

ITTO annual report 2019



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The International Tropical Timber Organization (ITTO) is an intergovernmental organization promoting the conservation and sustainable management, use and trade of tropical forest resources. Its members represent the bulk of the world's tropical forests and of the global tropical timber trade. ITTO develops internationally agreed policy documents to promote sustainable forest management and forest conservation and assists tropical member countries to adapt such policies to local circumstances and to implement them in the field through projects. In addition, ITTO collects, analyzes and disseminates data on the production and trade of tropical timber and funds projects and other actions aimed at developing sustainable forest industries at both the community and industrial scales. Since it became operational in 1987, ITTO has funded more than 1000 projects, pre-projects and activities valued at more than USD 400 million. Japan, Switzerland, the United States of America and the European Union are the major sources of voluntary funding to date.

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Front-cover photo: Suspension bridge in Gunung Gede-Pangrango National Park, Indonesia. Photo: Randi, ITTO project PD 777/15 Rev.3 (F)

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Back-cover inserts: E. De García, A. Violato and Togo's Directorate of Water and Forests

Contents

- Acronyms and abbreviations.....4**
- Message from the Executive Director.....5**
- 1 International Tropical Timber Council.....7**
- 2 Results and impacts of ITTO field projects.....13**
- 3 Economics, statistics, markets and industry.....25**
- 4 Reforestation and forest management.....31**
- 5 Fellowships.....35**
- 6 International cooperation.....37**
- 7 Outreach.....41**
- 8 Financial highlights.....47**
- 9 Membership.....55**

Acronyms and abbreviations

APEC	Asia-Pacific Economic Cooperation	ITTA	International Tropical Timber Agreement
APFNet	Asia-Pacific Network for Sustainable Forest Management and Rehabilitation	ITTO	International Tropical Timber Organization
APFW	Asia-Pacific Forestry Week	REDD+	reducing emissions from deforestation and forest degradation, including the role of conservation, sustainable management of forests and enhancement of forest carbon stocks
ATIBT	International Tropical Timber Technical Association	REDDES	(thematic programme on) Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests
BMEL	German Federal Ministry of Food and Agriculture	RIFFEAC	Network of Forestry and Environmental Training Institutions in Central Africa (<i>Réseau des Institutions de Formation Forestière et Environnementale en Afrique Centrale</i>)
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora	SDG	Sustainable Development Goal
C&I	criteria and indicators	SFM	sustainable forest management
CoC	chain-of-custody	SW4SW	Sustainable Wood for a Sustainable World
CSAG	Civil Society Advisory Group	TAG	Trade Advisory Group
EGILAT	APEC Expert Group on Illegal Logging and Associated Trade	TFLET	(thematic programme on) Forest Law Enforcement, Governance and Trade
EU	European Union	TICAD	Tokyo International Conference on African Development
FAO	Food and Agriculture Organization of the United Nations	UNFF	United Nations Forum on Forests
FLR	forest landscape restoration	USA	United States of America
FTCS	Forest Traceability and Control System (Panama)	USD	United States dollar(s)
FY2019	fiscal year ended 31 December 2019		
GFG	Global Forest Goal		
GIZ	German Corporation for International Cooperation		
IPSAS	International Public Sector Accounting Standards		

Message from the Executive Director

ITTO took significant strides in 2019. It achieved greater visibility by delivering tangible results on various fronts relevant to its mission while contributing to the Sustainable Development Goals (SDGs) and the Global Forest Goals (GFGs).

A highlight was the active promotion of, and capacity building on, legal and sustainable timber supply chains—setting a new approach that connects sustainable forest management (SFM) from trees in the forest along supply chains to shelves in the marketplace while contributing to a biocircular economy and to climate-change adaptation and mitigation and biodiversity conservation. Also in 2019 we saw the establishment of the Global Green Supply Chains Network; the adoption of guidelines on forest landscape restoration and on environmental and social management; work on sustainable teak management in the Greater Mekong Subregion; the ongoing dissemination of market information and data on tropical timber production and trade; and the promotion of women's valuable contributions to the forest sector.

Field outcomes of ITTO projects assist tropical countries to advance SFM in line with the priorities established in the ITTO Strategic Action Plan. This annual report illustrates noteworthy examples, such as the piloting of timber-tracking systems in Indonesia and Panama; community forest management in Ghana, Indonesia and Thailand; biodiversity conservation in Benin and Indonesia; upgraded legal frameworks for the sustainable management of mangroves in Guatemala; the improved monitoring of forests and land-use change in the Amazon; restored forest ecosystems and the empowerment of women in communities in Ecuador; and the modernization of forestry education in the Congo Basin subregion.

ITTO was also active in international policy discussions in 2019, including through the Global Landscapes Forum; the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet); Asia-Pacific Forestry Week; Asia-Pacific Economic Cooperation (APEC); the United Nations Forum on Forests (UNFF); the seventh International Wildland Fire Conference; the seventh Tokyo International Conference on African Development (TICAD 7); the United Nations Convention to Combat Desertification; the world congress of the International Union of Forest Research Organizations (IUFRO); the United Nations Framework Convention on Climate Change; the Montreal Process; the Collaborative Partnership on Forests; and many initiatives undertaken in close collaboration with the Food and Agriculture Organization of the United Nations (FAO).



Photo: H. Apedo

ITTO strengthened its collaboration with its host country, Japan, in 2019, including through various high-level dialogues and outreach activities. The Organization also provided support for the implementation of Japan's Clean Wood Act, which encourages the private sector to take measures to ensure the use of legally harvested wood and wood products.

At the 55th Session of the International Tropical Timber Council convened in Lomé, Togo, in December, we introduced Trade and Markets Day and the Women and Markets Panel as regular agenda items. The Council also approved the piloting of new programmatic lines to organize ITTO's work for effective fundraising.

Despite the considerable progress documented in this annual report, there remains much more to be done to fulfil the Organization's mandate. Sustainably managed tropical forests and their associated supply chains have enormous potential to provide nature-based solutions for sustainable development, climate-change adaptation and mitigation, and biodiversity conservation. ITTO will continue to lead the way towards this end.

Gerhard Dieterle
ITTO Executive Director



Beekeeping activities under an ITTO project that promoted participatory forest management in the Natchambonga and Djiyega community forests in Togo. Photo: Togo's Directorate of Water and Forests

1 International Tropical Timber Council



Togo's Prime Minister, Kome Sélom Klassou, said that SFM is urgently needed in the face of climate change. Photo: R. Carrillo/ITTO

The 55th Session of the International Tropical Timber Council, which convened in Lomé, Togo, on 2–7 December 2019, considered a range of issues related to the sustainable management of tropical forests, the development of sustainable forest industries, and the sustainable trade of tropical timber. Among other things, the Council:

- Welcomed new guidelines aimed at assisting the restoration of degraded tropical forests and forest lands and thereby enabling the sustainable management of landscapes over time.

- Adopted guidelines on environmental and social management with the aim of providing a user-friendly, implementable system for integrating safeguards and risk management into the ITTO project cycle.
- Convened the first Trade and Markets Day, which addressed approaches for increasing the value of forests to societies, especially in Africa, and featured, among other things, the first Women and Markets Panel convened by the Civil Society Advisory Group.
- Decided to pilot a new programmatic approach to its work in the period 2020–2022 (see box on page 10).
- Made five other decisions related to the administration of the Organization.

In a speech at the opening of the session, Togo's Prime Minister, Kome Sélom Klassou, said that bringing about SFM, led by a sustainable trade in forest products, is now urgent in the face of climate change.

"Forest resources are not infinite; on the contrary, they are deteriorating at an alarming rate," he said. "Facing these major challenges, we need to reverse this trend to promote consistent policies for sustainable forest management."

Also speaking at the opening of the session, Council Chairperson John Leigh said that timber, including tropical timber, should be seen as an opportunity for sustainable development and a potential part of the solution to climate change.



Togo's Minister of Environment, Sustainable Development and Nature Protection, Professor David Wonou Oladokoun (right), shakes hands with Council Chair, John Leigh. Photo: H. Apedo

"There is an urgent need to improve the image of the forest sector and to address the lingering perception among many people worldwide that logging causes deforestation and therefore that the forest industry is a destructive agent," he said.

Sustainably managed forests and wood products can play a major role in "decarbonizing" economies by sequestering carbon dioxide from the air and storing it in long-term wood products such as house frames and furniture, and by using wood as a substitute for non-renewable and high-carbon-emitting materials and energy, said Mr Leigh.

"Therefore, nature-based solutions to climate change involving trees and forests can only be fully achieved within the framework of legal and sustainable supply chains, from the forest to the market," he said.

The Government of Japan, the Government of the United States of America (USA), the Government of the Republic of Korea and the Government of China all pledged new funds at the session. Among the work funded is a project to improve traceability in the forest production chain in Guatemala and a pre-project to build stakeholder capacity in the private and community forest sectors in Togo. Partial funding was provided for a project to improve landscape management in the Giam Siak Kecil-Bukit Batu Biosphere Reserve in Riau Province, Indonesia, and for another project to increase the capacity of local communities and the Forest Administration to implement a community forestry programme in Kratie and Mondulkiri provinces, Cambodia. Several existing programmes received additional funding, and 14 candidates were awarded ITTO Fellowships. Overall, about USD 5.1 million of voluntary contributions was pledged for the Organization's work in 2019, including intersessionally. Other donors in 2019 included the European Union (EU) and the Government of Germany.



Barney Chan delivers the TAG's statement at the 55th Session of the International Tropical Timber Council. Photo: R. Carrillo/ITTO

Statement by the Trade Advisory Group

ITTO should focus on the positive relationship between trees and carbon sequestration, according to the Trade Advisory Group (TAG), which made a statement during the 55th Session of the International Tropical Timber Council.

According to the statement, which was delivered by TAG coordinator Barney Chan, "there is scientific evidence [that] growing trees is good for the climate, [and] we should capitalize on this".

"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?"

The TAG suggested that ITTO could play an important role in unlocking obstacles to the creation of tree plantations, especially in the context of ecosystem restoration.

"There is already a lot of expertise in member countries and elsewhere," said the statement, "but ITTO need to show leadership and harness this collective expertise into a practical way forward."

The TAG requested the Council to fund an international meeting of experts on facilitating commercially viable plantations in the tropics, or the development of an international tropical timber plantations strategy. It posed the question, "Are we capable to ignite a tree plantation revolution to save the climate?"



Chen Hin Keong, TRAFFIC, delivers a statement by CSAG at the 55th Session of the International Tropical Timber Council. Photo: R. Carrillo

Statement by the Civil Society Advisory Group

In a statement delivered at the Council session, the Civil Society Advisory Group (CSAG) urged caution on assuming that tree plantations are always beneficial. The statement, presented by CSAG coordinator Chen Hin Keong, expressed concern about focusing on the procurement of timber from plantations.

The statement acknowledged that tree plantations would inevitably become more important in the forest sector. Nevertheless, ITTO should continue to address the sustainable management of natural forests for the many services and benefits they provide.

“We urge Council to work with members to find markets for sustainably sourced higher-value timber species from natural forests ... and work with indigenous peoples and local communities, including women and the youth, to manage forests sustainably and to ensure sustainable use of their many forest products.” ITTO should, “go back to basics—focus on sustainable forest management and species conservation for sustainable utilisation—for the people of this world, and for the health of our planet.”

The CSAG statement commended the ITTO Secretariat for initiating a new programmatic approach to the Organization’s work. Moreover, “throughout the long history of ITTO, the Organization has done great work in developing guidelines” for implementing SFM. The statement indicated that CSAG would continue to advocate and share the various ITTO guidelines widely, and it recommended regular monitoring of the progress made in implementing these.

Read the full TAG and CSAG statements at www.itto.int/ittc-55/presentations



Maekawa Hidenobu, a delegate of Japan, makes an intervention during a session of the Committee on Finance and Administration at the 55th Session of the International Tropical Timber Council. Photo: R. Carrillo/ITTO



The podium of the high-level panel discussion held as part of Trade and Markets Day. Photo: R. Carrillo/ITTO

Decision to pilot programmatic lines

Under a decision made at the Council's 55th Session, ITTO will pilot four new programmatic lines for organizing its work: 1) Legal and Sustainable Supply Chains; 2) Conservation of Biodiversity and Ecosystem Services; 3) Forest Landscape Restoration and Resilient Livelihoods; and 4) Emerging Issues and Innovation. During the pilot phase, which will run from 2020 to 2022, the Council will further develop the approach with clear objectives and a streamlined project-cycle process. The Council has established an advisory board to receive updates on the implementation of the pilot phase and to provide advice to the Executive Director.

In the same decision, the Council requested the Executive Director to further engage with the secretariats of the Global Environment Facility and related conventions and to continue efforts to become formally accredited to the Green Climate Fund to enhance ITTO's role in fighting deforestation and forest degradation. The Council also authorized the Executive Director to explore additional financial arrangements that bring new funding into the Organization, in line with the Organization's mandate and rules.

Trade and Markets Day

The International Tropical Timber Council convened the first Trade and Markets Day during its 55th Session to examine the challenges facing the tropical timber trade and sustainable supply chains, especially in Africa. It featured the following:

- A **high-level segment**, in which speakers said that the massive restoration of degraded forest landscapes in West Africa, combined with strong incentives for private-sector investment, could help lead economic development while meeting a looming timber supply deficit. This segment, moderated by the ITTO Secretariat's Sheam Satkuru, featured four speakers: ITTO Executive Director Gerhard Dieterle; David Wonou Oladokou, Togo's Minister of Environment, Sustainable Development and Nature Conservation; Jules Doret Ndongo, Cameroon's Minister of Forests and Wildlife; and Dieudonné Sita, Director of Forests in the Congo's Ministry of Forest Economy.
- The **Annual Market Discussion**, which addressed the theme, "added-value processing in Africa—the opportunities and challenges". The speakers were Mafa Chipeta, independent policy adviser on agriculture, food security and forestry; Pyoabalo Alaba, Director-General of Togo's Office of Forest Development and Exploitation; Fifonsi Ayélé Dangbo at the University of Lomé, Togo; Professor Labode Popoola at the University of Ibadan, Nigeria; Roy Southey, Executive Director of Sawmilling SA; and Rik Sools, Managing Director of Form International. Speakers noted that Africa's governments and the private sector must jointly take ownership of the challenge of developing a value-added wood industry and focus on opportunities, such as those presented by growing intra-African timber trade.
- A **statement by TAG**, which said that ITTO should focus on the positive relationship between trees and carbon (see page 8).
- The **Women and Markets Panel**,¹ which featured the following speakers: Yawa Edzodzinam Dogbe, a member of the African Women's Network for Community Management of Forests (REFACOF); Rachel Awoussi Boyindjo, from the non-governmental organization Dimension Humaine, Togo; and Cécile Ndjebet, REFACOF President. In closing the panel, moderator Ms Satkuru noted that the striking point in the presentations was the ways in which involving women in forestry can help reduce forest degradation and loss. Nevertheless, she said, women entrepreneurs need assistance in legalizing their enterprises.

¹ Held on Thursday 5 December for logistical reasons.



Members—and colleagues—of the Women and Markets Panel held during the 55th Session of the International Tropical Timber Council. Photo: R. Carrillo/ITTO

• **Presentations by:**

- Sarah Storck and Rupert Oliver (lead consultant and market analyst, respectively, for ITTO’s Independent Market Monitoring of FLEGT-Licensed Timber Biennial Work Programme activity) on the situation in tropical timber markets in the EU.
- Ivonne Higuero, Secretary-General of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), on enhancing cooperation between ITTO and CITES.
- Jose Bolanos from the European Forest Institute on developments in the Global Timber Tracking Network.
- Marie Vallée, from the World Resources Institute, on the Open Timber Portal.
- Rikiya Konishi (Japan Forestry Agency) on the APEC Expert Group on Illegal Logging and Associated Trade (EGILAT).

Presentations made on Trade and Markets Day are available at www.itto.int/ittc-55/presentations



CITES Secretary-General Ivonne Higuero (second from the right) speaks about cooperation between CITES and ITTO and recent developments in the CITES listings of timber species. Photo: T. Yanuariadi/ITTO



Speaking during the Annual Market Discussion, Mafa Chipeta set out five intervention areas he considered essential for industrializing Africa’s forest sector, including a change in mindset. Photo: H. Apedo



ODEF Director-General Pyoabalo Alaba said during the Annual Market Discussion that Togo’s forest sector needs to formalize and organize if it is meet the challenges facing wood processing. Photo: H. Apedo



Marking tropical sawn timber in Peru. Photo: CNF



2 Results and impacts of ITTO field projects

This chapter presents selected ongoing or recently completed projects to illustrate the Organization's field work. The projects are categorized according to the strategic priorities of the ITTO Strategic Action Plan.

For more information on the ITTO Strategic Action Plan, visit www.itto.int/council_committees/action_plans

Project outputs, papers and reports published by ITTO projects can be found by inserting the project identifier into the search engine at www.itto.int/project_search

Strategic priority 1: Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment

ITTO is assisting the efforts of its members to ensure that forest laws, rules and regulations are complied with during the harvesting, transport, processing and trade of forest products and to address non-compliance with subnational, national and international laws concerning forests and forestry.

Supporting legal timber supply in Indonesia

Project title	Implementing a DNA timber-tracking system in Indonesia
Identifier	TFL-PD 037/13 Rev. 2 (M)
Status	Completed
ITTO cost	USD 518 833
Implementing agency	University of Adelaide, Australia
Funding	TFLET thematic programme
Relevant SDGs	9, 12, 15 and 17

The aim of this project was to enhance the capacity for forest law enforcement in Indonesia by providing effective tools for verifying the legal origin of timber throughout supply chains. The project developed a robust timber-tracking system for Indonesian timber species in the Dipterocarpaceae family based on DNA markers that can be used to identify the species, region and even individuals of origin.

The project made genetic reference data available for 72 important Dipterocarpaceae timber species, including the red merantis (e.g. *Shorea parvifolia*, *Shorea palembanica* and *Shorea pauciflora*), the yellow merantis (e.g. *Shorea multiflora*), the white merantis (e.g. *Shorea agami*), merawan (e.g. *Hopea dryobalanoides*), lauan (e.g. *Dipterocarpus grandiflorus*), kapur (e.g. *Dryobalanops aromatica*) and resak (e.g. *Vatica nitens*). With the participation of industry stakeholders, a chain-of-



Supi, a member of the field staff at Cabang Panti in West Kalimantan, Indonesia, takes an increment core sample from a Dipterocarpus species. Photo: E. Dormontt/ University of Adelaide

custody (CoC) method was developed for bangkirai (*Shorea laevis*), a highly-traded species that is becoming rarer in the wild.

The project delivered training, technology transfer and stakeholder engagement involving representatives of scientific, governmental, industry, certification and non-governmental organizations in Indonesia. Its outcomes have proved valuable for the private sector and traders, who have been able to update their species declarations for export.

The work is continuing following project completion to further develop the approach on timber identification and tracking to support the legal timber trade.

Improving legal timber trade in Panama

<i>Project title</i>	Strengthening ANAM's management capacity to reduce illegal logging and trade in the eastern region of Panama (Bayano and Darién) through monitoring and control mechanisms
<i>Identifier</i>	TFL-PD 044/13 Rev.2 (M)
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 412 556
<i>Implementing agency</i>	WWF Panama
<i>Funding</i>	TFLET thematic programme
<i>Relevant SDGs</i>	9, 12, 15, 16 and 17

Building on the outputs of another ITTO project (PD 602/11 Rev.3 [F]), this project is piloting Panama's Forest Traceability and Control System (FTCS), which enables the tracking of harvested trees using electronic devices—chips—from the moment they are identified during the preparation of forest management plans to the point at which the timber reaches a mill or trading company.

The implementation of the FTCS has already improved forest management practices, reduced times for the approval of forest management plans, and brought greater transparency to the timber trade. It involves:

- The identification of (harvestable, seed and retained) trees in forest inventories.
- Attaching electronic chips to each tree and to the stumps of harvested trees.
- The input of other data (e.g. general information on the permit holder and the necessary approvals).
- The registering and monitoring of industry supply plans.
- The production of waybills for the transportation of logs and pieces (e.g. blocks and dimensioned timber).
- The recording of geospatial information to provide a centralized tool for forest law enforcement and governance.

The FTCS works with mobile devices, thereby facilitating the recording of information directly in the field, online approvals by the forest authority, and the verification of timber consignments at checkpoints; moreover, the system generates statistical information for use in decision-making. The implementation of the FTCS is supported by an outreach and marketing campaign targeting civil society and consumers. The country's Ministry of Environment is planning to expand the use of the FTCS to other regions of the country.



The project developed C&I for the sustainable management of planted and community forests and CoC certification in Thailand. Photo: H. Ok Ma/ITTO



An officer in Panama’s Ministry of Environment checks a timber consignment at Agua Fria checkpoint, Darién, Panama. Photo: A. Castillo

“The FTCS has allowed us to expedite the assessment of applications for forest management plans. After the relevant permits have been issued and all the requirements have been complied with, it also allows us to monitor and control the origin of timber. We have seen a reduction in the number of permits and the number of infractions. Officers’ work has become more efficient.” **Melanio Aguilar**, forest technician, Ministry of Environment, Panama

“My business is going further—everything is in order from the moment the timber leaves the forest until it reaches the sawmill. And, on the other hand, the ministry has been controlling illegal operators; illegality is not so easy any more. The FTCS is helping companies to ensure that the products they buy comply with all the standards established by the system, and for me it has been of great help as my business has been growing more and more every day ... In short, what I want to stress is that the FTCS has been a source of great help and recognition for our company, and it has helped the country realize that not everyone who produces timber or forest products is doing something bad and that many of us are complying with everything that is required by law.” **Edwin Almanza**, sawmill owner

“With the FTCS we are doing a better job in the field, both in commercial surveys and in the assessment of yearly plans of operation. In 2020 we are seeing improved performance for the first time. The system allows us to do the work more effectively and we now have better accessibility and better transfer procedures. This is the best work we have seen under the Marragantí Community Project, which is being implemented now.” **Clamedes Guaynora**, spokesperson, Marragantí Community

Thailand’s criteria and indicators for the sustainable management of planted and community forests

<i>Project title</i>	Development and implementation of criteria and indicators for sustainable management of planted forests and community forests
<i>Identifier</i>	PD 470/07 Rev.1 (F)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 209 574
<i>Implementing agency</i>	Thai Royal Forest Department
<i>Donor</i>	Japan
<i>Relevant SDGs</i>	12, 13 and 15

The aim of this project was to contribute to the legal and sustainable supply of timber by establishing a comprehensive system of criteria and indicators (C&I) for the sustainable management of planted and community forests and CoC certification in Thailand.

The project identified seven criteria and 35 indicators. The seven criteria are: 1) compliance with national laws, policies and strategies; 2) extent and condition of forests; 3) forest ecosystem health and adaptation; 4) forest production and ecosystem services; 5) forest biodiversity; 6) soil and water conservation; and 7) economic, social and cultural values of local communities.

The CoC certification scheme covers four stages: 1) in the forest; 2) transportation; 3) storage; and 4) processing. The scheme is helping connect smallholders in Nan Province (where the pilot was conducted) with teak businesses nationally and internationally.

The Law of Community Forests was passed by the national parliament in May 2019 and is now in force. The implementation of this law will be facilitated by the new C&I for SFM and CoC as key tools for auditing SFM and marketing forest products via legal and sustainable supply chains.

Strategic priority 2: Increase the contribution of tropical forests to national and local economies, including through international trade

ITTO recognizes the potential for the expansion and diversification of trade in products originating from sustainably managed tropical forests to contribute to sustainable development. The Organization encourages sustainable tropical-forest-based industries and trade through dialogue, partnerships, policy and market development, and projects.

Community development of cempaka plantations in Sulawesi, Indonesia

<i>Project title</i>	Initiating the conservation of cempaka tree species (<i>Elmerrillia spp.</i>) through plantation development with local community participation in north Sulawesi, Indonesia
<i>Identifier</i>	PD 646/12 Rev.3 (F)
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 435 187
<i>Implementing agency</i>	Manado Forestry Research Institute
<i>Donor</i>	Japan
<i>Relevant SDGs</i>	8, 12 and 15



A traditional cempaka wood house in northern Sulawesi, Indonesia, where an ITTO project is assisting in the development of plantations of the species, thereby easing pressure on native forests. Photo: Y. Choi/ITTO

Wood from cempaka (*Elmerrillia spp.*) has long been used in the construction of traditional houses in northern Sulawesi and demand is rising, bringing concerns for the conservation of these species. This project is working with local communities to establish cempaka tree plantations with the aim of decreasing pressure on natural forests; contributing to the sustainable management and conservation of the species; ensuring future supplies of cempaka wood; and improving local livelihoods.

To date, the project has provided training on cempaka seed collection, storage and germination. Nurseries have been set up in three villages, producing about 25 000 seedlings (by December 2019) for use in community plantations. The establishment of an 18-hectare demonstration site for training and research is underway.

Strategic priority 3: Enhance the conservation and sustainable use of biodiversity in tropical timber-producing forests

Natural tropical forests are rich in biodiversity and play crucial roles in economies at the local to national scales, yet they are under immense pressure and need protecting. Through projects and policy development, ITTO is assisting producer member countries to implement strategies for the protection and sustainable management of these vital resources.

Conserving biodiversity in Benin’s sacred forests

<i>Project title</i>	Rehabilitation and sustainable management of sacred forests on Ramsar sites 1017 and 1018 in Benin
<i>Identifier</i>	PD 754/14 Rev.2 (F)
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 541 031
<i>Implementing agency</i>	Cercle pour la Sauvegarde des Ressources Naturelles
<i>Donor</i>	Japan
<i>Relevant SDGs</i>	1, 11, 13 and 15

Sacred forests are forests maintained by local communities for religious reasons. They may only be small in area but are often rich in biodiversity and play important ecological, cultural and spiritual roles. Benin has at least 2940 sacred forests covering a total area of 18 360 hectares. Many have become degraded, however,

by uncontrolled exploitation, conversion to agriculture, urban pressures, strong demand for woodfuel, rural poverty, and the loss of religious beliefs.

Under the project, 42 sacred forests have been legally recognized and demarcated, and simple forest management plans have been developed to enable forest communities to better manage their natural resources. More than 150 hectares of sacred forests have been enriched with seedlings of valuable tree species (some of them listed as vulnerable on the International Union for Conservation of Nature's Red List of Threatened Species) such as African mahogany (*Khaya senegalensis*), iroko (*Milicia excelsa*), limba (*Terminalia superba*), ayous (*Triplochiton scleroxylon*) and baobab (*Adansonia digitata*). These trees provide habitat for rare animal species, including some listed in Appendix II of CITES.

Awareness-raising activities with local communities has enabled the reintroduction of more than 1100 individuals of fauna species in eight sacred forests, including the ball python (*Python regius*)—considered a deity; the savannah and Nile lizards (*Varanus exanthematicus* and *Varanus niloticus*); chameleons (*Chamaeleo gracilis* and *Chamaeleo senegalensis*); and nagapies (*Galago* spp.). Other species, such as the red-bellied monkey (*Cercopithecus erythrogaster*), have reappeared in some restored sacred forests.

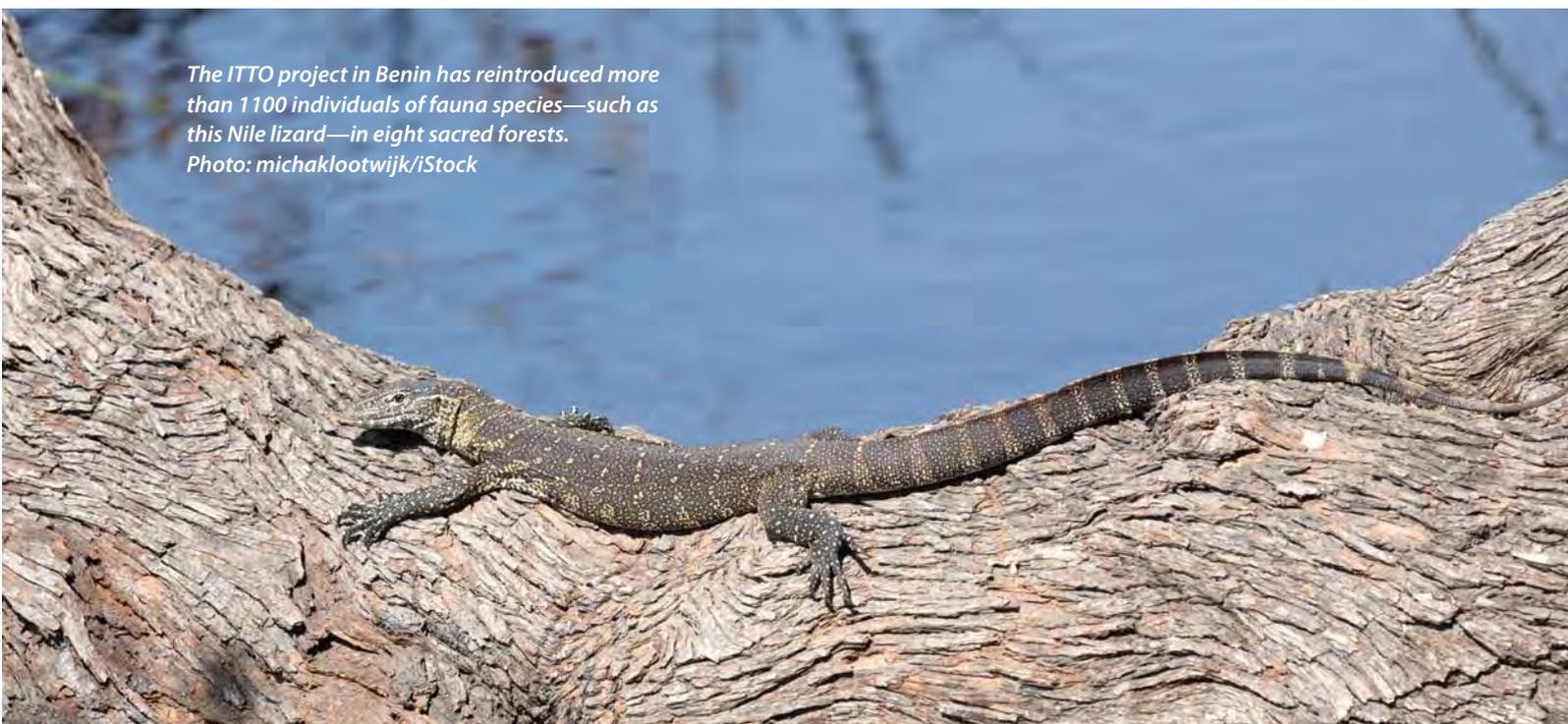
Local people have welcomed the restoration of the sacred forests because it has increased the forests' biological, cultural and spiritual values. Local people are also benefiting from income-generating ventures

"The legal recognition of sacred forests due to the implementation of this project took into account traditional beliefs, which led to a decline in the influence of imported religions that bring our ancestral practices into disrepute. The sacred character so much feared and respected at the time of our ancestors is now reborn. We are proud to organize cultural events and festivals in places dedicated to this effect in the forests. All this contributes to the rebirth and the promotion of our cultural identity." **Tchannoukin Sozehoue**, Chief of Cultural Affairs of the Houinyehoueve Sacred Forest Local Management Committee

introduced through the project, including agroforestry; beekeeping; the raising of goats, pigs, poultry and rabbits; fish farming; and the production and trade of non-wood forest products. Parts of the buffer zones of the sacred forests have been planted with teak (*Tectona grandis*), acacia (*Acacia auriculiformis*) and other exotic species to help satisfy local needs for timber and wood energy.

As their livelihoods improve, local people have less need to encroach on the sacred forests.

The ITTO project in Benin has reintroduced more than 1100 individuals of fauna species—such as this Nile lizard—in eight sacred forests.
Photo: michaklootwijk/iStock



Saving Guatemala's mangroves

<i>Project title</i>	Strengthening the governance and sustainable management of mangrove ecosystems in Guatemala as a climate-change adaptation measure
<i>Identifier</i>	RED-SPD 079/12 Rev.1 (F)
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 146 750
<i>Implementing agency</i>	Guatemala's National Forest Institute
<i>Funding</i>	REDDES thematic programme
<i>Relevant SDGs</i>	1, 11, 13, 14, 15 and 16

Mangrove ecosystems are vitally important for coastal areas because they provide many ecosystem services and are a source of livelihoods. Guatemala has more than 25 000 hectares of mangroves, but much of the resource has become degraded due to land-use change and illegal exploitation. To address this, the project formulated a national strategy for the conservation and sustainable management of mangrove ecosystems. This strategy led, in turn, to a national regulation on sustainable mangrove management in 2019. The project has also built local capacity in mangrove conservation, rehabilitation and sustainable use in four pilot areas over an area of 532 hectares involving 13 local communities. Thanks to the project, the pilot areas are now operating under sustainable management plans.

Promoting the conservation of Sumatra's indigenous tree species

<i>Project title</i>	Promoting the conservation of selected high-value indigenous species of Sumatra (Indonesia)
<i>Identifier</i>	PD 710/13 Rev.1 (F)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 479 976
<i>Implementing agency</i>	Forest Research Institute, Forestry and Environment Research and Development Agency, Ministry of Environment and Forestry
<i>Donor</i>	Japan
<i>Relevant SDGs</i>	13 and 15

Sumatra—Indonesia's largest island—has abundant biodiversity, including many indigenous plant species. Overexploitation, encroachment and illegal activities threaten two high-value indigenous species, Sumatran yew (*Taxus sumatrana*) and Sumatran merbau (*Intsia*



This mangrove ecosystem in Iztapa, Escuintla, Guatemala, is being restored as part of an ITTO project. Photo: A. Lopez

palembanica), with extinction. Other commercially valuable timber species, such as kulim (*Scorodocarpus borneensis*), andalas (*Morus macroura*) and giam (*Cotylelobium melanoxydon*), have also been logged excessively and illegally for several decades.

Aiming to reverse these trends, this project promoted the conservation of valuable indigenous tree species through assisted regeneration, better harvesting controls and awareness-raising. The project updated information on the protection status, biology, ecology and distribution of the species and collected socioeconomic data on forest-dependent communities.

Conservation plantings were established to serve as genetic pools for the target species, and awareness of their conservation and sustainable use was raised through workshops, the publication of scientific papers, technical meetings, and other outreach.



*Project officers collect field data on the conservation status of giam (*Cotylelobium melanoxydon*) in Sumatra, Indonesia. Photo: FORDIA*

Strategic priority 4: Reduce tropical deforestation and forest degradation and enhance the provision of ecosystem services

Large areas of tropical forest have been degraded or lost, with an associated loss of ecosystem services. ITTO is assisting its members to restore forests with the aim of increasing the provision of ecosystem services and generating new sources of revenue and employment for individuals, enterprises and governments.

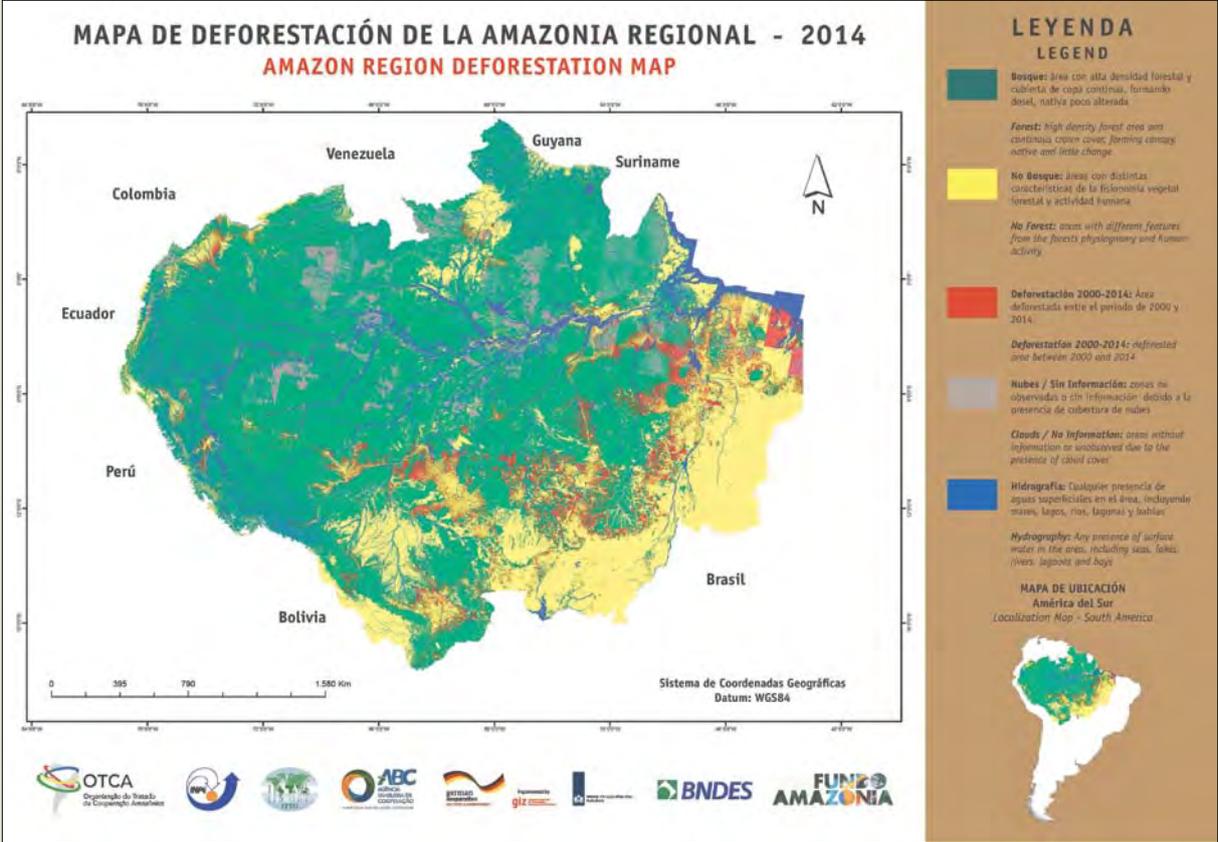
Monitoring deforestation, logging and land-use change in the Amazon forest

<i>Project title</i>	Monitoring deforestation, logging and land-use change in the Pan Amazonian Forest—PANAMAZON II
<i>Identifier</i>	RED-PD 029/09 Rev.1
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 1 124 784
<i>Implementing agency</i>	Amazon Cooperation Treaty Organization
<i>Funding</i>	REDES thematic programme
<i>Relevant SDGs</i>	13, 15, 16 and 17

This project built capacity, provided access to technology and established observation bases in eight countries—Brazil, Bolivia, Colombia, Ecuador, Guyana, Peru, Suriname and Venezuela—across the Amazon to monitor forest cover. The project strengthened existing platforms and regional coordination among national institutions in charge of gathering data for decision-making on deforestation and land-use change.

In the participating countries, the project helped develop national monitoring plans while harmonizing and standardizing institutional capacities for assessing land-use change. Interaction among the eight countries on monitoring forest cover has improved significantly, allowing better coordination and greater knowledge-sharing and technology transfer.

Activities initiated under the project are being sustained with additional funding from the Brazilian Development Bank.



A regional map of deforestation in the Amazon produced under the project. Image: Amazon Cooperation Treaty Organization

Advancing REDD+ in Ghana

<i>Project title</i>	Advancing REDD+ in Ghana: preparation of REDD+ pilot schemes in off-reserve forests and agroforests
<i>Identifier</i>	RED-PD 093/12 Rev.3 (F)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 297 205
<i>Implementing agency</i>	Ghanaian National REDD+ Secretariat
<i>Funding</i>	REDD+ thematic programme
<i>Relevant SDGs</i>	1, 11, 13 and 15

This project produced a guide (featuring criteria and modalities) for developing and implementing REDD+ programmes in Ghana and conducted training on the use of the guide for authorities, the private sector and local communities. The project contributed to the development of a framework for the implementation of REDD+ at the national to local levels, including for agricultural and secondary-forest production schemes that feature climate-smart practices.

Restoring the Chimbo River basin, improving livelihoods and empowering women

<i>Project title</i>	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
<i>Identifier</i>	PD 751/14 Rev.3 (M)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 130 000
<i>Implementing agency</i>	Sendas
<i>Donor</i>	USA
<i>Relevant SDGs</i>	5 and 15

Activities carried out under this project helped to reforest and restore Ecuador's Chimbo River basin. Forests in the Chimbo River basin reduce the human and environmental impacts of landslides and floods, such as those caused by El Niño rain events, and are vital for ensuring that downstream communities continue receiving clean drinking water.



Lourdes Tenorio (right) and another local woman examine a seedling at the Las Teresas nursery, which was established under an ITTO project. Photo: R. Idrovo/InWay

Women in the Chimbo River basin are often left alone to manage agricultural and community affairs when men spend extended periods in Guayaquil or Quito for work. Among other things, the project enabled women in Guayas and Chimborazo provinces to establish forest nurseries, which they are now managing under a production, marketing, training and awareness-raising plan developed by the project. Local communities in the river basin received training in agroforestry that has enabled them to increase their production of cash-crops. The project had a strong focus on gender equity and income-generation activities, helping increase awareness of the role of women in the management of natural resources and improving self-esteem among women in the area.

“We now have the freedom to make decisions about certain things. We can’t always be asking our husbands for money for this or that. Now we have our own income and we have the freedom to use it as we see fit.” **Lourdes Tenorio**, Las Teresas nursery, Chimbo River basin

Communities buy in to forest restoration in Bengkulu Province, Indonesia

<i>Project title</i>	Improving forest functions in Bengkulu Province through community participation in the rehabilitation of degraded forest by using local prospective commodities (Indonesia)
<i>Identifier</i>	PD 477/07 Rev.4 (F)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 338 256
<i>Implementing agency</i>	Department of Watershed Control and Forest Protection, Ministry of Environment and Forestry of Indonesia
<i>Donor</i>	Japan
<i>Relevant SDGs</i>	1, 13 and 15

This project helped restore forests and improve local livelihoods in Bengkulu province using a participatory approach towards the establishment of plantations of local species for timber and non-timber forest products. Among other things, the project established a community nursery and three demonstration plots (in Seluma and North Bengkulu districts) for the production and planting of high-quality planting material of *Azadirachta excelsa* (kayu bawang) to help meet future wood demand. The demonstration plots are also growing *Durio* species (bentara durian), a fruit with a high market price, thereby providing communities with early financial returns. The project built capacities among local communities for the propagation and planting of these species through hands-on training, workshops and the publication of technical guidelines. In addition, local communities have engaged in ecotourism for durian-lovers, who can now visit the plantations and villages.



A farmer selects high-quality seeds of kayu bawang for propagation. Photo: Indonesia's Ministry of Environment and Forestry

Strategic priority 5: Improve the quality and availability of information on tropical forests, forest product markets and trade

ITTO works to improve market intelligence and increase transparency in international timber markets, recognizing that the expansion and diversification of trade in products originating from sustainably managed tropical forests can contribute substantially to sustainable development.

Improving forest statistics in Côte d'Ivoire

<i>Project title</i>	Implementation of a national information system for the sustainable management of forest resources in Côte d'Ivoire
<i>Identifier</i>	PD 692/13 Rev.1 (M)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 290 541
<i>Implementing agency</i>	Ministry of Environment, Water and Forests
<i>Donors</i>	Japan, USA
<i>Relevant SDGs</i>	12, 13 and 15

Before this project, the lack of computerization of forest-related data in Côte d'Ivoire was reducing the effectiveness and efficiency of forestry decision-making and law enforcement. Moreover, it was limiting the capacity to share data between collection centres, resulting in significant differences and a lack of cohesion in national data.

The project overcame a lack of suitable infrastructure to enable the introduction of computerized systems in 12 statistics collection centres in the country and their connection via the internet. The project developed a manual for data collection and strengthened the Integrated Forestry Activities Management System for its future development into a statistical system.

Strategic priority 6: Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests

ITTO has a strong focus on enabling local communities and industries to sustainably use forest resources. Working closely with local people and building their capacity to engage in forest-based enterprises and decision-making helps ensure the sustainability of ITTO projects and activities after their official completion. Working with industry is also crucial for ensuring SFM, wood-processing efficiency, and the sustainability of international trade.

Strengthening forestry training in the Congo Basin

<i>Project title</i>	Building the capacities of forestry training institutions that are members of RIFFEAC to provide SFM training for forest concessions
<i>Identifier</i>	PD 456/07 Rev.4 (F)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 3 890 681
<i>Implementing agency</i>	RIFFEAC
<i>Donors</i>	Belgium, Japan and Switzerland
<i>Relevant SDGs</i>	4, 8, 9, 13, 15 and 17

There is a shortage of personnel with the qualifications needed to ensure SFM in the Congo Basin, and teaching institutions in the subregion lack adequate teaching resources. A subregional ITTO project was implemented by the Network of Forestry and Environmental Training Institutions in Central Africa (*Réseau des Institutions de Formation Forestière et Environnementale en Afrique Centrale*–RIFFEAC) under the auspices of the Central African Forest Commission with the aim of correcting the shortfall and overcoming such challenges.

The project strengthened the capacity of forest and environment training institutions in Central Africa to provide their students with the knowledge, skills and qualifications needed to implement SFM in forest concessions. At completion, the project had developed six harmonized training modules, trained 300 trainers and provided seven training institutions in the subregion (Table 1) with essential infrastructure such as classrooms, laboratories, vehicles, computers and forestry equipment. The provision of infrastructure and vehicles has significantly improved the learning environment and enabled students and staff to visit field sites for practical training.

Table 1: RIFFEAC member institutions directly involved in the subregional project

Beneficiary institution	Country
Faculty of Agronomy and Agricultural Sciences, University of Dschang	Cameroon
National School of Water and Forests, Mbalmayo (<i>École Nationale des Eaux et Forêts</i>)	Cameroon
Regional Center of Specialist Training in Agriculture, Forestry and Wood (<i>Centre Régional d'Enseignement Spécialisé en Agriculture</i>)	Cameroon
National School of Water and Forests, Gabon (<i>École Nationale des Eaux et Forêts</i>)	Gabon
Higher National School of Agronomy and Forestry (<i>École Nationale Supérieure d'Agronomie et de Foresterie—ENSAF</i>)	Congo
Higher Institute of Rural Development (<i>Institut Supérieur du Développement Rural</i>)	Central African Republic
Regional Postgraduate School for Integrated Development and Management of Tropical Forests and Land (<i>École Régionale Postuniversitaire d'Aménagement et de Gestion Intégrés des Forêts et Territoires Tropicaux—ERAIFT</i>)	Democratic Republic of the Congo

As a result of the project, the availability of graduates with the skills required to implement SFM and conserve biodiversity has increased significantly, with the expectation that this will continue to grow as programmes ramp up. Newly graduated young professionals are now helping meet the staffing needs of administrations, companies, non-governmental organizations and consultancy firms. The seven training institutions are better able to respond to the imperative to strengthen professional skills in SFM and biodiversity conservation in the Congo Basin.



Students at ERAIFT in the Democratic Republic of the Congo visit a tool-sharpening workshop as part of their coursework. Photo: J.L. Doucet



“Support provided—capacity building for teachers, rolling stock, information technology and forestry equipment—through ITTO project PD 456/07 Rev.4 (F) has allowed ERAIFT to reduce the gap between theory and practice, thereby improving professionalization. The equipment has enabled ERAIFT to steer teaching towards the practical, allowing students to acquire knowledge of methods involving quantitative tools (dendrometry, for example) and practical tools (e.g. forest botany).” **Professor Jean-Pierre Mate Mweru**, ERAIFT’s Academic Secretary and Officer in Charge of Research

“I have been a teacher at ENSAF for ten years. The acquisition of this technical equipment provided by ITTO has been a great help with our practical work and our research activities. For three years, I merely passed on information to students rather than providing actual training per se. I managed to borrow a few instruments from professionals, but students were not able to use them for very long due to their restricted numbers and limited availability. Now students can use the instruments for longer and conduct surveys, which they can then discuss together.” ENSAF lecturer **Ayessa Leckoundzou**

“When carrying out fieldwork to collect data, I brought with me and used equipment from the school provided by ITTO including the GPS, forest compass, dendrometric band and Suunto clinometer. The fact that this equipment was available made me independent and allowed me to work with complete peace of mind.” **Saint Fédriche Ndzaï**, doctoral student, ENSAF



A local carpenter works a piece of teakwood in Luang Prabang, Lao People's Democratic Republic. Photo: T. Yanuariadi/ITTO



3 Economics, statistics, markets and industry

Review and assessment of the world timber situation

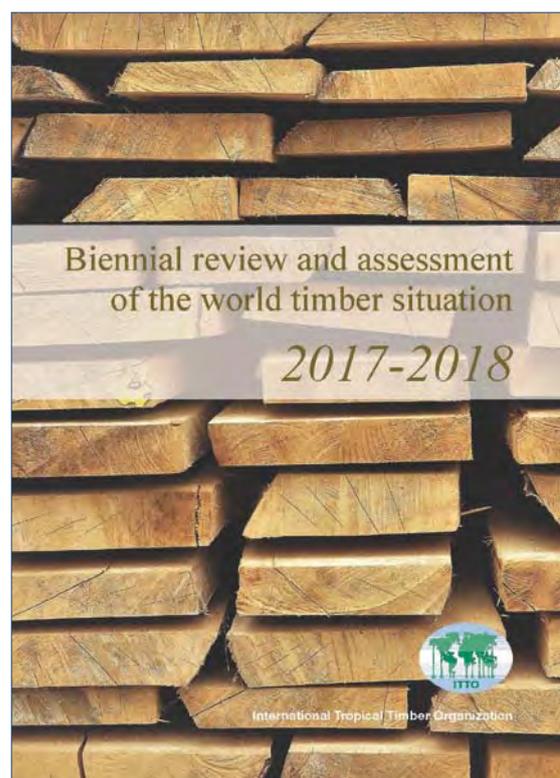
ITTO released the *Biennial Review and Assessment of the World Timber Situation 2017–2018* in 2019, providing insights into recent trends in the global timber sector and markets, including the production and trade of primary and secondary processed wood products. The 2019 edition of the *Review* also features a comprehensive analysis of timber supply and demand in Japan, including current trends and future prospects for South Sea timber.

Data from the 2019 *Review* are included in ITTO's online statistical database, updating it for the period 1990–2018. The database is an important tool for analyzing long-term trends in the trade of tropical timber and primary tropical timber products (industrial roundwood, sawnwood, veneer and plywood) and important shifts in timber production and further processing.

ITTO's online statistical database is available at www.itto.int/biennial_review

Monitoring forest certification

The Committee on Economics, Statistics and Markets reviewed progress in forest and timber certification (to 2018) at its annual session in 2019. The total area of certified forests in ITTO producer countries was 51.4 million hectares in 2018, which was 10% of the global area of certified forests (505 million hectares). A total of 3654 CoC certificates were current in ITTO producer member countries, which was 7.7% of the total number of CoC certificates worldwide.



The Biennial Review and Assessment of the World Timber Situation is available at www.itto.int/annual_review



A worker paints wooden chair parts in a factory in Da Nang, Viet Nam. Photo: J. Claudon/ITTO

Market access for tropical timber and tropical timber products

Also at its annual session in 2019, the Committee on Economics, Statistics and Markets reviewed the situation on market access for tropical timber and tropical timber products. Four legislative instruments related to market access to timber—the EU Timber Regulation, the USA’s Lacey Act amendments, Australia’s Illegal Logging Prohibition Act, and Japan’s Clean Wood Act—were in force in 2019. The committee noted that, in future, attention should also be given to developments relevant to market access in the Republic of Korea and Viet Nam.

Supporting the implementation of Japan’s Clean Wood Act

A seminar co-convened by ITTO and the Institute for Global Environmental Strategies was held in Tokyo, Japan, in March 2019 to present information on the legal frameworks for timber production and trade in five tropical timber-producing countries. The purpose was to support implementation of Japan’s Clean Wood Act, which was passed in 2016 and came into force in 2017.

Reports on Brazil, Ecuador, the Lao People’s Democratic Republic, the Philippines and Thailand provided an overview of the forest sector in each country and their laws and regulations governing wood harvesting, transportation, processing, imports and exports. The reports also identified legality risks and potential means for their mitigation.

The reports are available at ITTO’s website (www.itto.int/news/seminar_supports_implementation_of_japan_s_clean_wood_act) and the Clean Wood website (www.rinya.maff.go.jp/j/riyou/goho/index.html)

Independent market monitoring of FLEGT-licensed timber

The Independent Market Monitor was established under an EU-funded ITTO activity to support the implementation of bilateral voluntary partnership agreements between the EU and timber-supplying countries as part of the EU’s Forest Law Enforcement, Governance and Trade (FLEGT) programme and to analyze their market impacts.

Work undertaken by the Independent Market Monitor in 2019 included studies on European private-sector timber procurement policies; EU member-state public timber procurement policies; EU wood promotion and FLEGT; architects’ perceptions and experiences with FLEGT licensing; and the impact of FLEGT on forest-sector investment.

The studies are available at www.flegtimm.eu/index.php/reports/special-studies

Tropical Timber Market Report

Twenty-three editions of ITTO's *Tropical Timber Market Report* were published in 2019, providing news and information on tropical timber market trends and trade from around the world.

The Tropical Timber Market Report is available (on free registration) at www.itto.int/market_information_service

Increasing capacity in forest product statistics

A workshop convened by ITTO, FAO and national agencies in Viet Nam in April 2019 helped increase national capacity in forest product statistics and reporting. Viet Nam is a leading importer of primary wood products (tropical and non-tropical) and a major exporter of wood furniture. It needs reliable data for effective policymaking and to attract foreign investment and, at the same time, the international community requires reliable information on Viet Nam's forest sector.

For the full story visit: www.itto.int/news/itto_and_fao_collaborate_to_help_build_statistics_capacity_in_viet_nam

Asia-Pacific Forestry Week—promoting responsible trade and markets

Countries in the Asia-Pacific region should ensure they have robust, well-resourced systems to strengthen the collection, sharing and analysis of data on timber and non-timber forest products, according to panellists and participants in a series of events co-led by ITTO at Asia-Pacific Forestry Week (APFW) in Incheon, Republic of Korea, in mid-June 2019. The events, which were part of APFW Stream 4, "Promoting Responsible



Participants in Stream 4, "Promoting responsible trade and markets", at APFW 2019. Photo: R. Carrillo/ITTO

Trade and Markets";² canvassed emerging trends in the trade of, and markets for, forest products, the actions taken by producer countries to promote legal and sustainable forest products, and consumer behaviours affecting these in the Asia-Pacific region and beyond. Stream 4 participants put forward several recommendations to the member countries of the Asia-Pacific Forestry Commission.

ITTO also staffed an exhibition booth at APFW and participated in a workshop for forest communicators.

For the full story and presentations visit www.itto.int/news/good_data_systems_key_to_responsible_timber_trade_say_experts_at_asia_pacific_forestry_week

The International Forum: Together towards Global Green Supply Chains—A Forest Products Industry Initiative

This international forum, held on 22–23 October 2019 in Shanghai, China, was an initiative of the private sector to promote nature-based solutions as part of global efforts to implement the SDGs by advancing legal and sustainable timber supply chains. Such supply chains are expected to incentivize responsible forest production and purchasing practices while also leading to additional benefits in poverty alleviation, the creation of rural and urban employment, economic growth, income generation, and climate-change mitigation.

It was the first global dialogue on how to improve the legality and sustainability of tropical timber supply chains. More than 350 people attended, including government representatives, major players in the tropical timber industry and trade, and international and civil-society organizations.

The forum was an outcome of the ITTO Legal and Sustainable Supply Chains programme, which is supported financially by the Federal Ministry of Food and Agriculture of Germany (BMEL) (Table 2 lists the various activities in the programme funded by BMEL in 2019). It was co-organized by ITTO, the China Timber and Wood Products Distribution Association (CTWPDA), the Centre for International Forest Products Trade of

² ITTO partnered with the following organizations in APFW Stream 4: The European Forest Institute—EU FLEGT Facility; the FAO-EU FLEGT Programme; Forest Trends; the International Network for Bamboo and Rattan; the Non-timber Forest Products Exchange Programme (NTFP-EP); and the World Resources Institute. Partner events in Stream 4 were organized by: the Forest Department Sarawak; the Forest Stewardship Council; the Global Timber Tracking Network; the Korea Forest Service; the Korea–Mekong Forest Cooperation Center; NTFP-EP; the Programme for the Endorsement of Forest Certification; and the Royal Forest Department of Thailand.



A panel discussion during the International Forum: Together Towards Global Green Supply Chains. Photo: CTWPDA

the National Forestry and Grassland Administration of China, and the International Tropical Timber Technical Association (ATIBT). The forum also received support from the Global Green Supply Chains Secretariat, the China Green Carbon Foundation, the Programme to Promote the Exploitation of Certified Forests, the CTWPDA Hardwood Sub-Committee, and the Shanghai Timber Trade Association.

The forum involved two days of intensive plenary discussions, a field trip to wooden-flooring factories in Huzhou, and other activities. Forum participants discussed how to harness the role of the wood industry to mitigate climate change; the increasing demand for wood products globally; efforts to ensure legality and sustainability in global wood supply chains; and how to move forward in the development of global green supply chains.

A key outcome of the forum was the establishment of the Global Green Supply Chain Network, which will foster closer collaboration and information exchange between all partners in global supply chains by sharing knowhow and enhancing business and technical cooperation. The Global Green Supply Chain Network is open to all interested supply-chain operators and related stakeholders on a voluntary basis.

To download the forum report and presentations, visit www.itto.int/news/international_forum_creates_network_to_encourage_global_green_timber_supply_chains

Table 2: Activities in the Legal and Sustainable Supply Chains programme funded by BMEL included in this annual report

Incentives for green-growth value-chain investments in tropical forests
Supporting the establishment and operation of the Global Legal and Sustainable Supply Chain platform (including the international forum)
Promotion of smallholders' forest landscape restoration in West Africa
Development of training curricula for Central African countries on legal and sustainable supply chains

Scoping mission to Africa on legal and sustainable supply chains

ITTO convened a mission to Cameroon, the Congo and Gabon in February–March 2019 with the aim of better understanding the actions required for forest operations in Africa to meet the sustainability and legality requirements of markets in China and Europe. The mission, which was supported by ITTO and the German Corporation for International Cooperation (*Deutsche Gesellschaft für Internationale Zusammenarbeit—GIZ*), comprised members of the Global Green Supply Chains Secretariat, ATIBT, Chinese and European entrepreneurs, and GIZ and ITTO staff. Participants met with government agencies, forestry associations and private-sector and civil-society representatives in the three countries.

Training on legal and sustainable supply chains

The Training Workshop on Global Green Supply Chains for Forest Products and Tropical Timber Investment and Trade Between China and Portuguese-speaking Countries was held in China, Macao SAR, on 17–30 November 2019.

The workshop was aimed at developing institutional frameworks to promote legal and sustainable timber supply chains; strengthening business capacities and skills for actors operating within the chains; promoting international trade in tropical timber and timber products from legal and sustainable sources; and fostering collaboration among participating countries. The workshop was co-organized by the Permanent Secretariat of the China–Portuguese-speaking Countries Forum and ITTO, with the support of the Global Green Supply Chains Secretariat and the University of Macau.³

The workshop covered climate-change mitigation and forestry developments; sustainable forest management; operations in forest-product supply chains; methods and technologies for the various links in legal and sustainable supply chains; and global trends and developments in supply chains. It was attended by 23 participants comprising forestry officials and representatives of industry associations and companies in Angola, Ecuador, Ghana, Guinea-Bissau, Indonesia, Malaysia, Mozambique, Portugal and Sao Tome and Principe.

Incentives for green-growth value-chain investments in tropical forests

ITTO commenced an activity under its Biennial Work Programme in 2019 analyzing and promoting possible fiscal and non-fiscal incentives for increasing investments in sustainable forest management, forest production and legal and sustainable supply chains. This work involves country case studies throughout the tropics and a global study of tropical timber supply and demand to 2050 with the aim of identifying gaps that will need to be addressed, including through incentives. The global study will also assess the actual and potential impacts of the COVID-19 pandemic on the tropical timber sector to the extent possible using available data. This work will be finalized by the end of 2020 and builds on collaboration with the World Bank on incentives for SFM that began in 2018.

This activity is part of ITTO's Legal and Sustainable Supply Chains programme.

Cooperation between ITTO and CITES

ITTO continued its collaboration with CITES in 2019. The ITTO and CITES secretariats co-convened the African regional meeting of the CITES Tree Species Programme in Dar es Salaam, United Republic of Tanzania, on 11–15 March 2019. The aim of this meeting, which was

³ This activity is part of ITTO's Legal and Sustainable Supply Chains programme.

attended by about 30 stakeholders from 12 countries and several international organizations, was to strengthen regional cooperation among CITES authorities in Africa. Among other things, it identified measures for building capacity in the development and implementation of management plans for listed tree species.

The ITTO Secretariat provided inputs on proposals made to CITES for new listings of tree species in 2019, as mandated by the International Tropical Timber Council and the CITES Conference of the Parties (COP). The Secretariat also continued to assist its members to implement the provisions of CITES and contributed to discussions at CITES COP 18, which was held in August 2019. The CITES Secretariat attended the 55th Session of the International Tropical Timber Council in Lomé, Togo, where the CITES Secretary General participated in the inaugural Trade and Markets Day and had productive discussions with the ITTO Executive Director and staff on future collaboration.

Conserving and sustainably managing teak forests in the Mekong

Teak (*Tectona grandis*) is one of the world's most valuable hardwoods because of its outstanding physical and aesthetic qualities. Teakwood production and processing have enormous potential in the Greater Mekong Subregion (GMS) to contribute to the livelihoods of local communities and to overall economic development.

This activity, funded by BMEL, was launched at a workshop held in Bangkok, Thailand, on 23 April 2019. It is assisting five countries in the subregion—Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam—to conserve unique natural teak forests and their gene pools; increase incomes for forest communities and smallholders; improve wood processing and marketing; and enhance regional collaboration and coordination in teak management. The workshop noted that the sustainable management of teak forests and the nurturing of legal and sustainable supply chains in the GMS can make valuable contributions to the SDGs.

A second regional workshop organized in cooperation with the Asian Forest Cooperation Organization took place in Myanmar in September 2019. Among other things, the workshop issued recommendations for the sustainable development of the teak-based forest sector.

For more information visit www.itto.int/project/id/PP-A_54-331



Ms Marthe Kedjeyi enters geographical data into a global positioning system as part of her field training in Togo supported by an ITTO Fellowship. Photo: M. Kedjeyi



4 Reforestation and forest management

Forest landscape restoration guidelines

Tropical forest landscapes worldwide have undergone unprecedented change in recent decades. Many that were once covered almost entirely by dense forests now feature vast areas of degraded forests and unforested lands, and primary forests have dwindled in area and become fragmented. Until quite recently, deforestation was linked most strongly to the intensification of shifting cultivation and pasture development; today, economically powerful actors are further changing tropical forest landscapes for agro-industrial uses, mining and infrastructure.

Published in 2002, the *ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests* represented the first international effort to provide overall guidance on tropical forest restoration. Since then, interest in forest landscape restoration (FLR) has grown enormously in the international community.

FLR is a process aimed at regaining ecological functionality and enhancing human wellbeing across degraded and deforested forest landscapes. It has three key elements: 1) participation; 2) adaptive management; and 3) a consistent monitoring and learning framework. In many places, FLR is a necessary approach for addressing climate change, conserving biodiversity, reducing rural poverty and ensuring the sustainability of life on land.

Under a joint initiative of the Collaborative Partnership on Forests, ITTO's 2002 guidelines have now been updated and reformulated to take a broader, landscape view,

structured around six FLR principles developed by the Global Partnership on Forest and Landscape Restoration. The principles are enriched by 32 guiding elements and, for each of these, by recommended actions to put FLR into effect in the field. The process to produce the new guidelines involved dozens of experts and stakeholders, including in two expert-group meetings. The guidelines, which will be published in 2020, include 18 case studies in the tropics—showing how FLR can be achieved and the challenges and opportunities it presents, especially for local people.

Smallholder forest landscape restoration in West Africa

In this activity, six case studies—in Benin, Côte d'Ivoire, Liberia, Ghana, Mali and Togo—are underway to review issues related to smallholder forest plantations, land tenure, silvicultural practices, the pre-financing of investments, the marketing of wood and forest products, value chains, policies, and institutional arrangements. The aim is to draw lessons from existing work on the ground with a view to promoting enabling conditions for smallholder-based FLR and thereby unleashing its potential.

A background paper, including preliminary results of the six case studies, was presented at a regional workshop on the promotion of smallholder FLR in West Africa held in Lomé, Togo, on 27 November 2019. The workshop was attended by about 50 people from government, the private sector and civil society in the following ITTO member countries: Benin, Cameroon, the Central



Seedlings of medicinal plants are distributed to community members in Ghana as part of an ITTO project. Photo: S. Sparkler, CSIR-FORIG



A student at ERAIFT in the Democratic Republic of the Congo measures a tree circumference as part of field training. Photo: I. Diansambu/ERAIFT

African Republic, Côte d'Ivoire, the Congo, the Democratic Republic of the Congo, Gabon, Ghana, Liberia, Mali, Madagascar, Mozambique and Togo. Representatives of bilateral and multilateral partners also attended the workshop.

This activity is part of ITTO's Legal and Sustainable Supply Chains programme.

For the full story on the regional workshop and background paper see www.itto.int/news/workshop_discusses_smallholder_forest_landscape_restoration_and_local_development_in_west_africa

Developing training materials for legal and sustainable timber supply chains in the Congo Basin

The aim of this activity is to help develop capacity among forestry professionals and technicians in five countries in the Congo Basin—Cameroon, the Central African Republic, the Congo, the Democratic Republic of the Congo and Gabon—on the requirements for implementing legal and sustainable timber supply chains. It involves the preparation of four specialized training modules in cooperation with RIFFEAC. Module



Women plant a tree as part of a forest restoration effort in Côte d'Ivoire by the MALEBI women's association conducted under an ITTO project. Photo: Afrique Green Side



The Manggala Agni Fire Brigade combats a forest fire in Rumbai, Riau, Indonesia. Photo: Directorate General of Climate Change, Indonesian Ministry of Environment and Forestry

development is underway involving several training institutions in the region, with the modules expected to be launched in the second half of 2020. They are:

- 1) understanding deforestation-free supply chains;
- 2) assessing legality and achieving accountability;
- 3) from legality to sustainability; and 4) markets and access to markets.

The activity is part of ITTO's Legal and Sustainable Supply Chains programme.

Fire prevention and management in tropical timber-producing forests

ITTO supported the participation of fire experts from Ghana, Indonesia, Panama, Peru and Viet Nam at the Seventh International Wildland Fire Conference, "Facing Fire in a Changing World: Reducing Vulnerability of People and Landscapes by Integrated Fire Management", which was held in Campo Grande, Brazil, in October 2019. The conference statement highlighted the need to promote integrated actions on fire management, including multisectoral planning, traditional knowledge, gender equity, and local solutions to ensure the resilience of landscapes in the face of wildfires.



A farmer and project officers inspect an area of degraded farmland in Capoeira, Pará, Brazil, which is now in the process of recovery after planting with forest species. The restoration initiative was supported by an ITTO project. Photo: M. Barbosa

Environmental and social management guidelines

The *ITTO Environmental and Social Management Guidelines*, which were adopted at the 55th Session of the International Tropical Timber Council in November 2019, provide a systematic procedure for integrating environmental and social safeguards into the ITTO project cycle. They build on and consolidate guidance contained in various ITTO guidelines and manuals and draw on best practices in other global bodies in mitigating and preventing harm to people and the environment.

To see all ITTO guidelines visit www.itto.int/guidelines



ITTO Fellow Talia Lostaunau-García (standing, on the right) conducts an interview on ecotourism in the Peruvian Amazon. Photo: D. Zimmermann

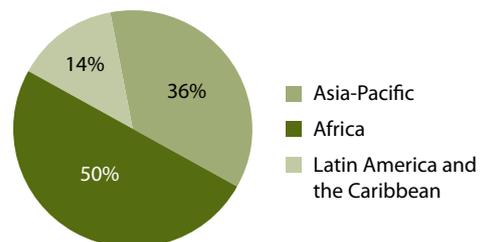
5 Fellowships

The ITTO Fellowship Programme promotes human-resource development in member countries and strengthens professional expertise in tropical forestry and related disciplines. Since its establishment in 1989, the programme has enabled 1389 young and mid-career professionals from about 50 countries to pursue professional development opportunities and improve their career prospects. The total value of Fellowship awards is about USD 8 million, of which Japan has contributed 69%, the USA 17%, the Netherlands 8% and Australia 3%, with the remainder obtained from various sources, including the private sector.

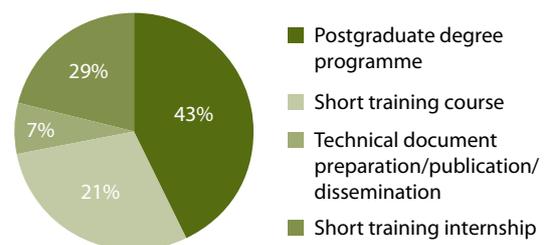
In 2019, the International Tropical Timber Council awarded 14 Fellowships to professionals in eight producer member countries at a total value of USD 97 666, based on the recommendations of a selection panel convened at the Council's 55th Session. The charts below show how these Fellowships are distributed by region, purpose and gender.

Accounts of recent Fellowships are featured regularly in the Tropical Forest Update at www.itto.int/tropical_forest_update

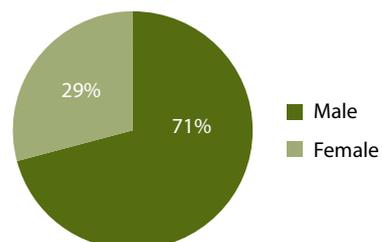
ITTO Fellowships awarded in 2019, by region



Purpose of ITTO Fellowships awarded in 2019



Gender of ITTO Fellowship awardees in 2019





*Flora in Indonesia's Betung Kerihun
National Park. Photo: K. Sato/ITTO*

6 International cooperation

ITTO staff participated in various international conferences and meetings in 2019 to communicate the Organization's mission and contribute to policy dialogues relevant to its mandate. A selection of these forums is described below.

Global discussions on landscapes

ITTO participated in the Kyoto (Japan) and Bonn (Germany) sessions of the Global Landscapes Forum in 2019.

At the session in Kyoto in May, ITTO co-organized the discussion, "From climate and SDG commitments to action on the ground: scaling up the contribution of forests, sustainable forest products and climate-resilient land use". The panel noted that sustainably increasing wood production via legal value chains to meet growing consumption is essential for achieving the SDGs and generating a circular bioeconomy.

At the session in Bonn in June, ITTO was part of a discussion and networking on forest landscape restoration by indigenous peoples.

Read the full story and download the presentations of the Global Landscapes Forum Kyoto at www.itto.int/news/wood_security_vital_for_sdgs_says_panel_at_global_landscapes_forum



Panelists in the discussion forum, "From climate and SDG commitments to action on the ground: scaling up the contribution of forests, sustainable forest products and climate-resilient land use", at the Global Landscapes Forum in Kyoto in May. Photo: Center for International Forestry Research

UN's forest forum

ITTO was part of a plenary panel on the contributions of the Collaborative Partnership on Forests to the GFGs held at the 14th Session of the UNFF in New York, USA, in May. A presentation by ITTO focused on how the GFGs—and the SDGs—have been incorporated into the Organization's work. Also during the session, ITTO presented at a side-event on the Sustainable Wood for a Sustainable World (SW4SW) initiative and helped in updating the 2017–2020 work plan of the Collaborative Partnership on Forests.



ITTO Director of Operations, Sheam Satkuru (second from right), presents on the Organization's contributions to the GFGs at the 14th Session of the UNFF. Photo: Earth Negotiations Bulletin



Visitors at the ITTO booth at the XXV IUFRO World Congress. Photo: R. Carrillo/ITTO

Sustainable wood initiative

The aim of the SW4SW, which is an initiative of the Collaborative Partnership on Forests led by FAO, is to strengthen sustainable wood value chains from production to consumption to enhance their economic, social and environmental benefits. In 2019, ITTO contributed to the revision of the SW4SW work plan conducted in April, presented on the work of the SW4SW at the UNFF 14, and participated in an SW4SW subregional dialogue for francophone African countries in Cameroon in May and in a similar dialogue for China in Nanning in November. ITTO also attended an SW4SW communication workshop at FAO headquarters in December.

Experts on illegal logging

ITTO attended the 15th and 16th meetings of the APEC EGILAT in Chile as a non-member speaker, at which the Organization shared information on its pilot programme on legal and sustainable timber supply chains. Major topics at the meeting included the engagement of small and medium-sized enterprises in promoting legal timber and the use of independent third-party certification schemes and wood identification programmes aimed at gaining consumer trust.

Tokyo's conference on African development

Japan's Forestry Agency, the Japan International Cooperation Agency and ITTO co-organized a side-event, "Sustainable forest management and SDGs 2030 in Africa", on 28 August 2019 in Yokohama, Japan, as part of TICAD 7.

Africa's diverse forests play essential roles in livelihoods and economic development by producing a wide range of goods and ecosystem services. Side-event panellists noted that linking tropical forests to legal and sustainable supply chains and restoring degraded landscapes can increase the contributions of wise forest use to the SDGs in Africa and elsewhere.

Read the full story and download the keynote speech and presentations at www.itto.int/news/legal_sustainable_tropical_forest_supply_chains_and_landscape_restoration_can_help_achieve_sdgs_in_africa_says_panel

Watch interviews with side-event speakers at www.youtube.com/user/ittosfm/videos

World congress for forest researchers

ITTO was a bronze sponsor of the XXV IUFRO World Congress, held in Curitiba, Brazil, in September. Members of the ITTO Secretariat were involved in plenary and technical sessions and the presentation ceremony for the Wangari Maathai Forest Champions Award, and they also staffed an exhibition booth. ITTO hosted the session, "Global green supply chains as a driver for sustainable forest management in the tropics", which stressed the importance of legal and sustainable wood-product supply chains as a market approach for promoting SFM, increasing legality, incentivizing good governance and ensuring efficiency, best practices and transparency.

With Teaknet, ITTO co-hosted a technical session, "Towards sustainable development of the global teak sector in a changing world".

ITTO's exhibition booth received a steady flow of visitors, including delegates from ITTO member countries, the implementing agencies of ITTO-funded projects, ITTO Fellows, officials of international organizations, researchers, and other congress participants.

Read the full story and download the presentations of the ITTO plenary session at www.itto.int/news/legal_sustainable_forest_value_chains_are_important_response_to_global_challenges_say_experts_at_iufro_world_congress



Dr Dieterle speaks at the side-event, “Forest-based solutions in the tropics for combating climate change and achieving the SDGs”, at COP 25 of the United Nations Framework Convention on Climate Change. Photo: K. Tokugawa/Japan International Cooperation Agency

Forum for forest researchers in Indonesia

ITTO’s Dr Tetra Yanuariadi delivered a keynote address at the Indonesian Forestry Researcher Expo (held every two years) in Bogor, Indonesia, in August. The address highlighted the importance of productive forests and their associated legal and sustainable supply chains as a driver of SFM.

Symposium on Montreal Process

The International Symposium on the Montreal Process, which was held in Kumamoto City, Japan, in October, was organized by Japan’s Forestry Agency; it discussed the contributions of forests to the SDGs, focusing on the use of forest information and C&I. ITTO participated in the symposium as a panellist and presented its work on C&I for SFM and the use of this tool for reporting on the SDGs beyond the forest sector.

UN conference on climate change

ITTO and Japan’s Forestry and Forest Products Research Institute co-organized a side-event, “Forest-based solutions in the tropics for combating climate change and achieving the SDGs”, at COP 25 of the United Nations Framework Convention on Climate Change in Madrid, Spain, in December. The side-event explored forest-based solutions for combating climate change and achieving the SDGs, with a focus on the roles of green supply chains, biological-corridor restoration, community-based REDD+ projects, innovative forest monitoring systems, and research and development.



Rosalie Matondo, Congo’s Minister of Forest Economy and Ambassador for the Brazzaville Roadmap on Community-based Forestry in Central Africa, addresses the audience at a side-event at TICAD 7 co-hosted by ITTO. Photo: K. Sato/ITTO

For more information visit www.itto.int/news/side_event_explores_tropical_forest_based_solutions_to_climate_change

Also in 2019, ITTO attended and made significant contributions to the fifth meeting of the APFNet Council, FAO’s Forest Financing Investment Hub, the APFNet Symposium on Forest Cooperation in the Asia-Pacific Region, the Forest Stewardship Council’s Sustainable Intensification Forum, the Preparatory Conference for the United Nations Climate Action Summit, CITES COP 18, the UNFF’s Global Forest Financing Facilitation Network Clearing House Mechanism Expert Group Meeting, and COP 14 of the United Nations Convention to Combat Desertification.



Members of the Verde para Sempre Extractive Reserve in the Brazilian Amazon participate in a community exchange facilitated by ITTO. Photo: A. Violato



7 Outreach

The aims of ITTO's outreach are to:

- 1) Enhance knowledge-sharing and dissemination.
- 2) Leverage knowledge through partnerships.
- 3) Enable knowledge use.
- 4) Deliver key messages on ITTO's work to the international community.

Funding was received in 2019 from the Government of the USA to develop a communication strategy with the aim of boosting ITTO outreach efforts.

Much of ITTO's outreach is achieved through field projects, activities and cooperation with international partners, as outlined in other sections of this report. This section presents outreach activities conducted mainly by the ITTO Secretariat.

Tropical Forest Update

ITTO published three editions of the *Tropical Forest Update* (TFU)—a newsletter promoting the conservation and sustainable use of tropical forests—in 2019 (as shown on the next page).

The TFU is distributed free of charge to about 14 000 individuals and organizations in more than 160 countries. In addition to the hard copy, the TFU is available on the ITTO website⁴ and via the TFU app (which can be obtained from App Store and Google Play⁵).

Tropical Forest News

ITTO published six editions of its e-newsletter, *Tropical Forest News*, in 2019, providing subscribers with insights into ITTO's work and other relevant news and events. *Tropical Forest News* can be subscribed to via "Quick links" on the ITTO website.

ITTO website

The ITTO website (www.itto.int) was updated regularly in 2019, receiving a total of 394 000 views. The website, which is available in English, French and Spanish, contains a wide range of information on ITTO's work, including news; calls for proposals; information for the International Tropical Timber Council and its committees; publications, including the TFU and the Policy Development and Technical series; a statistical database; the Market Information Service; information on ITTO Fellowships; a list of forthcoming events; outputs of project work (with a comprehensive search facility); a photo gallery; and quick links to various areas of the website.

4 www.itto.int/tfu

5 Keywords = TFU ITTO



Embracing the equality of women and men

Women have always been part of forests as contributors of traditional knowledge, as gatherers and users of diverse forest products, as managers of family gardens and food plots. As world leaders have begun to realize the value of their own and others' rights to forests as basic rights of citizenship, and as the government they serve is elected from their constituents, they are beginning to realize the value of their own and others' rights to forests as basic rights of citizenship.

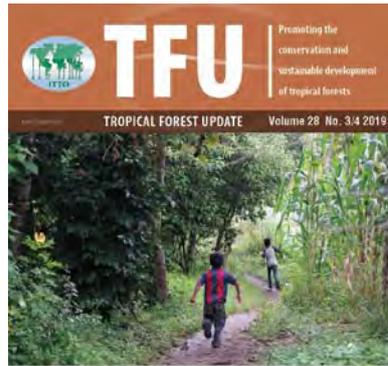
Inside: guidelines on gender equality • women in ITTO's work



Balancing act

Balancing act: managing forest resources to meet the needs of the present and future. The balance between the needs of the present and future is a delicate one. It is a balance between the needs of the present and future, and the needs of the present and future. It is a balance between the needs of the present and future, and the needs of the present and future.

Timber guidelines for customs officers • bamboo weavers • community development



Fast-tracking sustainability

With every advance of sustainability, the way we live changes. It is a change that is not just in the way we live, but in the way we think. It is a change that is not just in the way we live, but in the way we think. It is a change that is not just in the way we live, but in the way we think.

Inside: green supply chains • small forest enterprises • DNA-based timber tracking • Council report



Social media

ITTO has a longstanding presence on Facebook,⁶ Instagram,⁷ Twitter⁸ and YouTube,⁹ and LinkedIn became a new addition in 2019.

- Facebook—the ten most popular posts in 2019 had a combined reach of about 19 000.
- Twitter—about 179 000 impressions.
- Instagram—105 posts and about 2300 likes. The total number of accounts reached for the top monthly posts combined was about 3000.¹⁰
- YouTube—the ten most popular videos had a combined total of about 8400 views in 2019.

Videos

As of December 2019, 107 videos were available on ITTO's YouTube channel showing various aspects of the Organization's work. Additions in 2019 included videos on ITTO's work on transboundary conservation in the Betung Kerihun National Park on the border between Indonesia and Malaysia on Borneo; Panama's timber tracking system, which has been implemented in Darién province thanks to an ITTO project; interviews with speakers at an ITTO side-event at TICAD 7; and highlights from the 55th Session of the International Tropical Timber Council.



ITTO Executive Director Gerhard Dieterle meets with Abe Toshiko, Japan's State Minister for Foreign Affairs. Photo: MOFA

Outreach in Japan

ITTO conducted various courtesy visits and dialogues with high-level authorities in its host country, Japan, in 2019, including with:

- the Governor of Kanagawa Prefecture, Kuroiwa Yuji
- Soka Gakkai International vice-presidents Terasaki Hirotsugu and Sugiyama Tamotsu¹¹
- Abe Toshiko, State Minister for Foreign Affairs of Japan
- Suga Yoshihide, Chief Cabinet Secretary
- members of the House of Representatives.

ITTO headquarters received a courtesy call from Watanabe Takakazu, Executive Director of the General Affairs Department, International Affairs Bureau, City of Yokohama.

6 <https://www.facebook.com/ittosfm/>
 7 https://www.instagram.com/itto_sfm/
 8 https://twitter.com/itto_sfm
 9 <https://www.youtube.com/user/ittosfm/videos>
 10 Number of accounts reached as of June 2020

11 Soka Gakkai International is a worldwide Buddhist network that promotes peace, culture and education. As a non-governmental organization with formal ties to the United Nations, Soka Gakkai also collaborates with other civil-society organizations and with intergovernmental agencies and faith groups in the fields of nuclear disarmament, human rights education, sustainable development and humanitarian relief.



Dr Dieterle meets with the Governor of Kanagawa prefecture, Kuroiwa Yuji. Photo: R. Carrillo/ITTO



Students from the Yokohama Jogakuin Girls High School interact at an event at which ITTO delivered a lecture in May 2019. Photo: R. Carrillo/ITTO



Children visit the ITTO booth at the "2019 Child Adventure" event in Yokohama, Japan. Photo: Housing and Architecture Bureau of the City of Yokohama

Other significant interactions between ITTO and its host city and country in 2019 included the following:

- Participation in the international seminar, "How far have we reached? Overview of the history of REDD-plus and explore opportunities", convened in Tokyo in February by the REDD Research and Development Center of Japan's Forestry and Forest Products Research Institute.
- Hosting a session at the Yokohama International (Kokusai) Forum in February on the contributions of tropical forests to the SDGs.
- Participation in the Japan Education Forum for SDGs, held in Tokyo in February 2019.
- Hosting a side-event at the Global Landscapes Forum in Kyoto in March to explore the role of wood value chains in achieving the SDGs (see page 37).
- Co-organizing a seminar in Tokyo in March to support the implementation of Japan's Clean Wood Act (see page 26).
- Hosting educational activities (origami) at the Green Earth Festival in Tokyo on 23 March for the International Day of Forests.
- The distribution of softcopies of selected publications in the ITTO Policy Development and Technical series at the G20 Ministerial Meeting on Energy Transitions and Global Environment for Sustainable Growth, held in Karuizawa in June.

- Participation in the Programme for the Endorsement of Forest Certification Japan seminar in Tokyo in July.
- The hosting of nearly 60 dignitaries from the Government of Japan, the City of Yokohama, foreign missions in Japan, private associations and non-governmental organizations on 13 July 2019 to view the City of Yokohama's fireworks display from the responsibly sourced tropical hardwood deck at ITTO headquarters. The City installed the deck in 2018 to mark its longstanding support of ITTO and to promote SFM in the tropics.
- A presentation on ITTO's Legal and Sustainable Supply Chains Programme to the Japanese private sector in a seminar hosted by the Japan Forestry Association in August.
- The hosting of a visit to ITTO headquarters by participants in the Yokohama Youth World Peace Programme in August.
- The hosting of a booth at the "2019 Child Adventure" event in Yokohama in August.
- The organization of a side-event, "Sustainable forest management and SDGs in Africa", at TICAD 7 in Yokohama in August (see page 38).
- The participation of the ITTO Executive Director as a panellist in the symposium, "Africa and the Sustainable Development Goals", convened by Soka University in September.
- The presentation of a lecture to elementary-school students through the programme, "Let's visit international organizations", organized by the Yokohama Association for International Communication and Exchanges (YOKE) in September.
- Participation in and delivery of a keynote speech at a tree-planting event hosted by the Asia Pulp and Paper Group (Japan) held in Riau, Indonesia, in September as part of its Tree Planting Programme.



ITTO Director of Operations Sheam Satkuru (left) greets Suga Yoshihide, Japan's Chief Cabinet Secretary. Photo: S. Kawaguchi/ITTO



Dr Dieterle presents at a seminar on global trends in the tropical timber trade hosted by the Japan Forestry Association. Photo: Japan Forestry Association

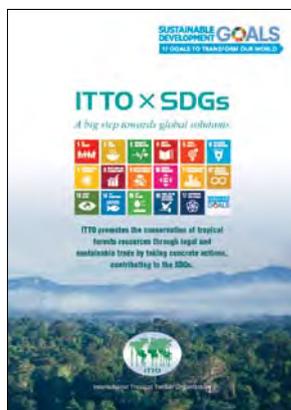
- The delivery of lectures on tropical forests and their contributions to the SDGs at the Yokohama Digital Arts Institute, Yokohama Jogakuin Girls High School and Shin-Eda Welfare Council as part of the City of Yokohama's Lecture Delivery Programme.
- The hosting of interns from Yokohama National University as part of YOKE's internship programme.
- Comprehensive Japanese-language coverage of ITTO's work on the ITTO website.

Coverage of the 55th Session of the International Tropical Timber Council

A dedicated webpage¹² provided comprehensive reporting of the 55th Session of the International Tropical Timber Council in Lomé, Togo, in November/December, including daily news and developments, presentations, photos and insights.

Publicity materials

The ITTO Secretariat produced various publicity materials in 2019,¹³ including a brochure on how ITTO's work contributes to the SDGs, a calendar for 2020, pins, and ecobags.



¹² www.itto.int/itcc-55

¹³ www.itto.int/resources



HE Héctor Alejandro Palma, Honduras Ambassador to Japan (right), and Dr Dieterle meet at an event hosted by ITTO in July 2019. Photo: Y. Kamiji

ITTO in outside media

The results of ITTO's work were disseminated via various media in 2019, as illustrated by the following examples.

- The International Wood Products Association posted editions of the ITTO *Tropical Timber Market Report* on its website.¹⁴
- The Commonwealth Forestry Association newsletter¹⁵ published two articles from ITTO—"Global green supply chains will help ensure forest sustainability" and "Promoting the added value of wood in small enterprises in Peru"—in its March and June editions.
- *Revista Forestal de Guatemala*¹⁶ ("Guatemala Forest Review") featured an interview with Dr Dieterle on ITTO's work to support SFM in Guatemala and globally in its June edition.
- *CIFOR Forest News* published an opinion piece in August by Dr Dieterle on how timber markets can help save tropical forests.¹⁷

¹⁴ www.iwpawood.org/page/144

¹⁵ www.cfa-international.org/cfa_newsletter.php

¹⁶ <http://portal.inab.gob.gt/index.php/revista-forestal>

¹⁷ <https://forestsnews.cifor.org/61768/how-timber-markets-can-help-save-tropical-forests?fnl=en>



Members of the RIFFEAC Secretariat, Ernst & Young ShinNihon LLC and the ITTO Secretariat visit the new facilities at ENEF Mblamayo in Cameroon built thanks to an ITTO project. Photo: S. Kawaguchi/ITTO

- ITTO was mentioned by Agence France-Presse¹⁸ and *Le Monde*¹⁹ in August in connection with forest fires in the Amazon.
- The International Forestry Students Association website highlighted the outcomes of the international forum co-convened by ITTO, “Together Towards Global Green Supply Chains”.²⁰
- The International Institute for Sustainable Development SDG Knowledge hub²¹ published an article in November on ITTO’s session at the XXV IUFRO World Congress on global green supply chains as a driver of SFM and contributor to the SDGs.
- The ATIBT newsletter and website featured ITTO’s work on green supply chains.

18 www.rappler.com/world/global-affairs/238744-amazon-fires-tipping-point

19 www.lemonde.fr/planete/article/2019/08/28/incendies-en-amazone-le-bresil-ouvert-a-une-aide-financiere-de-l-etranger_5503514_3244.html

20 <https://ifsa.net/ggsc-shanghai/> and <https://ifsa.net/ggsc-forum-shanghai-2019-youth-for-issc>

21 <http://sdg.iisd.org/news/forestry-events-focus-on-green-supply-chains-potential-to-support-sdgs>



Woodflooring manufacturing in Huzhou, China.
Photo: R. Carrillo/ITTO



8 Financial highlights

This chapter consists of two main sections: an executive summary of ITTO's financial statements prepared by the ITTO Secretariat, and an extract of ITTO's audited financial statements. Both sections are part of the financial reports prepared in accordance with ITTO's Financial Rules and Procedures to be considered by the International Tropical Timber Council at its 56th Session.

Executive summary of ITTO's financial statements for the year ended 31 December 2019 prepared by the ITTO Secretariat

The audited financial statements provide information on the financial position and performance of ITTO for the fiscal year ended 31 December 2019 (FY2019).

For ITTO's project accounts in FY2019, new voluntary contribution pledges of USD 5.1 million were announced at the 55th Session of the International Tropical Timber Council, and total project cost expenses during this period were USD 5.6 million for projects mostly funded prior to FY2019. Total Administrative Account assessed-contribution revenues were USD 7.2 million, of which USD 1.7 million was not received during FY2019 and was accounted for as assessed contributions receivable (arrears). Actual costs for the FY2019 Administrative Account budget were USD 6.1 million,

therefore creating a cash deficit of USD 0.6 million for the Administrative Account budget for the year. The International Tropical Timber Council adopted Decision 2(LV.1), "Management of the Administrative Budget for 2019–2020", in June 2020 to address this issue, allowing ITTO to utilize the Working Capital Reserve to cover the deficit. The same decision allows ITTO to utilize an additional USD 1 million from the Working Capital Reserve in 2020 to enable the Secretariat to continue functioning during the ongoing COVID-19 pandemic and anticipated economic downturn in many countries, which may result in delays in receipt of Administrative Account assessed contributions.

The Council adopted Decision 5(LIV) at its 54th Session in November 2018 to enhance the financing architecture and fundraising of the Organization. In accordance with operative paragraph 9 of that decision, the Secretariat is including here the revenue and direct and indirect costs associated with implementing the pilot of "an additional fundraising approach focused on pro-active development of proposals with potential sources of funding and/or participate in tenders which address/contribute to the objectives of the International Tropical Timber Agreement (ITTA) and the strategic priorities of the Organization, taking into consideration the need for transparency, and opportunities for member engagement".

(United States dollars)

Pledges associated with implementing the pilot 2019

Pledges in Decision 1(LV) associated with implementing the pilot

Pledge by Germany for PP-A/55-334 "Building Legal and Sustainable Forest Product Supply Chains (LSSC)"	2 390 000
Pledge by GIZ for PP-A/53-323A "Building Legal and Sustainable Forest Product Supply Chains (LSSC)"	79 636

Total pledges 2 469 636

(United States dollars)

Costs associated with implementing the pilot 2019

Costs charged to the Administrative Budget

Staff time*	180 000
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Subtotal 180 000

Costs charged to the Working Capital Reserve in accordance with Decision 9(LIII) and Decision 5(LIV)

Consultancies	74 000
Ad hoc Finance Working Group	31 529
Side-events (TICAD 7)	8 383
Staff travel	7 865
Translation	1 300

Subtotal 123 076

Total costs 303 076

* Estimated based on time spent on brainstorming, meetings and implementing fundraising initiatives as well as time spent on implementing the resulting activities not explicitly budgeted for in those activities.

The Council adopted Decision 8(LV), “Implementing ITTO’s New Financing Architecture—Phase I”, in December 2019, calling on the Secretariat to play a more proactive role in seeking new funding avenues and partners for the funding of ITTO’s work. Specific activities include piloting a programmatic approach as proposed by the Secretariat, engaging with the Global Environment Facility and other potential partners, exploring additional funding mechanisms, and streamlining ITTO’s project cycle. Accordingly, it is anticipated that the staff time associated with the pilot will be substantially more in 2020 than in 2019.

The 2019 financial statements have, for the fourth successive year, been prepared based on the International Public Sector Accounting Standards (IPSAS) and in accordance with the Financial Rules and Procedures adopted by the Council, disclosing additional information on actual assets and liabilities and enabling the improved management of ITTO’s resources and internal control. Highlights include:

- Deferred revenue decreased by USD 1.2 million between 2018 and 2019. This was due mainly to projects pledged in prior years making progress in 2019.
- The surplus for the FY2019 Statement of Financial Performance was USD 0.5 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. However, only expenses incurred during the same year are recognized as expenses from that year’s budget).

- Additional disclosures for ITTO’s financial accounts as defined in the ITTA, 2006 (Administrative Account, Special Account and Bali Partnership Account) have been included for increased transparency of core and non-core accounts.

ITTO is committed to enhancing its solid foundation for transparent and effective financial management and reporting. In addition to the best practices for internal control previously implemented under the Financial Rules adopted in 2016, the Council further revised the Financial Rules in 2019 to strengthen rules on audit-firm rotation and the delegation of internal financial controls. ITTO will continue to implement and strengthen its internal controls and accountability measures by proactively evaluating and improving its systems where appropriate and by adopting best practices from organizations that are similar in nature. Simultaneously, the Council will play a crucial role as the Organization’s governing body, receiving regular reports of the Organization’s finances and providing oversight of these.

Extract of ITTO's audited financial statements for the year ended 31 December 2019

Statement of financial position as at 31 December

(United States dollars)

	31 December 2019	31 December 2018
Assets		
Current assets		
Cash and cash equivalents	16 405 795	15 908 049
Investments	–	–
Assessed and voluntary contributions receivable, net	6 257 753	6 169 387
Other accounts receivable	39 218	43 905
Advance transfers—projects	518 827	1 515 793
Advance transfers—others	173 674	322 508
Total current assets	23 395 267	23 959 642
Non-current assets		
Property and equipment	235 858	290 661
Intangible assets	9 595	12 335
Other assets	–	–
Total non-current assets	245 452	302 996
Total assets	23 640 719	24 262 638
Liabilities		
Current liabilities		
Accounts payable—members	157 528	61 647
Voluntary contributions advance receipts—allocated	400 880	876 842
Voluntary contributions advance receipts—unallocated	414 546	443 943
Assessed contributions advance receipts	326 398	433 682
Other liabilities	784 421	715 387
Total current liabilities	2 083 773	2 531 501
Non-current liabilities		
Voluntary contributions advance receipts—allocated	11 018 880	11 764 348
Other liabilities	984 036	923 533
Total non-current liabilities	12 002 916	12 687 881
Total liabilities	14 086 689	15 219 382
Net of total assets and total liabilities	9 554 030	9 043 256
Net assets		
Accumulated surplus—restricted	5 857 336	5 795 068
Accumulated surplus—unrestricted	1 196 694	748 188
Reserves	2 500 000	2 500 000
Total net assets	9 554 030	9 043 256

Statement of financial performance for the year ended 31 December

(United States dollars)

	2019	2018
Revenue		
Administrative Account		
Assessed contributions	7 170 242	7 123 539
Other voluntary contributions	884 755	1 265 730
Financial revenue	12 014	14 656
Other income	890	971
Project Accounts		
Member states' voluntary contributions	5 401 501	4 418 350
Other voluntary contributions	–	–
Programme support revenue	496 990	403 721
Ex-post evaluation revenue	163 005	95 352
Financial revenue	15 631	46 013
Total revenue	14 145 027	13 368 331
Expenses		
Administrative Account		
Employee benefits	4 889 230	4 488 806
Operating expenses	2 501 333	2 514 504
Project Accounts		
Project expenses	5 618 924	4 721 327
Depreciation and amortization	66 699	61 015
Other expenses	558 068	458 710
Total expenses	13 634 253	12 244 361
Surplus/(deficit) for the year	510 774	1 123 970

Statement of cash flows for the year ended 31 December

(United States dollars)

	2019	2018
Cash flows from operating activities		
Surplus/(deficit) for the year	510 774	1 123 970
Adjustments to reconcile deficit/surplus to net cash flows		
Increase/(decrease) in allowance for doubtful receivables	499 547	469 182
Depreciation and amortization	66 699	61 015
Unrealized (gain)/loss on foreign exchange	18 797	(4 411)
Changes in assets		
(Increase)/decrease in assessed contributions receivable	(1 042 492)	(945 877)
(Increase)/decrease in voluntary contributions receivable	454 578	367 693
(Increase)/decrease in other accounts receivable	5 048	20 511
(Increase)/decrease in advance transfers—projects	996 966	176 093
(Increase)/decrease in advance transfers—others	148 834	(64 821)
Changes in liabilities		
(Decrease)/increase in accounts payable—members	95 881	61 647
(Decrease)/increase in other liabilities	167 849	(159 293)
(Decrease)/increase in voluntary contributions advance receipts—allocated	(1 221 431)	(2 248 434)
(Decrease)/increase in voluntary contributions advance receipts—unallocated	(29 397)	159 617
(Decrease)/increase in assessed contributions advance receipts	(107 284)	128 121
Net cash flows from operating activities	564 369	(854 989)
Cash flows from investing activities		
Purchases of property and equipment	(9 155)	(64 930)
Purchases of intangible assets	–	(13 709)
Net cash flows from investing activities	(9 155)	(78 638)
Cash flows from financing activities		
Net proceeds from/(payment of) finance lease liabilities	(38 311)	(37 798)
Net cash flows from financing activities	(38 311)	(37 798)
Effect of exchange rate changes on cash and cash equivalents	(19 157)	681
Net (decrease) in cash and cash equivalents	497 746	(970 744)
Cash and cash equivalents—beginning of year	15 908 049	16 878 793
Cash and cash equivalents—end of year	16 405 795	15 908 049



Members of the RIFFEAC Secretariat and Ernst & Young ShinNihon LLC meet to discuss ITTO project financial reporting and auditing. Photo: S. Kawaguchi/ITTO

Audit report of the Anti-Money Laundering and Counter Terrorism Financing Programme, in accordance with Decision 3(LIV) of the International Tropical Timber Council

Takeshi Tanaka, a Certified Public Accountant licensed in Japan, conducted an internal audit of ITTO's implementation of its Anti-Money Laundering and Counter Terrorism Financing Programme to assess its adequacy and effectiveness. The audit covered the period from 1 July 2019 through 31 December 2019. Based on the procedures of the internal audit, it was concluded that, in accordance with Decision 3(LIV), ITTO has developed and implemented a programme that is sufficient to eliminate the risk of partners using ITTO funds for unintended purposes.

To strengthen the effectiveness of the programme, the following recommendation was proposed and accepted by ITTO:

- The integration of the programme into ITTO's project manuals and cycles is recommended to increase the effectiveness and efficiency of the entire ITTO administration process.



Interview with Dr Dieterle by EY Global on ITTO's implementation of IPSAS. Photo: EY ShinNihon LLC

Pilot programme on ITTO project auditing

ITTO piloted a project audit programme in 2019 aimed at improving the financial reporting capacities of the executing agencies of ITTO projects and increasing overall transparency. As part of the pilot, a workshop on project financial reporting and auditing was conducted in Cameroon in December 2019 with the participation of Ernst & Young ShinNihon LLC (ITTO's current auditor) and RIFFEAC, which is implementing a project for developing curricula and training materials for legal and sustainable timber supply chains in the Congo Basin (see page 32). The workshop provided inputs for refining the project audit programme, which is expected to be finalized in 2020.

ITTO featured in an interview as the first entity in Japan to adopt IPSAS

ITTO staff were interviewed²² by Ernst & Young ShinNihon LLC on the Organization's experience in adopting IPSAS.

²² www.ey.com/en_gl/government-public-sector/how-to-build-confidence-in-public-sector-accounting; www.eyjapan.jp/industries/government-public/topics/2019-07-26.html



Local women working at a community nursery in Ghana. Photo: E. Foli/FORIG



9 Membership

Producer members

Africa

Benin, Cameroon, Central African Republic, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Ghana, Liberia, Madagascar, Mali, Mozambique and Togo.

Asia and the Pacific

Cambodia, Fiji, India, Indonesia, Malaysia, Myanmar, Papua New Guinea, Philippines, Thailand and Viet Nam.

Latin America and the Caribbean

Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Guyana, Honduras, Mexico, Panama, Peru, Suriname, Trinidad and Tobago and Venezuela.

Note: Membership as of 31 December 2019, under the International Tropical Timber Agreement, 2006.

Consumer members

Albania, Australia, China, European Union [Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and United Kingdom of Great Britain and Northern Ireland], Japan, New Zealand, Norway, Republic of Korea, Switzerland, and United States of America.



Photo: R. Carrillo/ITTO



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