoption at the next Council session.

114. The delegate of the EU thanked the Secretariat for this reintroduction of the matter. His understanding was that these were working documents of the Secretariat that had not yet been discussed with potential funding partners and therefore represented a first attempt to capture the conditionalities of those partners. If the Secretariat would value the EU's inputs, it would be available to examine the documents and provide comments and observations to the Secretariat with any deadline established, with the aim of finalizing the documents for approval at the next Council session.

115. The delegate of Switzerland said this was a good initiative, and she understood that it was a work in progress. She noted that, on page 2 of the working paper, the applicability was indicated as “staff and non-staff personnel”, but the Executive Director should also be included.

116. The Secretariat thanked the delegates of the EU and Switzerland for their interventions and confirmed that these were working documents, and external partners had not yet been consulted. The Secretariat was grateful for the offer of the EU to be involved in a consultation process and would welcome suggestions for improvement and possible expansion. She noted that the Organization already had an independent whistleblower's policy, but several elements of a comprehensive code of ethics were still absent. It would be possible to further develop separate policies on anticorruption and antifraud, or they could be combined. She said that, in compiling the drafts, the Secretariat had researched the policies of United Nations organizations and had aimed to establish policies of an equivalent level. The Secretariat agreed with the suggestion by the delegate of Switzerland, and this would be taken on board.

117. The delegate of Côte d'Ivoire requested the translation of the documents into the other two working languages of the Organization to enable all delegations to provide constructive inputs.

118. The Secretariat responded that usually only official documents of the Organization were translated, but the Secretariat would endeavour to make translations available, especially as part of initiating the consultation process. She regretted that it would not be possible to provide the translations by the end of the Council session, but the aim would be to provide the translated versions by early January 2020.

119. The Chairperson requested that the suggestion by the delegate of Switzerland be incorporated in the draft before translation and the new version made available in English by Friday this week.

120. The delegate of the EU sought clarification on the timing of the process and when contributions might be requested.

121. The Secretariat responded that the timeline would need to be confirmed after internal consultations about the work schedule for 2020, but, most likely, a request for inputs would be initiated in the first quarter of the year with a view to the timely finalization of the drafts for the 56th Session of the Council.

122. The Committee decided to recommend to the Council to request the Secretariat to initiate a process of consultation with ITTO members and partners on additional policies for the governance of the Organization, and to present a draft of these policies for the Council's consideration at its 56th Session.

Item 14: Recommendations to the International Tropical Timber Council

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

(1) To approve the Biennial Administrative Budget for the Financial Years 2020 and 2021, as contained in document CFA(XXXIV)/2 Rev.1, in the amount of USD7,091,487 and USD7,104,316, respectively;

(2) To approve the Financial Reports prepared in accordance with ITTO Financial Rules and Procedures (Annex 4) for the Financial year 2018, as contained in document CFA(XXXIV)/6;

- (3) To continue to appoint Ernst & Young Japan, Tokyo, to audit the Accounts of the Organization for the financial year 2019;
- (4) To place the possible development of a policy and procedures for the use of the Working Capital Reserve on the agenda of the next Session of the Committee;
- (5) To request the Secretariat to engage with the government of Liberia to discuss modalities and a suitable payment plan for the Council's consideration at its next Session;
- (6) To request the Secretariat to initiate a process of consultation with ITTO members and partners on additional policies for the governance of the Organization, and to present a draft of these policies for the Council's consideration at its next Session;
- (7) To endorse the list of sole providers as contained in Annex 1 of CFA(XXXIV)/4 Rev.1;
- (8) To amend the Financial Rules of ITTO as contained in CFA(XXXIV)/7 Rev.1; and
- (9) To examine and take actions to secure the needed resources to achieve the objectives of the Organization.

Item 15: Report of the Session

124. The Committee adopted this report as amended.

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ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(LV)/2



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

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FIFTY-FIFTH SESSION
2-7 December 2019
Lomé, Togo

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

**1 December 2019
Lomé, Togo**

**Thirty-third Meeting of the Informal Advisory Group (IAG)
Lomé, Togo, 1 December 2019**

Report of the Chairperson

1. The Thirty-third Meeting of the IAG was convened on Sunday, 1 December 2019, chaired by Mr. John Leigh (Peru), Chairperson of the Council. The meeting was attended by Mr. Björn Merzell (Sweden), Vice-chairperson of the Council, Dr. Jobst-Michael Schroeder (Germany), Chairperson of the Committee on Reforestation and Forest Management (CRF), Dr. Catherine Karr-Colque (U.S.A.), Vice-Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), Mr. Jorge Malleux (Peru), Producer Spokesperson, Mr. Koffi Aoufo Dimizou (Togo), Representative of the Host Government of the Council Session, 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.

The IAG was informed of the absence of Mr. Jorge Mario Rodriguez Zuniga (Costa Rica), Chairperson of the Committee on Finance and Administration (CFA), Mr. Mohd Kheiruddin Mohd Rani (Malaysia), Chairperson of the Committee on Forest Industry (CFI) and Ms. Anna Tyler (New Zealand), Consumer Spokesperson. In addition, Cameroon sent a letter on 20 November 2019 nominating Mr. Anicet Ngomin to replace Mr. Bruno Mfou'ou Mfou'ou, Chairperson of the (CEM) as he was unable to attend the Session. The CEM will be requested to elect Mr. Ngomin as its Chair at its first meeting of this Session.

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

In his welcoming remarks, Dr Dieterle thanked the Government of Togo, which had invested much effort, energy and money in hosting the Council Session. Dr Dieterle said he was hopeful that a quorum would be achieved at the Session, including through the delegation of votes.

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-second Meeting, 4 November 2018;
 - General observations by the IAG Members;
 - B. Opening of the Fifty-fifth 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. Enhancing the Financing Architecture and Fundraising of the Organization – Decision 9(LIII) and Decision 5(LIV)
 - G. Matters related to the Appointment of the Executive Director – Decision 8(LII) and Decision 6(LIV)
 - H. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII)
 - Projects, Pre-Projects and Activities [Decision 1(LV)];
 - Administrative Budget for the 2020 and 2021 Financial Biennium;
 - Extension of the ITTO Biennial Work Programme 2018-2019;
 - Further Extension of the ITTO Strategic Action Plan 2013-2018;
 - Amendment of the Financial Rules of the ITTO;
 - ITTO Environmental and Social Management (EMS) Guidelines;
 - Guidelines for Forest Landscape Restoration in the Tropics.
 - I. List of possible decisions for the Fifty-fifth Session of the ITTC and report to the Council; and
 - J. Other matters
 - To be Decided.

A. Brief background of the IAG

3. In its deliberations, the IAG noted and made reference to Decision 2(LI) and the Report of the Informal Advisory Group (IAG) at its Thirty-second Meeting held on 4 November 2018 in Yokohama, Japan, as contained in document ITTC(LIV)/2 dated 4 November 2018.

B. Opening of the Fifty-fifth Session of the Council

4. The Secretariat introduced the proposed agenda for the opening of the Fifty-fifth Session of the ITTC, noting that there would be two segments, the first of which would feature an address by the President of the Republic of Togo, His Excellency Fore Gnassingbé Eyadéma. After the departure of His Excellency, the second part of the opening would include addresses by ministers from several countries, as well as by the Chairperson and the Executive Director. The Executive Director's address would also constitute agenda item 8.
5. The IAG discussed the protocols in place to ensure the smooth running of the opening. The Secretariat informed the IAG of measures taken to ensure quorum was achieved at this Session and possible steps to be taken if quorum was not achieved. To date, it appeared that the producers registered to attend the Session, plus those that had delegated their votes, met the criteria for a quorum on the producer side. On the consumer side, however, only 17 of the 37 members (not including the European Union—EU—which could not be counted for the purposes of achieving a quorum) were registered to attend or had delegated their votes, and the total required to achieve a quorum was 19. The Secretariat further clarified that the conditions for a quorum could be somewhat relaxed on the third day of the Session, in accordance with the International Tropical Timber Agreement (ITTA), 2006, but an additional two consumer members would still be required to attend with appropriate credentials or to delegate their votes to a member that was in attendance. The Producer Spokesperson reported that some producer members in Latin America had indicated to him their reasons for non-attendance, including budgetary constraints. They had also expressed their concern at the cost of participation and uncertainty about the benefits they would receive, such as in terms of financing of projects and pre-projects.

C. Status of the Parties to the International Tropical Timber Agreement, 2006

6. The IAG was informed on the current status of the parties to the ITTA, 2006. The Executive Director reported that there had been no change to the membership since the last meeting of the IAG. There are 74 parties to the Agreement, comprising 38 consumer members, including the EU, and 36 producer member countries. The Executive Director noted that he was in contact with two countries that had expressed interest in joining the Organization.

D. Filling Positions of Council Officers/Bodies

7. The IAG was informed of the non-attendance this year of the Consumer Spokesperson and the vacancy of the Chairperson of the Credentials Committee, for which the Consumer Caucus is expected to provide nominations immediately for the Council Session this year before the Credentials Committee meets for the first time on Tuesday, 3 December. The Secretariat reminded the meeting that the Chair of the CFA had indicated that he could not attend the Session. Given that the position of Vice-chair had been left vacant at the last Council Session, there was no official officeholder for this committee. Moreover, the eight members of the Credentials Committee needed to be nominated. The Chairperson requested that the producer and consumer groups nominate delegates to fill the various vacancies at the earliest opportunity at this Session.
8. The IAG was further informed of the need for nominations of Council officers for the Fifty-sixth Session of the ITTC. The Producer Caucus will need to provide nominations for the positions of Vice-Chairpersons of Council, CEM, CFI and CFA, while the Consumer Caucus needed to provide a nomination for the position of Vice-Chairperson of CRF.
9. The IAG discussed the need to fill several vacancies in the Expert Panel for Technical Appraisal of Project Proposals and confirm the third year of participation of experts from China, Finland and the Republic of Korea. The IAG also discussed the possible implications of proposed changes to the project cycle arising from the recommendations of Working Group on Financing Infrastructure and Fundraising Strategies.

10. The Secretariat reminded the IAG that the Producer and Consumer caucuses would each need to nominate three members of the Fellowship Panel for 2020.

E. Implementation of Decisions Dealing with the Impairment of ITTO Funds

11. The IAG was briefed by the Secretariat on the latest developments. An appeal had been lodged with the Japanese court against an earlier decision that did not find in favour of the Organization, and the Secretariat had also instructed lawyers to issue third-party notices to three ex-members of the ITTO Secretariat. There would be a stay of proceedings on the appeal until these notices had been served and confirmed, and a judgement on the appeal would therefore be likely between July and November 2020, after which the need for further action could be determined.

F. Enhancing the Financing Architecture and Fundraising of the Organization – Decision 9(LIII) and Decision 5(LIV)

12. The IAG took note of the **Report of the ad hoc Working Group on Financing Infrastructure and Fundraising Strategies** and its recommendations, which will be presented to Council. The Producer Spokesperson informed the IAG that producers had submitted a number of observations on the draft report, on which consumer countries had made further observations, and these had been included in the report as an annex. The IAG was further informed that one of the co-chairs of the ad hoc Working Group would present the report to the Council at this Session.
13. The Executive Director said that this discussion would be crucial for the future of the Organization, and he hoped to receive guidance from the Council on how to move forward on designing a new financial architecture. He said he would present a non-paper explaining the main outcomes of the ad hoc Working Group and translating these into a new programmatic approach and new programme lines, as identified by the ad hoc Working Group. This non-paper would be available to all delegations in the Organization's three working languages. One option would be for the Council to decide to pilot this approach in the year to come as a way of providing information and guidance for the new Strategic Action Plan and Biennial Work Programme (BWP), as well as inputs for discussion on any renewal of the ITTA, 2006. The representative of Japan expressed the view that the approach of many donors had changed in recent years; it was important, therefore, for the Organization to also change its approach to align with this change.
14. The Producer Spokesperson said that producer members had found the results of the online survey conducted as part of the work of the ad hoc Working Group to have been very useful in explaining the Organization's funding decline and changes in donor priorities, and he suggested that a similar survey be conducted periodically. He also raised the issue of project proposals that had already been approved and were still pending financing. The Executive Director indicated that the non-paper provided a potential partial answer to this issue.
15. Concern was raised about the proposal to abolish the Expert Panel for the Appraisal of Project and Pre-project Proposals, which provided important quality control. The Executive Director responded that this had been the topic of considerable discussion during the ad hoc Working Group and needed further consideration.

G. Matters related to the Appointment of the Executive Director – Decision 8(LII) and Decision 6(LIV)

16. The Secretariat stated that, under Decision 8(LII), it was required to report on the end of term of the Executive Director at least one year in advance. The IAG noted that, in accordance with Decision 10(LII), the term of the current Executive Director would end on 31 March 2021; it further noted that the Executive Director had sent a letter to the Chair of Council and both spokespersons on 19 November 2019 seeking a second term. A discussion ensued on the order in which the elements of ITTC agenda item 15 would be addressed in the Council, and it was agreed that item 15 b) should be addressed first as a means to open discussion on 15 a). If time allowed, both sub-items could be discussed on Monday, but it would also be possible to return to the agenda item later in the week.
17. The Executive Director alerted the IAG to an error in a footnote in the report of the ad hoc Working Group on the Election of the Executive Director, which stated that staff rule 709 mandated that the extension of the Executive Director beyond the retirement age would be in 1-year increments and would only be granted in exceptional circumstances. The Executive Director said, however, that this

rule applied only to regular staff. He further referred to Decision 3(XXV), which specified the term of the Executive Director as four years with the possibility of extension of a further four years. He believed that the new rules, as outlined in Decision 6(LIV), were to apply to future Executive Directors and not to his appointment. The Producer Spokesperson said that, given the importance of this issue, more time might be required in the producer group meeting on Monday to discuss this and other matters.

18. The Chairperson summarized that the two proposals arising from these discussions were to recommend that 1) the order in which the two sub-items in agenda item 15 are discussed be reversed, with b) preceding a); and 2) the time allocated for the producer and consumer group meetings on Monday be extended from the current 90 minutes to 2 hours.

H. Consideration of Draft Decisions/Elements of Decisions Submitted Pursuant to ITTC Decision 7(XXXIII)

19. 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(LV)];
- ii. Administrative Budget for the 2020 and 2021 Financial Biennium – *submitted by the Secretariat*;
- iii. Extension of the ITTO Biennial Work Programme 2018-2019 – *submitted by the Secretariat*;
- iv. Further Extension of the ITTO Strategic Action Plan 2013-2018 – *submitted by the Secretariat*;
- v. Amendment of the Financial Rules of the ITTO – *submitted by the Secretariat*;
- vi. ITTO Environmental and Social Management (ESM) Guidelines – *submitted by the Secretariat*;
- vii. Guidelines for Forest Landscape Restoration in the Tropics – *submitted by the Secretariat*.

20. The Secretariat provided background on the last two of these draft decisions. The Executive Director said that the decision on Environmental and Social Management Guidelines was important in the context of fundraising, because prospective donors would look first at the safeguards in place, especially for larger funding packages. The IAG discussed whether funding elements should be attached to the last two draft decisions. The Secretariat explained that this could be done during the Chairperson's Open-ended Drafting Group, or activities could be added to the BWP for funding. The Chairperson said it was easier to operationalize decisions by including funding in the decision itself, although there was doubt about whether such funding would be available at this Session.

21. The Chairperson noted that all seven draft decisions had been drafted by the Secretariat, with no members submitting any drafts. The possibility was raised of an additional decision on financing architecture, and the Secretariat summarized the procedure for doing so during the Session. It was decided to include a decision on financing architecture in the list of possible decisions.

I. List of Possible Decisions for the Fifty-fifth Session of the ITTC and Report to the Council

22. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Fifty-fifth Session as follows:

- i. Projects, Pre-Projects and Activities [Decision 1(LV)];
- ii. Administrative Budget for the 2020 and 2021 Financial Biennium – *submitted by the Secretariat*;
- iii. Extension of the ITTO Biennial Work Programme 2018-2019 – *submitted by the Secretariat*;
- iv. Further Extension of the ITTO Strategic Action Plan 2013-2018 – *submitted by the Secretariat*;
- v. Amendment of the Financial Rules of the ITTO – *submitted by the Secretariat*;
- vi. ITTO Environmental and Social Management (ESM) Guidelines – *submitted by the Secretariat*;
- vii. Guidelines for Forest Landscape Restoration in the Tropics – *submitted by the Secretariat*.
- viii. Financing Architecture – *proposed by the IAG*.

These draft decisions (except for the first and last) are included in Annex A to this report.

J. Other Matters

Extension or renegotiation of the ITTA

23. The Secretariat informed the IAG that the ITTA, 2006 would expire in 2021, and the Council would therefore need to decide whether to extend the term of the Agreement, the provision for which was included in the ITTA, 2006, or to commence a process to negotiate a new agreement. The latter

course had considerable cost implications. The Secretariat further informed the IAG that it had prepared a factual non-paper setting out timelines for these options. The IAG requested the Secretariat to make this non-paper available to all delegations at this Council Session. It recommended that the issue be introduced under "Other Business" in the Council agenda, with the scheduling of this to be determined by the bureau later in the week.

K. Adjournment

24. The Thirty-third meeting of the IAG was adjourned at 1:09 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 BWP 2018-2019 can be found in document ITTC(LIII)/15.



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(LV)/...
6 December 2019

Original: ENGLISH

FIFTY-FIFTH SESSION
2-7 December 2019
Lomé, Togo

DECISION ... (LV)

ADMINISTRATIVE BUDGET FOR THE 2020 AND 2021 FINANCIAL BIENNIUM

The International Tropical Timber Council,

Recalling the Financial Rules and Rules Relating to Projects of the ITTO, Rule 3.3, which stipulates that Council shall approve and adopt the budget for the Administrative Account through a Council Decision;

Decides to:

2. Approve and adopt the Biennial Administrative Budget for the Financial Years 2020 and 2021 as contained in document CFA(XXXIV)/2 Rev.1, in the amount of US\$7,091,487 and US\$7,104,316, respectively.

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DECISION ... (LV)

EXTENSION OF THE ITTO BIENNIAL WORK PROGRAMME 2018-2019

The International Tropical Timber Council,

Appreciating the work of the Secretariat in implementing the Biennial Work Programme for the years 2018-2019;

Taking note of the recommendation of the ad hoc Working Group on Financing Infrastructure and Fundraising Strategies to extend the ITTO Strategic Action Plan 2013-2018 to the end of 2020 with a draft SAP based on new programmatic lines to be presented for adoption by Council in 2020;

Also taking note that the progress report on implementation of the BWP 2018-19 presented to the Fifty-fifth Session of the ITTC [Document ITTC(LV)/4] includes descriptions of work that may carry on into 2020 and possibly beyond in the Implementation Status updates provided for relevant approved activities;

Also taking note of the recommendation of the ad hoc Working Group on Financing Infrastructure and Fundraising Strategies that in the next negotiations of the BWP and the SAP, to structure the documents to more clearly show the connection between the different documents and the new streamlined ITTO funding infrastructure vision;

Further taking note of the recommendation of the Informal Advisory Group to extend the BWP 2018-2019;

Decides to:

6. Extend the Biennial Work Programme for 2018-2019, as contained in the Annex to this Decision, for a period of one year;
7. Urge all members to pay their assessed contributions in a timely manner and consider making additional resources available, be it through voluntary contributions or in kind resources to implement the Biennial Work Programme 2018-2019;
8. Request the Executive Director to seek additional funding sources to finance the continued implementation of the Biennial Work Programme;
9. Request the Executive Director to report on the progress in implementing the Biennial Work Programme to the Council during its Fifty-sixth Session;
10. Request the Executive Director to present a new Biennial Work Programme for consideration and approval to the Council during its Fifty-sixth Session.



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DECISION ... (LV)

FURTHER EXTENSION OF THE ITTO STRATEGIC ACTION PLAN 2013-2018

The International Tropical Timber Council,

Noting that the implementation period of the ITTO Strategic Action Plan 2013-2018, extended to 2019 would expire at the end of 2019;

Taking note of the recommendation of the ad hoc Working Group on Financing Infrastructure and Fundraising Strategies to extend the ITTO Strategic Action Plan 2013-2018 to the end of 2020 with a draft SAP based on new programmatic lines to be presented for adoption by Council in 2020;

Also taking note that funding for implementation of the 2018-2019 Biennial Work Programme activity to develop the next ITTO Strategic Action Plan has only been pledged during the last quarter of 2019 by the EU and the Government of Japan;

Also taking note of the recommendation of the ad hoc Working Group on Financing Infrastructure and Fundraising Strategies that in the next negotiations of the BWP and the SAP, the documents are structured to more clearly show the connection between the different documents and the new streamlined ITTO funding infrastructure vision;

Further taking note of the recommendation of the Informal Advisory Group to extend the SAP 2013-2018 extended to 2019, for one additional year until 2020;

Recognizing the objectives of ITTO as set out in Article 1 of the ITTA, 2006;

Decides to:

2. Extend the implementation period of the ITTO Strategic Action Plan 2013-2018 extended to 2019, for one additional year through 2020;
3. Request the Executive Director to implement in a timely manner the 2018-2019 Biennial Work Programme activity to develop the next ITTO Strategic Action Plan for consideration and approval by Council at its Fifty-sixth Session in 2020.

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DECISION ... (LV)

AMENDMENT OF THE FINANCIAL RULES OF THE ITTO

The International Tropical Timber Council,

Recalling that at its Thirty-third Session, the Committee on Finance and Administration recommended to consider amending the financial rules to extend the audit term to match best practices in the market;

Further recalling that the ITTO Financial Rules requires the Secretariat to conduct a systems appraisal at least once every 3 years to assess the appropriateness of systems and the proper functioning of internal controls and to make improvements if necessary;

Noting 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;

Further noting that Rule 28 of the ITTO Financial Rules stipulates that amendments must be approved by the Council;

Decides to:

1. Amend the Financial Rules and Rules Relating to Projects of the ITTO and associated policies and procedures, as contained in document CFA(XXXIV)/7, with effect from 1 January 2020 or as soon as practical thereafter.

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DECISION ... (LV)

ITTO ENVIRONMENTAL AND SOCIAL MANAGEMENT (ESM) GUIDELINES

The International Tropical Timber Council,

Recalling the “Guidelines for Environmental and Social Risks and Impacts Assessments in ITTO Projects” approved by the Committee on Reforestation and Forest Management in 2016;

Also recalling the Committee’s recommendation in 2018 that the Guidelines be refined to address implementation problems revealed during the pilot phase, particularly regarding the cost and time involved in undertaking the assessment process;

Welcoming the comments on the draft “ITTO Environmental and Social Management (ESM) Guidelines” made before the current Session;

Noting document CRF(LIII)/5 containing final draft “ITTO Environmental and Social Management (ESM) Guidelines” which streamline the 2016 Guidelines in a user-friendly manner, clarify the risk assessment process, and reflect the ITTO Policy Guidelines on Gender Equality and Empowering Women adopted in 2017;

Decides to:

1. Request the Executive Director to finalize the “ITTO Environmental and Social Management (ESM) Guidelines” taking into account Members’ written comments during the current Session, and to post the final Guidelines on the ITTO website in the three official languages by 31 January 2020;
2. Request Members to apply the assessment process set out in the Guidelines in formulating project proposals for ITTO consideration beginning with the next project cycle;
3. Request the Executive Director to assist Members, as requested, to apply the ESM assessment process;
4. Request the Executive Director to report on implementation of this Decision at the next Council Session.

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DECISION ... (LV)

GUIDELINES FOR FOREST LANDSCAPE RESTORATION IN THE TROPICS

The International Tropical Timber Council,

Recalling the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests published in 2002 which represented the first international effort to provide overall guidance on tropical forest restoration;

Also recalling the ITTO Biennial Work Programme for 2018-2019 which called for the updating of the ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests to take into account global emerging issues and priorities;

Further recalling the report on Forest Landscape Restoration (FLR): Analysis of ongoing FLR Programs of CPF Members and Revision of ITTO Restoration Guidelines [Document CRF (LII)/4];

Welcoming the draft Guidelines for Forest Landscape Restoration in the Tropics [Document CRF (LIII)/4] which have been developed in collaboration with CIFOR, FAO, IUCN, IUFRO, UN-Environment, WeForest and WRI under a joint initiative of the Collaborative Partnership on Forests (CPF) on Forest Landscape Restoration;

Also welcoming the comments on the draft Guidelines for Forest Landscape Restoration in the Tropics made before the current Session;

Decides to:

1. Request the Executive Director to finalize the draft Guidelines for Forest Landscape Restoration (FLR) in the Tropics [Document CRF (LIII)/4], taking into account the comments made before the current Session as well as Members' comments made during the current Session;
2. Request the Executive Director to prepare and publish the adopted FLR Guidelines and to distribute the publication widely to Members and other interested parties;
3. Request the Executive Director to undertake the following actions to promote the FLR Guidelines and their application by Members:
 - c. Publish a policy brief summarizing the FLR Guidelines ("Guidelines at a glance") in the three official languages of ITTO;
 - d. Encourage Members to apply the FLR Guidelines in the Tropics considering the national circumstances of Member countries and to submit project proposals to ITTO where appropriate;

4. Encourage Members, the private sector, local communities and stakeholders to use the FLR Guidelines in the Tropics as a reference and a contribution towards the restoration of degraded tropical forest landscapes;
5. Request the Executive Director to report on implementation of this Decision at the next Council Session.

* * *