

Report of the ad hoc Working Group on Implementation of ITTO's New Financing Architecture – Phase I

Item 15(d) of the Council Agenda

Mandate of the working group



Decision 8(LV) paragraph 15 states:

- Taking into consideration the draft for discussion “The new Programmatic Approach and the four new Programme Lines” presented by the Executive Director, develop brief descriptions and three to four objectives for each programmatic line to be presented to Council at its 56th Session;
- Further refine the elements for a streamlined project cycle process as contained in the Report of the Ad Hoc Working Group on Financing Infrastructure and Fundraising Strategies (document ITTC(LV)/10), taking into account the report as a basis for discussion and the need to maintain a review function within the streamlined project cycle;
- Review the template of the project concept note that is to be developed by the Secretariat;
- Produce a report of its work to be presented to Council at its Fifty-sixth Session;



Members of Working Group

- Mr. Barney Chan, TAG
- Ms. Jennifer Conje, USA
- Mr. John James Leigh, Peru
- Mr. Nurudeen Iddrisu, Ghana
- Ms. Yoshiko Motoyama, Japan
- Ms. Daniele Ramiamanana, CSAG
- Mr. Zahrul Muttaqin (Indonesia)
- Ms. Argyro Zerva, EU

Proposed Programmatic Line Descriptions and Objectives

Programmatic Line #1: Legal & Sustainable Supply Chains (LSSC) *

Goal: To enhance capacity in tropical timber supply chains to meet the increasing demand for sustainability and assurance that products are from legal sources.

Objectives:

- Promote and strengthen networks and collaboration amongst consumers, producers, trade associations, traders, and civil society to help build legal and sustainable supply chains; and expand and diversify markets for tropical timber sourced from sustainably managed forests.
- Improve market intelligence and information sharing on the international timber market and trade aimed at achieving greater transparency on market information and trends, including on the development of forest legality requirements in countries.
- Identify and promote incentives throughout the tropical timber demand and supply chain to increase efforts to address sustainability, legality and traceability.
- Enhance the capacity of tropical timber producing countries for the production of legal and sustainable timber and non-timber products and services.
- Raise awareness of the critical role that sustainably managed tropical forests play in contributing to the three pillars of sustainability (economic, social and environmental), including the achievement of the SDGs and other global forest related goals and commitments.

Programmatic Line #2: Conservation of Biodiversity and Ecosystem Services

Goal: To maintain and/or enhance biodiversity and ecosystem services of tropical forests and forest landscapes, while maintaining the sustainable production of timber and other products and services.

Objectives:

- Encourage the full valuation of forest landscapes, including ecosystem services and biodiversity, as well as the collection and/or use of existing ecological and biological data that contributes to sustainable management of tropical forests.
- Promote innovative approaches, technologies and practices (including payment for ecosystem services) and strengthen technical skills aimed at maintaining and/or enhancing tropical biodiversity and ecosystem services in production forests.
- Assist in building countries' capacity to implement the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Production Forests and other relevant ITTO and internationally acknowledged guidelines.
- Enhance further collaboration with international organisations, including the secretariats of CITES and the CBD, to enhance countries' capacity to implement forest biodiversity goals, including the CITES listings of tropical tree species.

Programmatic Line #3: Forest Landscape Restoration and Resilient Livelihoods

Goal: To scale up the area of forest landscapes restored and to increase the provision of goods and services from planted and restored forests, thereby generating opportunities for local employment and contributing to wider development goals.

Objectives:

- Promote the utilization and implementation of the ITTO Guidelines for forest landscape restoration in the tropics.
- Facilitate the improvement of knowledge and skills in FLR and the sustainable management of restored and planted forests.
- Assist ITTO tropical member countries in building capacity to plan and implement tropical forest landscape restoration (FLR) in the field.

Programmatic Line #4: Emerging Issues and Innovation

Goal: To address emerging/urgent issues and innovation focused on achieving ITTA objectives that are not covered under the other programmatic lines.

Objectives:

- Allow for funding flexibility and a streamlined approach to address specific issues not captured by the other programmatic lines.
- Respond to opportunities that allow ITTO and its members to be at the forefront of innovation, pilot new approaches or studies, and be able to react to emerging international development policy priorities.
- Assist members to manage and adapt to natural, socioeconomic, and financial crises affecting sustainable tropical forest management and timber production and trade.
- Leverage ITTO's network and information/data expertise to assist countries to respond to emerging/urgent issues.

Proposed Streamlined Project Cycle Approach



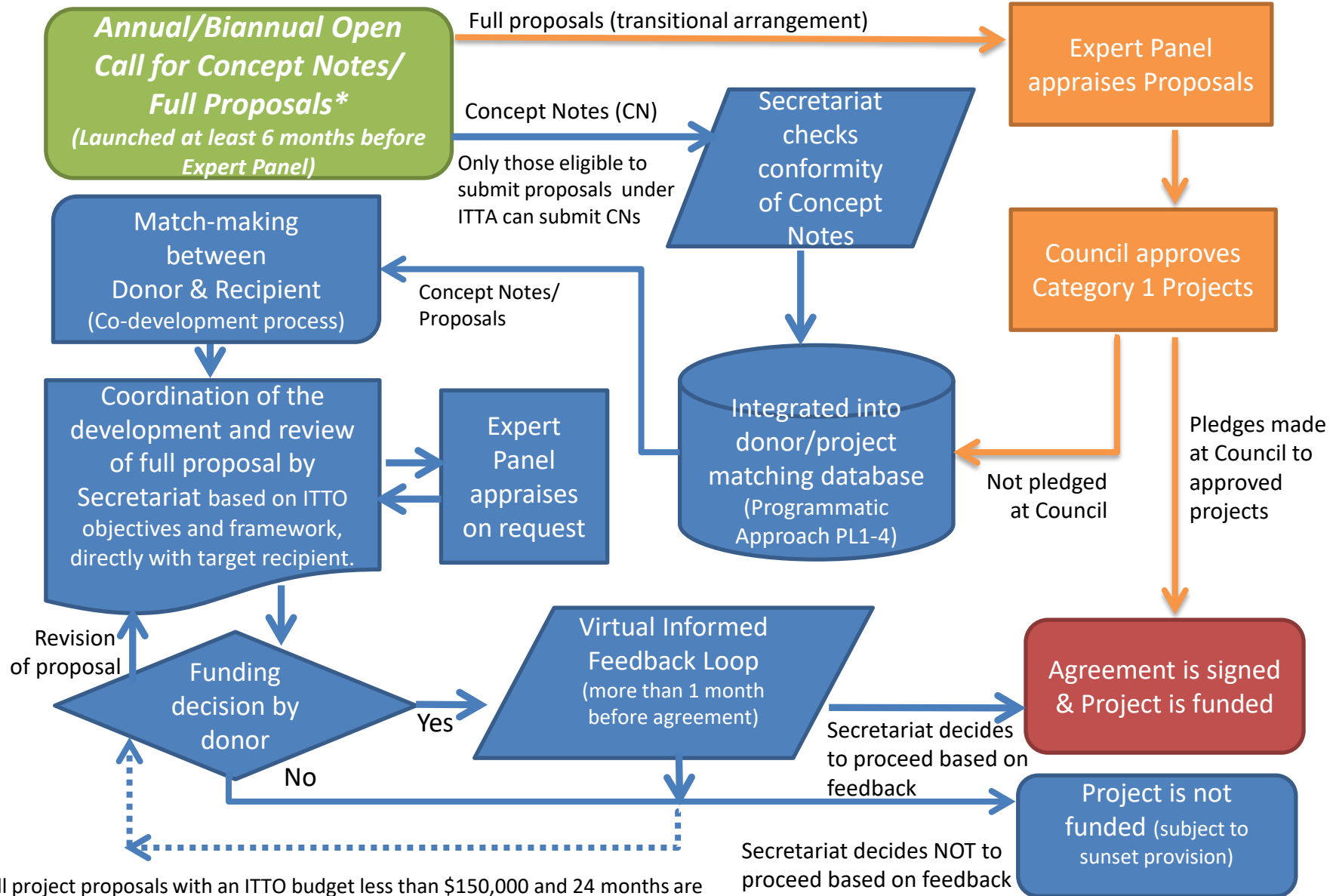
The proposed streamlined project cycle approach is detailed through its application under 4 most common types of financing scenarios experienced by the ITTO, shown as flow charts.

Virtual Feedback Loop



- The Virtual Informed Feedback Loop was established under Decision 8(LV) to “inform the membership before entering into any agreement – preferably, no later than one month in advance, if possible. Members will have an opportunity to provide feedback on the agreement. The Executive Director will base his/her decision on whether or not to proceed with the agreement based on the feedback received from Members”.
- For immediate funding opportunities, the notification period could be less than 1 month before the agreement but should be at least 1 week before the agreement is entered into.
- The Virtual Informed Feedback Loop is especially important for cases where waiting for Council endorsement during the Council Session may result in the loss of opportunity in optimizing on funding opportunities that appear at short notice. Additionally, it is a way to add transparency to the entire process, especially for immediate funding scenarios, enabling Members to provide feedback to the Secretariat before an agreement is entered into, particularly in cases where the activities proposed are policy issues that may not yet have been agreed upon by Council.

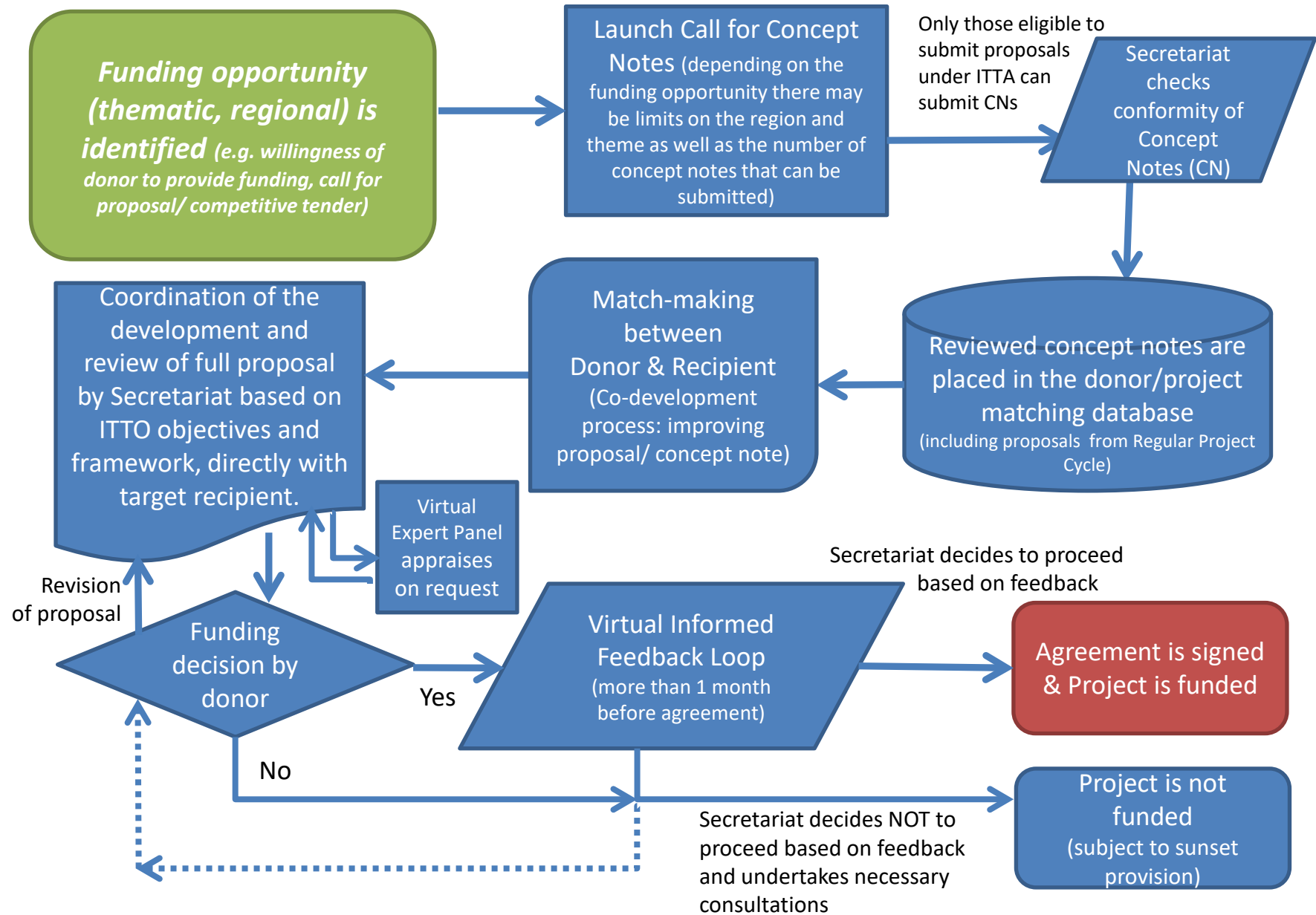
Financing Scenario 4 under the Programmatic Approach integrating the Regular Project Cycle.



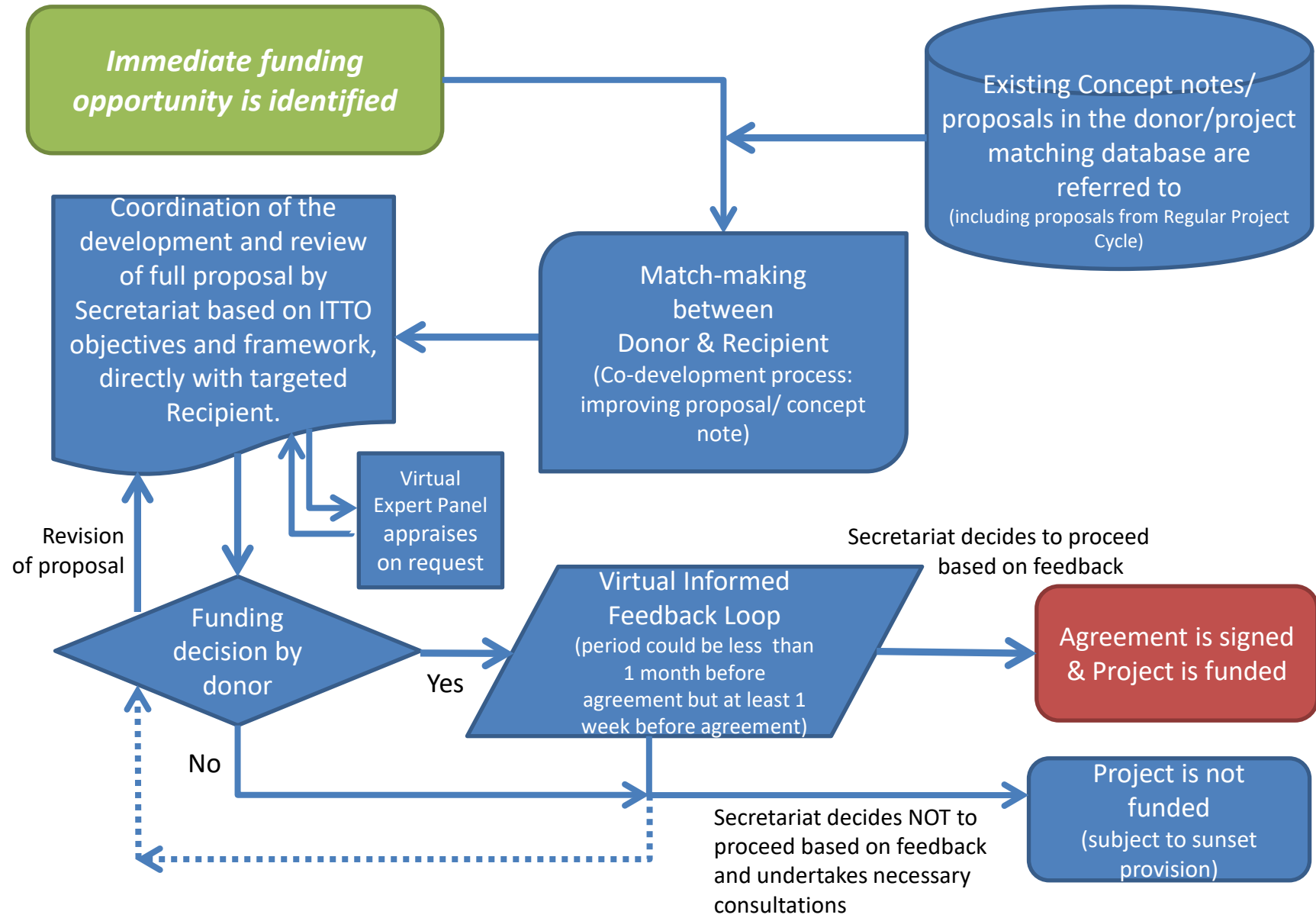
* Small project proposals with an ITTO budget less than \$150,000 and 24 months are to be submitted following the format in the ITTO Manual for Project Formulation.

Secretariat decides NOT to proceed based on feedback and undertakes necessary consultations

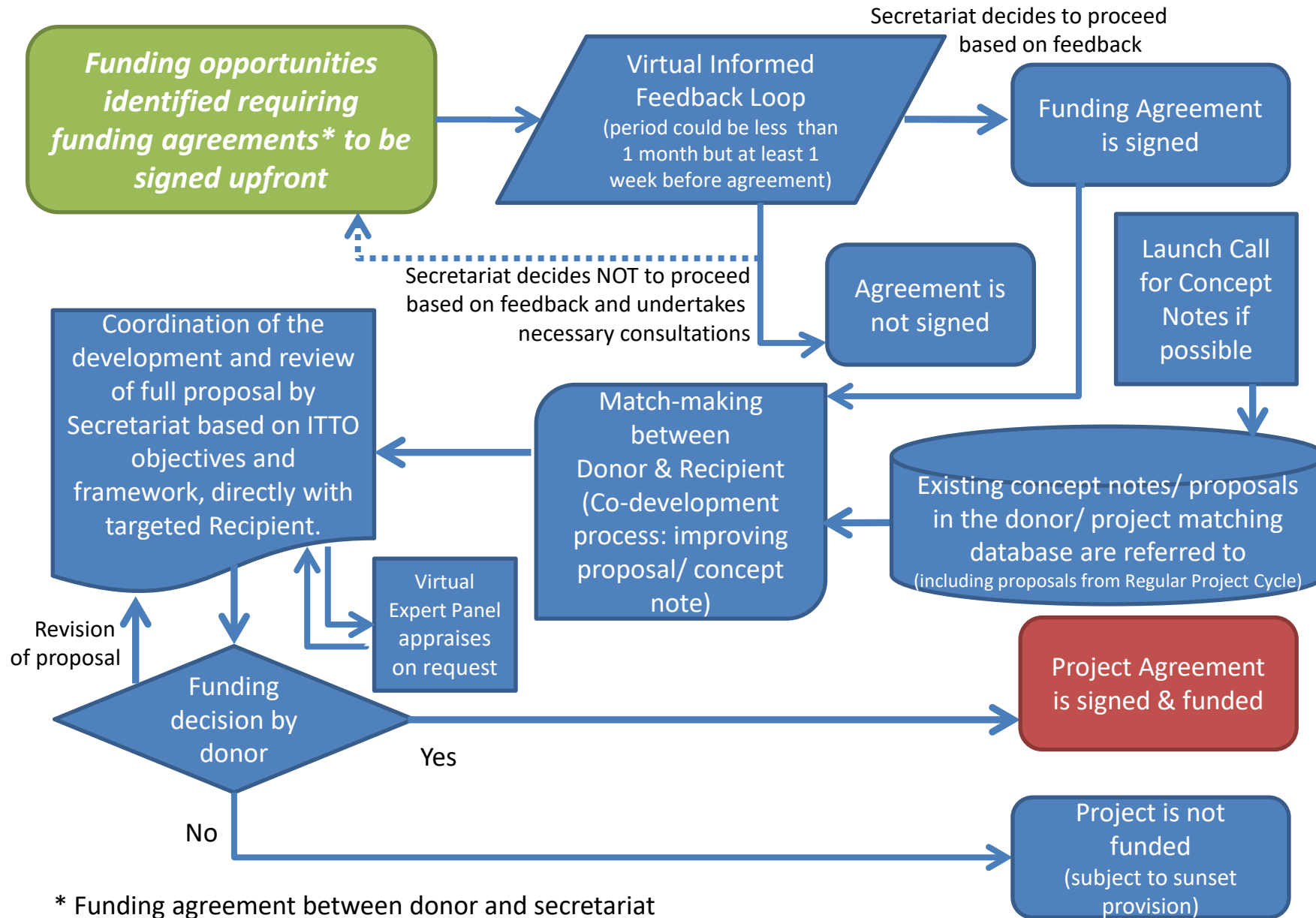
Financing Scenario 1 under the Programmatic Approach



Financing Scenario 2 under the Programmatic Approach



Financing Scenario 3 under the Programmatic Approach



Streamlined project cycle



- The pilot phase encourages the model of submitting CNs although the Regular Project Cycle (submission of full proposals by the proponent) ought to be maintained for at least one year during the transitional pilot period and eventually shifted to a model where only concept notes or small proposals (budget under \$150,000 and 24 months) are submitted.
- The next open call should be launched 6 months before the next Expert Panel Meeting and be open to submissions for concept notes (using the recommended template and program line goals/objectives);
- Eligibility to submit CNs will be consistent with submission of proposals and will follow the restrictions under ITTO's current rules (Decision 7(XXXIII) and ITTA, 2006, Article 19, para 8), and the current sunset provisions will also apply to the CNs;
- CNs will need to be endorsed by the national focal point before they can be submitted;
- The Expert Panel will review selected CNs, upon request, in addition to the project proposals submitted under the Regular Project Cycle during its annual fixed meeting. The Expert Panel may also be requested to review selected concept notes virtually outside of the fixed meeting, depending on the timing and necessity.

Other Matters for Council's Consideration



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- There are no revisions to the financial rules or project manuals envisioned at this time during the pilot phase. However, changes may be considered in future when the Council takes a decision on formalizing the adoption of any new procedures.
 - As per Council Decision 5(LIV) paragraph 9, a review of the implementation of that decision including the long-term effectiveness and feasibility of the pilot approach is to be undertaken by the Executive Director where the outcome report is to be provided to Members no later than 90 days prior to its consideration at the 58th Session of Council in 2022; Council is advised to take a decision at the 57th Session of Council (2021) on how that review process will be structured and if a new working group needs to be established to be part of that review process.

Proposed Project Concept Note Template



The full template is contained in the report of the working group (ITTTC(LVI)/9)

The main elements of the template are:

1. General Description
2. Proponent Information
3. Relevance
4. Project synopsis
5. Indicative Budget