



FIFTY-SIXTH SESSION
9-13 November 2020
Virtual Session

DECISION 4(LVI)

IMPLEMENTING ITTO'S NEW FINANCING ARCHITECTURE – PHASE II

The International Tropical Timber Council,

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

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

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

Recalling Decision 9(LIII), which established the Ad-hoc Working Group on Financing Infrastructure and Fundraising Strategies and Decision 5(LIV), which approved, among other elements: the piloting of an additional fundraising approach, an electronic survey to gain more information on Member's views on the funding situation and possible solutions, and extended by one year the mandate of the Ad-hoc Working Group on Financing Infrastructure and Fundraising Strategies to develop a proposal for a "streamlined project cycle" and assist in the development of appropriate themes to be used in fundraising proposals;

Further recalling Decision 8(LV), which approved, among other elements: the piloting of the programmatic approach and the four programme lines, the establishment of a "virtual informed feedback loop", the establishment of an advisory board to advise on the implementation of the programmatic approach, and the convening of an ad hoc working group to further refine the elements of a streamlined project cycle process, review the project concept note template, and develop brief descriptions and 3-4 objectives for each of the four programmatic lines;

Recognizing that the International Tropical Timber Organization has expertise in areas which the Global Environment Facility (GEF) addresses, including sustainable forest management, food systems, land use and degradation, and climate change; and noting that discussions for the 8th replenishment of the GEF began in 2020;

Taking into consideration the work and recommendations of the Ad-hoc Working Group on Implementing ITTO's New Financing Architecture (document ITTC(LVI)/9);

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

Recalling that Council Decision 8(LV) decided to pilot the programmatic approach and the four programmatic lines for the period 2020-2022;

Decides to:

1. Adopt the goals and objectives of each of the four Programmatic Lines as contained in Annex A (Programmatic Lines Goals and Objectives);

2. Implement a streamlined project cycle by:
 - a. Adopting the project concept note (CN) as contained in Annex C;
 - b. Requesting the Executive Director to launch an annual call for project concept notes (CNs), at least six months before the annual Expert Panel meeting, in addition to special calls for CNs when specific funding opportunities arise;
 - c. Requesting the ITTO Secretariat to develop a CN and project proposal database as soon as possible;
 - d. Encouraging Members and the Executive Director to submit project ideas utilizing the new project CN, as appropriate;
 - e. Recognizing the role of the Expert Panel may now entail virtual review, as needed, in between their annual meeting;
 - f. Applying the current qualification criteria and sunset provisions for projects to the concept notes, in order to manage the volume and relevancy of the proposals;
 - g. Applying existing financial rules and project manuals during the pilot phase.
3. Acknowledge the different funding scenarios under the Programmatic Approach as outlined in Annex B (Financing Flows under the Pilot Programmatic Approach);
4. Request the Executive Director to issue a first open call for concept notes and small project proposals under financing scenario 4 as soon as possible; and potentially more calls under the additional 3 financing scenarios, based on emerging funding opportunities;
5. Acknowledge the new, respective roles and responsibilities of each of the participating actors in the streamlined project cycle and different funding scenarios under the Programmatic Approach;
6. Request the Executive Director to ensure that activities to be funded outside the core budget are formulated as CNs and included in the database, or as Council Decisions, in order to assess Member priorities and donor interest and financing, prior to being incorporated into the BWP;
7. Request the Secretariat to continue to indicate in the Biennial Work Programme (BWP) how each activity aligns with the Programmatic Line(s);
8. Request the Secretariat to provide Members with necessary information in a timely manner under the virtual informed feedback loop to ensure transparency and adequate time for Members to provide feedback;
9. Request the Executive Director to continue to implement the activities requested under Decision 8(LV), including periodically convening the Advisory Board; and engaging with funding mechanisms, including the GEF and its partners ahead of its eighth replenishment process;
10. Request the Advisory Board to develop formal terms of reference for its work, to be considered by the Council at its Fifty-seventh Session;
11. Request the Secretariat to propose the structure and approach for the review of the implementation of Decision 5(LIV) in 2022, including the long-term effectiveness and feasibility of the pilot approach, for consideration by the Council at its Fifty-seventh Session;
12. Request the Executive Director to report on the progress made and challenges encountered in the implementation of this Decision at its Fifty-seventh Session;
13. Authorize the Executive Director to utilize up to US\$200,000 from the Working Capital Account to implement this Decision.

Annex A

Programmatic Lines Goals 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

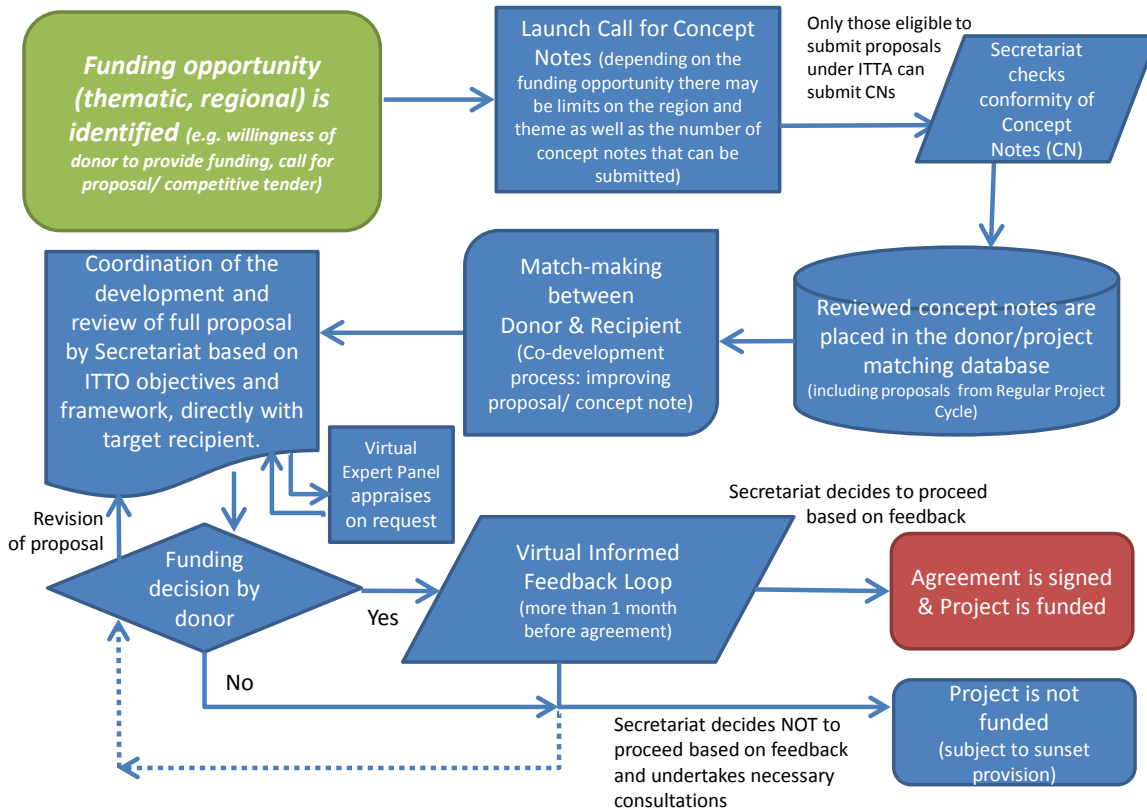
Goal: To address emerging/urgent issues and innovation focused on achieving ITTA objectives that are not covered under the other programmatic lines.

Objectives:

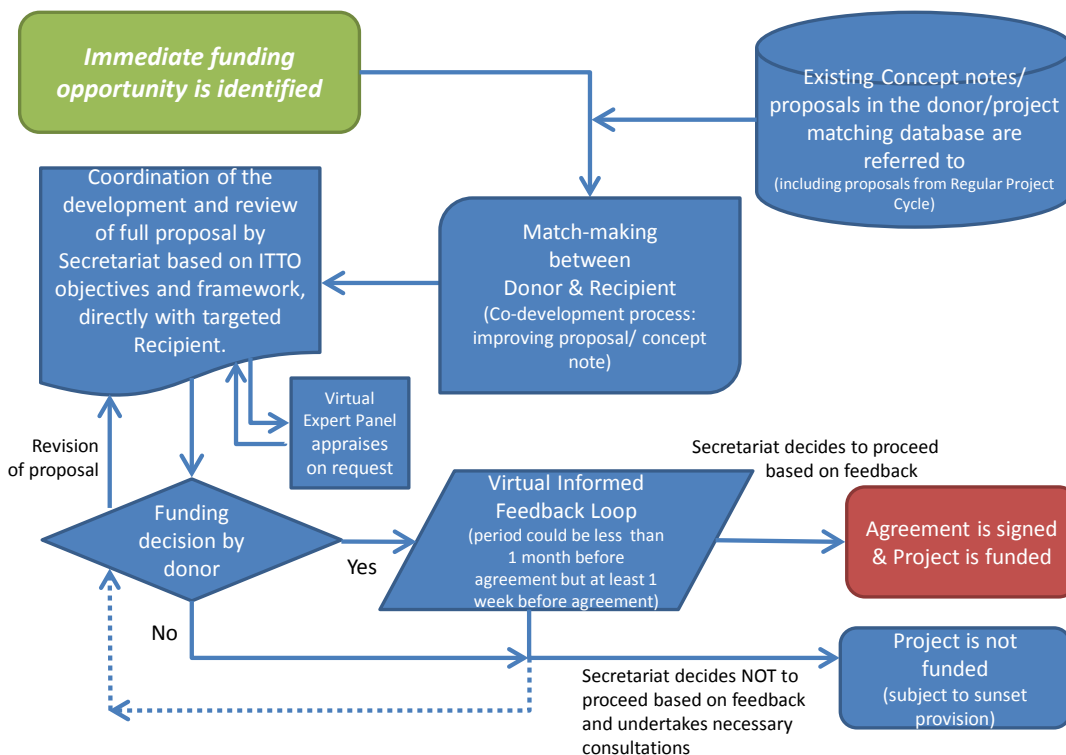
- Allow for funding flexibility and a streamlined approach to address specific issues not captured by the other programmatic lines.
- Respond to opportunities that allow ITTO and its members to be at the forefront of innovation, pilot new approaches or studies, and be able to react to emerging international 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.

Annex B Financing Flows under the Pilot Programmatic Approach

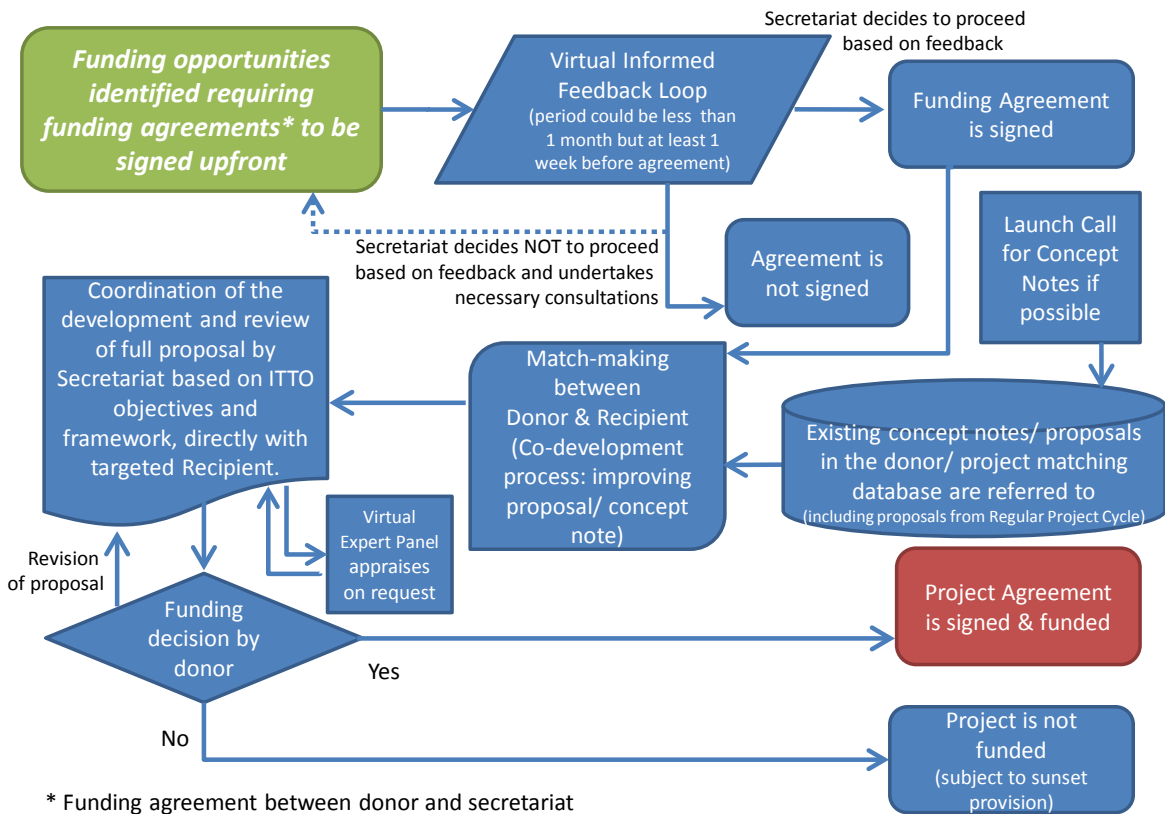
Financing Scenario 1 under the Programmatic Approach



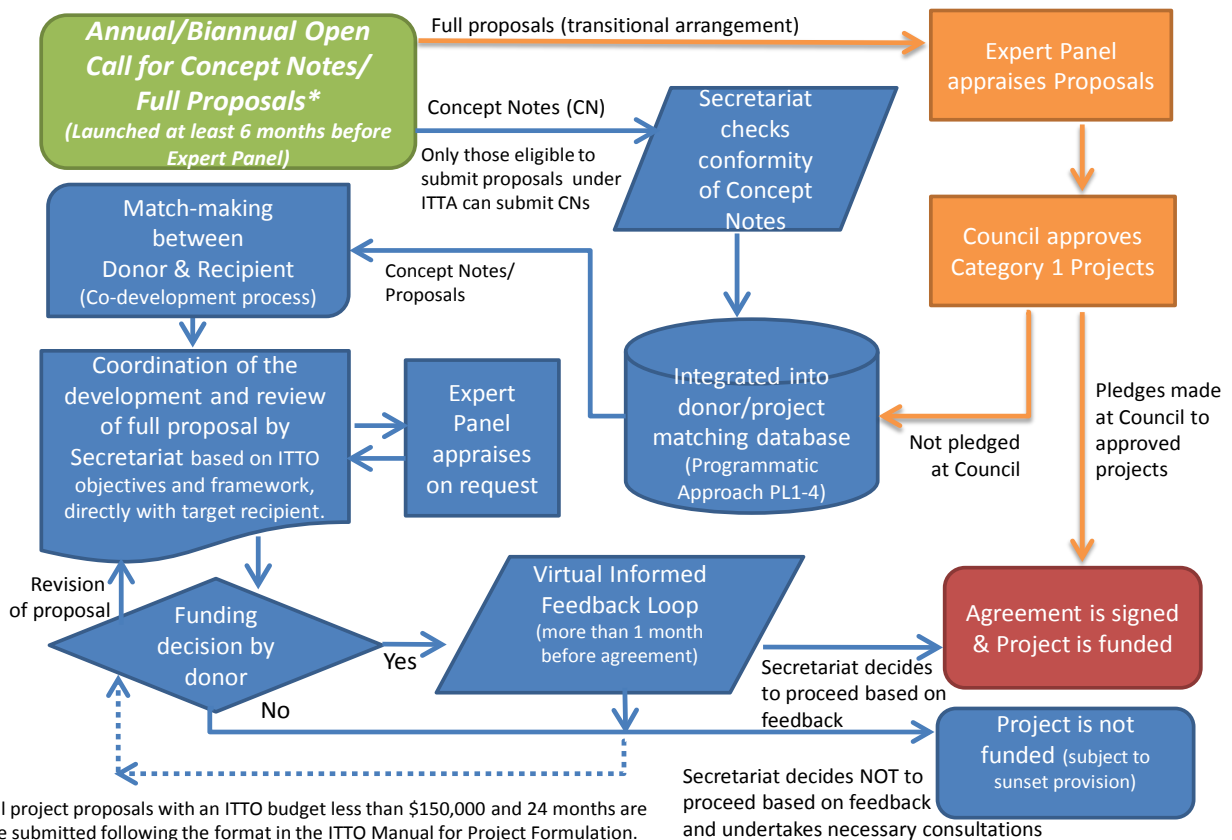
Financing Scenario 2 under the Programmatic Approach



Financing Scenario 3 under the Programmatic Approach



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



**Annex C
Project Concept Note (CN)**

1. General Description
1.1. Project Title
1.2. Submitting Country/ies
1.3. Specific Location & Country/ies/regions/areas benefitting from the project
1.4. Endorsement from ITTO Focal Point ¹
1.5. Intended Project Duration (in months)
1.6. Indicative Budget (in US\$) ITTO Budget: US\$ Counterpart Budget: US\$ Total Budget: US\$
1.7. Programme Line Focus² <input type="checkbox"/> Legal and Sustainable Supply Chains <input type="checkbox"/> Biodiversity in Productive Forests <input type="checkbox"/> Forest Landscape Restoration and Resilient Livelihoods <input type="checkbox"/> Emerging Issues and Innovation
1.8. Project Type³ <input type="checkbox"/> Capacity Building/Training <input type="checkbox"/> Community/field-based project implementation <input type="checkbox"/> Pilot/demonstration project <input type="checkbox"/> Analytical work/studies <input type="checkbox"/> Workshop/meeting/seminar <input type="checkbox"/> Innovation <input type="checkbox"/> Policy development/implementation <input type="checkbox"/> Market/product development <input type="checkbox"/> Other ⁴
1.9. Proposal Summary (max. 2000 characters)
2. Proponent Information
2.1. Executing Agency (EA) Information Name of Agency/Organization/Institution: Name of main Contact Person: Email, phone/fax, URL:
2.2. Type of Organization <input type="checkbox"/> Governmental Agency <input type="checkbox"/> Civil Society Organization <input type="checkbox"/> University/Research Institute <input type="checkbox"/> International Organization <input type="checkbox"/> Private Sector/Industry Association <input type="checkbox"/> Other ^{iv}
2.3. Collaborating Agency/ies (same info as above for EA);
2.4. Relevant experience of EA: (max. 500 characters)

3. Relevance *(max 2000 characters for each sub-section)*

3.1. Conformity with ITTO objectives (ITTA, 2006) and priorities (current SAP)

3.2. Relevance to the ITTO Programme Lines

3.3. Relevance to the Sustainable Development Goals (SDGs) and the Global Forest Goals (GFGs) and other forest related global agenda

3.4. Relevance to submitting country's policies

3.5. Linkages to previous/ongoing ITTO and other projects/activities *(if any)*

4. Project synopsis *(max. 2000 characters for each sub-section)*

4.1. Objectives (reflecting reference to elements within all ITTO Guidelines as applicable)

4.2. Key problem(s) to be addressed

4.3. Main stakeholders and beneficiaries

4.4. Key activities

4.5. Expected outcomes and impacts, including innovation/transformation

4.6. Existing funding for (related) initiative(s)/established contacts to potential donors

4.7. Any other information deemed necessary/important

4.8. Risk mitigation measures

5. Indicative Budget (in US\$)

Description	ITTO	Counterpart	TOTAL
1. Personnel			
2. Sub-contracts			
3. Travel and DSA			
4. Capital Items			
5. Consumables			
6. Publication/Dissemination			
7. Miscellaneous			
TOTAL			
TO BE COMPLETED BY ITTO			
<i>ITTO Project Monitoring & Review</i>			
<i>Annual/Final Audit</i>			
<i>ITTO Programme Support</i>			
GRAND TOTAL			

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- i (PDF, JPG, PNG attachment) – without endorsement the CN will not be considered*
 - ii Check 1*
 - iii Check up to 3*
 - iv Textbox for manual input*
 - v Proponent to identify potential or anticipated risks and how they will be mitigated*
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