



**INTERNATIONAL TROPICAL
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FIFTY-SIXTH SESSION
9 - 13 November 2020
VIRTUAL SESSION

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

**VIRTUAL SESSION
9–13 November 2020**

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KEY ABBREVIATIONS AND ACRONYMS

BMEL	German Ministry of Food and Agriculture
BWP	Biennial Work Programme
CBD	Convention on Biological Diversity
CEM	Committee on Economics, Statistics and Markets
CFA	Committee on Finance and Administration
CFE	Committee on Forest Industry
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CPF	Collaborative Partnership on Forests
CRF	Committee on Reforestation and Forest Management
CSAG	Civil Society Advisory Group
EFI	European Forest Institute
EU	European Union
EUR	euro(s)
FAO	Food and Agriculture Organization of the United Nations
FLR	forest landscape restoration
GCF	Green Climate Fund
GEF	Global Environment Facility
GGSC	Global Green Supply Chain
GTTN	Global Timber Tracking Network
IAG	Informal Advisory Group
IKI	International Climate Initiative
IMM	Independent Market Monitor
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
JFSQ	Joint Forest Sector Questionnaire
LSSC	Legal and Sustainable Supply Chains
MIS	Market Information Service
MOU	memorandum of understanding
TAG	Trade Advisory Group
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
USA	United States of America
USD	United States dollar(s)

OPENING OF THE SESSION (AGENDA ITEM 1)

1. The fifty-sixth session of the International Tropical Timber Council (ITTC, the Council), held virtually, was opened by the Chairperson, Mr Björn Merzell, located in Stockholm, Sweden. Mr Merzell welcomed all participants to the session and informed delegates that he was joined in Stockholm by ITTO Executive Director, Mr Gerhard Dieterle.
2. The Chairperson invited the Secretariat (Ms Sheam Satkuru) to provide technical information on how business would be conducted during the session.
3. Ms Satkuru said that, in preparing for the first virtual Council session, the Secretariat had offered members the opportunity to participate in various test runs using the Kudo communication system, during which members could dial in and test their audio and video equipment. Ms Satkuru thanked those members who had taken part in the test runs and explained that the Secretariat could be contacted during the session for troubleshooting. Following an introduction to the basic functions and use of the Kudo system during the session, Ms Satkuru reminded delegates that each daily session was scheduled to run for two hours from 7:00 p.m. to 9:00 p.m. Japan Standard Time; more details on modalities and procedures would be provided under agenda item 9(a).
4. In his opening address, the Chairperson said this was the first time that a Council session was being convened entirely by electronic means. Although the digital format of the meeting might create challenges over the week, he had no doubt the meeting would enable ITTO to continue its work to promote the sustainable management of tropical forests and the international trade of legal and sustainable tropical forest products, as mandated by the International Tropical Timber Agreement (ITTA), 2006.
5. The Chairperson said that the world was experiencing an extraordinary and extremely worrying moment in history, and all countries had been affected by the COVID-19 pandemic to a greater or lesser extent. He called for a moment of silence as a sign of respect for the lives lost to the virus, in appreciation of all authorities and colleagues worldwide who were working extremely hard and at considerable personal risk to save lives, and for those who had suffered from the devastating hurricane Eta in Central America and typhoon Goni in Southeast Asia.
6. Following the moment of silence, the Chairperson said that the COVID 19 pandemic had negatively affected global production, with millions of companies worldwide at risk of collapse, especially small and medium-sized enterprises, including in the tropical forest sector. In April 2020, he said, ITTO's Market Information Service (MIS) had reported a slowdown in the production of tropical timber and a drop in exports in several economies due to the lockdowns and restrictions on movement. In May, a survey by the MIS and the Trade Advisory Group (TAG) had found that the measures taken to prevent the spread of COVID-19 varied from country to country and were having substantial impacts, with thousands of workers laid off and demand plummeting. In June, the Sustainable Wood for a Sustainable World (SW4SW) Roundtable, hosted by the Food and Agriculture Organization of the United Nations (FAO) and held during COVID-19 Forestry Webinar Week, had noted that global supply chains had been disrupted, exposing their fragility. The Roundtable had also reported increased pressure on tropical forests due to migration back to rural areas and an associated spike in the use of forest resources to support local needs for food, fibre and energy.
7. The Chairperson said that ITTO had recently released a synopsis of a report that had used modelling to examine the impacts of the pandemic on the tropical timber sector, suggesting that the sector was likely to recover to pre-crisis volumes only by 2026. Although history had shown that crises also give rise to opportunities, the pandemic had reinforced the vitally important role of healthy forest ecosystems, indigenous peoples, smallholders and local communities in food production and nature protection. The Chairperson said that the pandemic meant that ITTO must strengthen its efforts to promote wood as a material of choice in "building back better" and also to encourage the massive restoration of degraded forest ecosystems as part of the UN Decade on Ecosystem Restoration, which would start in 2021.
8. The Chairperson closed his remarks by noting that ITTO was well placed to assist in the recovery of the tropical forest sector, including by providing sound information on tropical timber markets for decision-making through the ITTO Tropical Timber Market Report and the Biennial Review of the World Timber Situation, promoting the Organization's success stories on sustainable forest management, landscape restoration and legal and sustainable supply chains, and funding country-driven projects, which had

proven to have lasting impacts on the ground and showed the huge continuing need for the sort of assistance that ITTO offered. Noting that funding for ITTO's work had dwindled in recent years, the Chairperson encouraged members to look at options for providing the Organization with the means to achieve its objectives. He also urged all members to pay their assessed contributions to the ITTO administrative budget because, now more than ever, a strong Organization was needed to overcome the difficulties imposed by the pandemic on tropical forests, the tropical forest sector and tropical forest-dependent people. The Chairperson expressed the hope that, despite the condensed nature of the agenda and limited time for deliberations, the meeting would cover considerable ground.

9. The Chairperson invited the Secretariat (Ms Sheam Satkuru) to provide information on the modalities and procedures for the session.
10. Ms Satkuru explained that due to the continuing exigencies of the COVID-19 pandemic, it had not been possible to hold a physical session. In consultation with the Informal Advisory Group (IAG), it had been decided to hold the present session virtually. She said that, as much as possible, the session should be treated like a regular Council session. Ms Satkuru also noted that discussions were ongoing on the possibility of holding another physical or hybrid session of the Council in late March 2021 if necessary and feasible, and this would be deliberated on further under agenda item 21.
11. Ms Satkuru said that all Council documentation had been provided on the ITTO website beforehand, as per regular sessions, and members had been requested to provide comments and suggestions before the session for Council's consideration. Interpretation in all three ITTO official languages would be provided throughout the session. Ms Satkuru reminded members that everybody was required to log out at the end of each daily session. As usual, an updated schedule of meetings would be posted following the Chairperson's Bureau meetings. The Bureau would commence immediately at the end of each daily session, using a different login.
12. Ms Satkuru reminded delegates who had not yet submitted their credentials to do so as soon as possible so that the Credentials Committee could verify these and prepare its report.
13. The Chairperson introduced a welcome video message from Mr Hayashi Takumi, Deputy Mayor of the city of Yokohama (video was played).

ASCERTAINMENT OF THE QUORUM (AGENDA ITEM 2)

14. The Executive Director reported that the quorum for the fifty-sixth session of the Council had been met. The list of participants is contained in Document ITTC(LVI) Info.2 (Annex I).

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

15. The Chairperson referred to Document ITTC(LVI)/1 Rev.1 and invited comments on the provisional agenda.
16. In the absence of objections and comments, the provisional agenda was adopted.

REPORT ON MEMBERSHIP OF THE COUNCIL (AGENDA ITEM 4)

17. The Executive Director informed the Council that the membership of the Organization stood at 74, comprising 38 consumer members and 36 producer members. There had been no change in membership since the fifty-fifth session of the Council.

DISTRIBUTION OF VOTES FOR THE 2020–2021 BIENNIUM (AGENDA ITEM 5)

18. The Chairperson drew the attention of the Council to the annex of Document ITTC(LVI)/1 Rev.1, which showed the distribution of votes for the 2020–2021 biennium, in accordance with Article 10(7) of the ITTA, 2006.
19. The Chairperson reminded members that the distribution of votes had been approved at the fifty-fifth session of the Council in Lomé, Togo, and that, in accordance with Article 19(4) of the ITTA, 2006, this would be used for assessing the contributions of members to the biennial administrative budget for 2020 and 2021.

DISTRIBUTION OF VOTES FOR 2020–2021 BIENNIUM

PRODUCER MEMBERS

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

CONSUMER MEMBERS

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

ADMISSION OF OBSERVERS (AGENDA ITEM 6)

20. The Chairperson referred to Document ITTC(LVI)/Info.3 and Document ITTC(LVI)/Info.4. He said that, in accordance with Decision 3(LI), the Executive Director had reviewed applications for observer status for compliance with requirements, and the results of this initial review (Document ITTC/LV/Info.4) had been published on the ITTO website before the present session of the Council. The Chairperson noted that no new observers had applied to participate in the session.
21. In the absence of objections, all observers in compliance with the guidelines according to ITTO rules were admitted as observers to the fifty-sixth session of the Council.

REPORT OF THE INFORMAL ADVISORY GROUP (AGENDA ITEM 7)

22. The Chairperson presented the report of the thirty-fourth meeting of the IAG, as contained in Document ITTC(LVI)/2. The meeting had been convened virtually on 19 August, 10 September and 21 October 2020. Chaired by the Chairperson of the Council, the meeting had been attended by the Vice-chairperson of the Council (on 19 August and 10 September); the Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI); the Vice-chairperson of the Committee on Reforestation and Forest Management (CRF); the Chairperson of the Committee on Finance and Administration (CFA); the spokespersons of the producer and consumer groups; the representative of the Host Government of the ITTO headquarters; and the ITTO Executive Director and other senior members of the Secretariat.
23. The Chairperson informed delegates that, due to the virtual nature of the session, the IAG report had been prepared and circulated to all members prior to the session, with a request to submit inputs in writing on the draft decisions put forward by the IAG, but only a few comments had been received. He said that the IAG had agreed that only non-controversial decisions would be put forward for consideration at this Council session. The full report of the thirty-fourth meeting of the IAG is contained in Annex V.
24. The Chairperson said that the IAG meeting had been opened by the Council Chairperson, and the Executive Director had also made opening remarks. The IAG adopted the following agenda for discussion:

Meeting of 19 August 2020

- A. Brief background of the IAG:
 - Decision 2(LI)
 - Report of the IAG at its Thirty-third Meeting, 1 December 2019
- B. The format, modalities and draft agenda of the virtual segment of the 56th Session of the International Tropical Timber Council based on Decision 9(XXXI) and the AHAG report
- C. The introduction of the UN Silence Procedure (SP) (GA Decision 74/555 & 74/544) for discussion on the decision-making process during virtual meetings
- D. Status of contributions to the Administrative Account and members' voting eligibility
- E. Discussion related to Article 14 of the ITTA, 2006
- F. Filling positions of Council officers/bodies

Meeting of 10 September 2020

- G. Adoption of the draft IAG II Agenda and approval of the IAG I Report
- H. Recommendation to Council on using the Kudo system—Secretariat will briefly walk the IAG through a presentation from Kudo
- I. Recommendation to Council on the ITTC56 virtual session and confirmation of days/dates ITTC(LVI)/2
- J. Discussion on the proposed ITTO SP and if agreed upon, recommendation to Council on its adoption accompanied by a letter from the Chair, a draft decision and flowchart of the process
- K. Approval of the ITTC56 Provisional Agenda (following incorporation of changes after the last IAG meeting)
- L. Proposal for a Decision 8(LV) Advisory Board meeting

Meeting of 21 October 2020

- M. Adoption of the draft IAG III Agenda
- N. Approval of the IAG I & II executive summary report
- O. Nomination of Vice-chairperson of ITTC56 Mr. Kheiruddin Rani, Director-General Malaysian Timber Industry Board (MTIB)
- P. Update by Secretariat on ITTC56 preparations:
- ITTC56 Provisional Agenda
 - Council documentation—schedule of meetings during ITTC56, Committees, Expert Panel, Fellowship Programme, Bali Partnership Fund (BPF), Credentials Committee procedures
 - Ascertainment of Quorum through the Kudo system
- Q. The need for and the timing of the next Decision 8(LV) Advisory Board meeting
- R. Update on Decision 2(LIV) Reconfirmation of further measures and mandating of legal actions regarding the financial impairment
- S. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII):
- i. Projects, Pre-Projects and Activities [Decision 1(LVI)]
 - ii. ITTO Biennial Work Programme 2021-2022
 - iii. Further extension of the ITTO Strategic Action Plan 2013-2018
 - iv. Extension of the International Tropical Timber Agreement (ITTA), 2006
 - v. Implementation of ITTO's new Financing Architecture
 - vi. Matters related to Article 14 of the ITTA, 2006, regarding the recruitment, selection, and term of the Executive Director
- T. Other matters
25. The IAG had considered six draft decisions on projects, pre-projects, and activities; the 2021–2022 Biennial Work Programme (BWP); the further extension of the Strategic Action Plan 2013–2018; extension of the ITTA, 2006; implementation of ITTO's new financing architecture; and matters related to Article 14 of the ITTA, 2006 regarding the recruitment, selection and term of the Executive Director.
26. The IAG had discussed the list of possible decisions, its report to the Council, and other matters.

REPORT OF THE CREDENTIALS COMMITTEE (AGENDA ITEM 8)

27. Ms Aysha Ghadiali (United States of America—USA), Chairperson of the Credentials Committee, presented the report of the Credentials Committee, drawing attention to Document ITTC(LVI)/3. The committee, consisting of Australia, Cameroon, Costa Rica, Estonia, Malaysia, Peru and the USA, had examined and accepted the credentials and attendance of 44 countries and the European Union (EU) participating in the fifty-sixth session of the International Tropical Timber Council and Sessions of the Associated Committees.
28. Ms Ghadiali said that the Credentials Committee had also examined the representation of interest and the delegation of voting rights of eight countries in accordance with Article 11, paragraph 2 of the ITTA, 2006. The list of member countries delegating their interests and voting rights is shown below:

LIST OF MEMBER COUNTRIES DELEGATING VOTES

Country	Delegating votes to:
Croatia	European Commission
Czechia	
Finland	
Spain	European Commission or Germany
Greece	Germany
Italy	
Romania	
Slovakia	

IMPLICATIONS OF THE COVID-19 PANDEMIC ON ITTO PROCEDURES (AGENDA ITEM 9)

(a) Procedures and modalities governing the virtual ITTC 56 session in line with the ITTA, 2006 and ITTO Rules of Procedure

29. The Secretariat (Ms Sheam Satkuru) informed delegates that, due to the continuing exigencies of the COVID-19 pandemic, it had been decided to hold the fifty-sixth session of the Council virtually. The IAG had recommended that, as much as possible, the session should be treated like a regular Council session, which was also how other international organizations had been running their sessions. Ms Satkuru said that although ITTC 56 was being held virtually it was possible that, if necessary and feasible, a physical or hybrid session of the Council could be scheduled for the end of March 2021. The Council would deliberate on this further under agenda item 21.
30. Ms Satkuru reminded delegates that an updated schedule of meetings was posted on the ITTO website and that interpretation in all three ITTO official languages was available for all sessions. The Chairperson's Bureau meetings would commence at the end of each daily session but would require a separate login to attend. All Council documents had been made available to members through the ITTO website, as per normal regular sessions, and members had been requested to provide comments and suggestions before the session for the consideration of Council.

(b) Decision 9(XXXI) on matters related to hosting sessions of the Council

31. The Chairperson informed delegates that, due to the exigencies of the COVID-19 pandemic, an ad hoc advisory group had been established in accordance with Decision 9(XXXI), with the mandate to decide on the dates and venue of the session. This ad hoc advisory group had met virtually in July 2020 to discuss the issue; in view of the evolving COVID-19 pandemic situation, it had decided to hold a virtual Council session on 9–13 November 2020. The advisory group had proposed limiting daily sessions to two hours and restricting discussions to non-controversial agenda items. The advisory group had also discussed that, if needed, a follow-up segment could be held at the end of March 2021, either as a physical, hybrid or virtual session, depending on the situation at that time. The advisory group had recommended convening a joint meeting with the IAG to discuss the substance of the virtual fifty-sixth Council session. That joint meeting with the IAG had been held in August 2020.

STATEMENT BY THE EXECUTIVE DIRECTOR (AGENDA ITEM 10)

32. In his formal statement to the Council, Mr Dieterle welcomed all participants to the session. He said it was far from ideal to hold the session virtually given the substance of the issues at hand and the depth and breadth of deliberations that would be needed to achieve consensus; nevertheless, the most important consideration was to ensure that delegates and participants were safe. Mr Dieterle thanked the Secretariat staff for their hard work in making the virtual session technically possible and the IAG for its preparatory work.
33. Mr Dieterle said that sustainable forest management, which involved the restoration, conservation and sustainable use of forests, provided essential goods and ecosystem services to support human health and livelihoods. These forest products and services were essential in many tropical countries, the economies of which had been heavily affected by the pandemic. Mr Dieterle said that forests provided many valuable products and services, including food security and income, especially among the most vulnerable, and there was no question that the evolving crisis would have a deep impact on forest industries and domestic and international markets and that it was amplifying existing challenges such as pressure on forests, the difficulty in meeting sustainability standards, the lack of finance for biodiversity conservation, and forest governance. Through the objectives laid out in the ITTA, 2006 and the Strategic Action Plan, ITTO had huge potential to provide solutions. For example, the Secretariat had played an active role in drafting a joint statement by the Collaborative Partnership on Forests (CPF) on the role of forests in the COVID-19 pandemic. Mr Dieterle said he firmly believed that ITTO's new pilot programmatic approach was providing an excellent basis for responding to the needs of member countries during the crisis in a timely and focused manner. At a time when pressure on forests and demand for forest products and services were increasing, the Legal and Sustainable Supply Chains (LSSC), Biodiversity and Ecosystem Services, and Forest Landscape Restoration and

Livelihoods programme lines offered exactly the right mix of thematic priorities and organizational orientation for addressing those challenges.

34. Mr Dieterle thanked the Ad Hoc Finance Working Group and the Ad Hoc Advisory Board, as mandated by Decision 5(LV), for their advice and validation of the programmatic approach and the programme lines and their invaluable inputs on the goals, objectives, scenarios and mechanisms of the streamlined project cycle.
35. Mr Dieterle said that Decision 8(LV) also mandated the Executive Director with several tasks. On fundraising, he thanked the Government of Japan for the emergency funding it had provided in 2020 for two projects on forest fire in Indonesia and Peru. He also acknowledged Soka Gakkai for its financial support for a project on food security and forest restoration involving women and local communities in Togo.
36. Mr Dieterle informed delegates that ITTO had recently submitted proposals in response to calls for proposals from other organizations. These included two large-scale proposals at a total value of EUR 31 million to support women and local communities in meeting livelihood needs through forest landscape restoration (FLR) in four African countries, and one in Indonesia. Mr Dieterle said he hoped to receive a positive response this month from the German Ministry of the Environment under its International Climate Initiative (IKI).
37. Mr Dieterle said that the German Ministry of Food and Agriculture (BMEL) had invited ITTO to submit a proposal for the incorporation of the Global Timber Tracking Network (GTTN) into the LSSC programmatic line on the assumption that other donors would join as partners. Another proposal had been submitted to the EU on legal and sustainable supply chains valued at EUR 10 million.
38. On policy work, Mr Dieterle said that the Secretariat had been playing an active role in the CPF to underpin its specific role in the international forest regime and to substantiate the goals and objectives of the three programme lines.
39. ITTO's new Guidelines for Forest Landscape Restoration in the Tropics, relevant to programme line 3 of the new programmatic approach, recognized the growing importance of healthy ecosystems and their services in regulating zoonotic emergencies. ITTO had taken the lead in translating the global wealth of accumulated knowledge and best practices on FLR into the new guidelines, in close collaboration with several partners. The guidelines had been posted on the ITTO website. Dr Dieterle thanked the Council for guiding this policy work on FLR, the two lead consultants for their excellent work, and the many members of the CPF and other organizations who had provided invaluable contributions to the guidelines. He said that the new guidelines would help advance FLR in international processes, including the agenda for the post-2020 Global Biodiversity Framework and the United Nations Decade for Ecosystem Restoration, which would begin in 2021.
40. Mr Dieterle said that ITTO was partnering with FAO as the lead organization and also the International Union of Forest Research Organization in a new global initiative on forest education, which was funded by the Government of Germany. The initiative would address the global decline in forest-related knowledge and skills and help in understanding the emerging future needs for forest education at the professional, technical and general education levels. ITTO had taken the lead in the assessment in Asia. In addition, underpinning programme line 1 (LSSC), and in light of the COVID-19 pandemic, ITTO had taken the initiative to prepare an online learning course on legal and sustainable supply chains, with five modules along the value chain from the forest to the market. This course was expected to be available online soon.
41. Mr Dieterle said that ITTO was closely monitoring the economic impact of the COVID-19 pandemic on forest industries and trade. Under BWP Activity 1, a sub-study had been commissioned as part of broader analytical work on incentives for green value-chain investments in tropical forests. The initial results of the study had recently been published on the ITTO website.

42. Mr Dieterle said that other important activities, such as the Global Green Supply Chain (GGSC) initiative and a feasibility study on the use of blockchain technology for timber and other forest products, were also underway but had been slowed by COVID-19-related travel restrictions.
43. Dr Dieterle referred to Decision 8(LV), which requested the Executive Director to undertake new efforts to engage with the Global Environment Fund (GEF) and other international organizations. To receive funds directly from the GEF, ITTO would need to be accredited as an implementing organization, which was difficult to achieve without the active intervention in the governing body by member governments, who were also ITTO members. Attempts had been made to work with already-accredited organizations as prospective partners. An effort had also been made to develop a memorandum of understanding (MOU) with the Convention on Biological Diversity (CBD); agreement had been reached at an executive level and the MOU was expected to be signed soon.
44. Mr Dieterle said that the GEF had shown interest in the substance of ITTO's work because the GEF had adopted similar directives on the role of productive forests and the forest economy in addressing forest biodiversity. Mr Dieterle said that work on ITTO's application for accreditation with the Green Climate Fund (GCF) had resumed, and he noted that the new GCF Forest Strategy showed strong similarities with ITTO's pilot programmatic approach.
45. Mr Dieterle said that the Secretariat, with crucial support from the Ad Hoc Working Group on Finance and the Ad Hoc Advisory Board, had worked hard to advance the Organization's reform and restructuring process. New initiatives and fundraising efforts were underway, but the process was far from complete, and important elements for the operationalization of the pilot finance architecture were missing. These included underpinning the Ad Hoc Working Group's proposed objectives with a comprehensive narrative and business model; clarifying the interdependencies between the BWP and the pilot programmatic approach; and establishing rules for the financial and accounting aspects of the programme lines. A hierarchical set of criteria and outcome measurement indicators also needed to be developed to measure the effectiveness of the new approach at all levels.
46. Mr Dieterle said that, at the previous session in Lomé, he had proposed a limited extension of his term to further advance the work. Changing leadership in the middle of an ongoing reform process, he said, was normally against best practice and could cause a loss of momentum, especially during the COVID-19 pandemic. Mr Dieterle said that the Council must make strategic choices, and if leadership change was seen as in the best interests of the Organization, he would be happy to step aside so that an officer-in-charge could take over in the interim.
47. Mr Dieterle concluded his remarks by saying that he had submitted some constructive proposals to the Chairperson designed to enable the recruitment process to start almost immediately while ensuring a smooth transition from one elected Executive Director to another and keeping the reform agenda alive and the Secretariat stable. His highest priority was to be Executive Director for all members, to make useful contributions for the benefit of the Organization, and to advance the goals of the ITTA in a non-partisan way.
48. The Producer Spokesperson thanked the Executive Director for the statement and the entire Secretariat for their efforts during these complicated times. He said that members expected the Executive Director to focus on the proposal for the new financial architecture and what the Advisory Board had advised under Decision 8(LV) on how to advance this. Voluntary contributions from consumer countries had declined substantially in recent years, he said. The pilot programme to implement the new financial architecture was an opportunity to obtain additional funds from international organizations such as the GEF and FAO. There were great expectations for these avenues but they had not yet been implemented.
49. The Producer Spokesperson said that ITTO must take advantage of its comparative advantages. Given that the Organization was dedicated to the sustainable production of tropical timber, programme line 1 should receive particular attention to support the efficient management and trade of tropical timber from producer countries. There was also a need for greater interaction among members and between members and the Secretariat to reinforce management capabilities and to prioritize the needs of producer countries, especially through project financing.

50. He said that compliance with the technical and financial needs of forest management had a cost, and there had been a drop in the volume of trade in tropical timber.
51. Regarding the continuity of governance and the term of the Executive Director, the Producer Spokesperson said that the Council had established rules and regulations and that the producers considered that following those would give stability and sustainability to the institution.
52. The delegate of Indonesia expressed appreciation for the report of the Executive Director and congratulated him on the efforts to make the session possible and the progress made towards the Organization's financial recovery and the reform of its administrative and financial architecture. Stability and business continuity was crucial for ITTO during these difficult and extraordinary times, he said. Issues to be addressed included delays in the work; the pending of many funding decisions as potential donors weighed up whether to engage in activities given the cost of combating COVID-19; and ensuring that countries built back better after the crisis.
53. The delegate of Indonesia said that the decisions that needed to be taken during the session were important for the stability and sustainability of ITTO for several years to come. He stressed the need for stable, strong ITTO leadership to steer the Organization through the difficult situation, particularly over the next 12–24 months. He noted that a large IKI project had been proposed involving a number of non-governmental organizations, supported by ITTO. He wondered why his office, Indonesia's ITTO focal point, was unaware of this development; as focal point, his office should be involved in the process. The delegate of Indonesia said it was important for members to know about any benefits coming into their countries. On the trend that more financial resources were being directed towards activities in the BWP implemented by the Secretariat and fewer into project financing, he said that Indonesia supported the comments made by the Producer Spokesperson and, if the trend continued, there was a risk that members would lose interest in the Organization. He said Indonesia had submitted 31 projects that had been approved by Council but which were ultimately sunsetted.
54. The Executive Director said that agenda item 15 would provide an opportunity to comment in more detail on the activities undertaken by the Secretariat since the last Council session. His presentation was available on the ITTO website, where members could find all the numbers he had presented; these clearly showed that the decline in assessed and voluntary contributions was not a result of the impairment but, rather, was due to a structural problem related to the funding architecture. He was keen to address this, especially the way in which donors and contributors saw their contributions reflected.
55. He said this was a very important discussion, which had guided the design of the new financing architecture and the programme lines. It also required that the Secretariat take a more proactive role in addressing the issue of matching the needs of members and the financial possibilities of donors.
56. In response to the comment from Indonesia on the IKI project proposal, the Executive Director said that there had been initial discussions with the Indonesian authorities but that the current stage was that of a concept note. If the concept note was selected for the next stage, the Indonesian focal point would be closely involved to determine the details.
57. The Secretariat (Ms Sheam Satkuru) read a written statement received from Ms Cecile Ndjebet on behalf of REFACOF thanking the Secretariat and the Executive Director for their support. Ms Ndjebet expressed special thanks to Soka Gakkai for its funding in support of women in Togo and to the Secretariat for the preparation of a proposal supporting the network submitted for funding through IKI.

EXTENSION OF THE ITTA, 2006 (AGENDA ITEM 11)

58. The Secretariat (Ms Sheam Satkuru) drew the attention of members to Document ITTC(LVI)/Info.11. She said that, in accordance with Article 44, paragraph 1, the ITTA, 2006, which had entered into force on 7 December 2011, was due to expire on 6 December 2021. A Council decision was therefore required before that date to extend, renegotiate or terminate the agreement. In accordance with Article 44, paragraph 2, the Council could (by special vote, if necessary) decide to extend the agreement for two periods: an initial period of five years and an additional period of three years. Ms Satkuru informed

delegates that the IAG had concluded that negotiations on the ITTA, 2006 would be impossible in the current situation before the expiration date and hence the most appropriate and necessary action would be to extend the current agreement. A decision on the extension of the ITTA, 2006 was considered non-controversial and appropriate for consideration at the present session; a draft decision had been tabled.

59. Ms Satkuru reminded delegates that, in accordance with Article 12 of the ITTA, 2006, the Council should endeavour to take all decisions and to make all recommendations by consensus. Article 12, paragraph 2 stipulated that, if consensus could not be reached, the Council should take all decisions and make all recommendations by simple distributed majority vote unless the agreement provided for a special vote. In case consensus could not be reached on an extension of the ITTA, 2006, a special vote would be required. A decision on an extension or renegotiation could be taken any time before 6 December 2021, including during the fifty-seventh session of the Council, provided the session took place before that date. However, she said, a decision should be taken by mid-November 2021 to enable the Secretariat to inform the treaties office in New York and to avoid the possibility of the ITTA, 2006 showing as lapsed.
60. Ms Satkuru said that Document ITTC(LVI)/Info.11 also included details of what would happen if the agreement was extended or renegotiated but had not yet entered into force either definitively or provisionally. In case of an extension, the first and most important party to be notified would be the UN depository, which was the UN treaties office in New York, USA. Any renegotiation of the ITTA in the future would be under the auspices of the United Nations Conference on Trade and Development (UNCTAD), which would need to be notified even when the decision under discussion here was taken by the Council. Ms Satkuru said that the text of the draft decision appended to the IAG report for the consideration of the Council was an almost exact copy of decisions, adopted by consensus, on the extension of the ITTA, 1994. The ITTA, 1994 had been extended three times under Decision 4(XXVIII) from 1 January 2001 to 31 December 2003; under Decision 9(XXXIII) from 1 January 2004 to 31 December 2006; and under Decision 3(XLI) until the entry into force of the ITTA, 2006 on 7 December 2011.
61. The Producer Spokesperson thanked the Secretariat for explaining the necessary procedures to extend or renegotiate the ITTA, 2006. He said that the producer caucus did not consider the renegotiation to be urgent because the ITTA, 2006 responded well to the Organization's main objectives. The position of the producer caucus, therefore, was to extend the agreement, but at the same time the producer caucus was willing to discuss the item over the next few months until the deadline in November 2021.
62. The Producer Spokesperson also reminded members that there had been consultations in the IAG on the rules of procedure and that the UNCTAD legal adviser had said that any modification to the agreement would need to be submitted to the Council as the Organization's highest authority and it could be done urgently without having to go through a process of renegotiation. The Producer Spokesperson said that there was no time for renegotiation presently and recalled that the renegotiation of the previous agreement had cost approximately USD 1 million, in addition to the cost of participation for member countries in the negotiation committee. Bearing in mind the current complicated situation due to the pandemic and the financial situation of the organization, he concluded that it was not a good time to renegotiate the current agreement.
63. The Chairperson thanked the Producer Spokesperson for the views of the producer caucus, noting that it was also possible to make minor changes to the agreement without a full renegotiation.
64. The Consumer Spokesperson said that the consumer caucus considered this issue to be of the highest importance for the Organization and for all the membership and that it would require action in 2021. He said that consumer caucus members had indicated their readiness to consider an extension of the ITTA, 2006. At the same time, however, some members had indicated that they would need to undertake domestic consultations and approval processes before they would be able to agree on a decision on such an extension, with time requirements varying from several weeks to several months. Therefore, the consumer caucus would be unable to take a decision at the current session but would welcome an initial exchange and would like to lay the groundwork to take a decision in 2021. The

Consumer Spokesperson thanked the Secretariat for clearly setting out some of the deadlines and thresholds that would need to be met in the next year, and he commented that the information provided in Document ITTC(LVI)/Info.11 was helpful. He urged all members to consult their domestic legal experts to understand whether any internal processes were required to adopt a decision to extend the ITTA, 2006 and if so, to initiate action as soon as possible. He thanked the producer caucus for its views.

65. The delegate of Malaysia said that Malaysia would support an extension of the ITTA, 2006 but sought clarification on the procedures for discussing this issue and how consensus would be built, in the case of another virtual session.
66. The delegate of Colombia said that this was an extremely important discussion, and he suggested that the extension should be discussed at a future Council session before the deadline of 6 December 2021. He said that his delegation had not had sufficient time to study the document circulated by the Secretariat and to consult with the competent authorities. He said Colombia had taken note of the various positions but that their own position was to postpone the discussion.
67. The delegate of the Philippines sought clarification on the procedure required to extend, or not extend, the current ITTA. He said the Secretariat had indicated that there could either be consensus or a special vote, but Article 44 of the ITTA, 2006 only permitted a special vote. He said this clarification was necessary so that an informed recommendation could be issued to heads of state and heads of delegation.
68. The Secretariat (Ms Sheam Satkuru) responded that this was the reason for her earlier reference to Article 12 of the ITTA. Although Article 44 stipulated that the extension or renegotiation of the ITTA, 2006 would require a special vote, Article 12.1 would take precedence, saying that "Council shall endeavour to take all decisions by consensus", and only if consensus was not achievable would the Council revert to Article 12.2, which said that decisions could be taken by a simple majority vote or by a special vote, if prescribed as such under the ITTA, 2006. If no consensus could be achieved on the extension of the ITTA, 2006, a special vote would be required. Ms Satkuru noted that this information was also contained in Document ITTC(LVI)/Info.11.
69. Ms Satkuru said that the Secretariat recommended that the Council should strive to achieve consensus on the extension of the ITTA, 2006, with many speakers having said that this was the favoured option, with the exception that some months would be required for domestic processes. She emphasized that the timeline was mid-November 2021, by when a decision needed to be taken so that the UN treaties office could be informed in a timely manner.
70. The delegate of Ghana said that he agreed with the comments of the Producer Spokesperson on postponing negotiations on the ITTA, 2006 until the next session. He said that, given the current extraordinary circumstances, subjecting members to a new negotiation would take substantial time away from other important issues that needed to be addressed during the present session. Ghana supported the idea of moving forward with the extension of the ITTA, 2006, subject to internal consultations, as mentioned by the Consumer Spokesperson.
71. The delegate of Togo said he could envisage an assessment of the ITTA, 2006 that would take into account the new situation facing members due to the pandemic. He said the Chairperson had restated the negative consequences of COVID-19 in his opening remarks and that it was important to have a consultation among all members, especially with a view to renegotiating the agreement. He would like the Secretariat to organize a formal consultation with the various countries, because it was difficult to give a definite opinion at this moment.
72. The delegate of Benin said that Benin would be ready for an extension of the ITTA, 2006.
73. The delegate of Costa Rica said that he fully endorsed the comments made by the Producer Spokesperson. He said it was inopportune to think about renegotiating the ITTA and that his government would prefer to extend the current agreement. There was insufficient time to renegotiate, considering that it would require a process of consultation with all member states, which would need to

be completed by December 2021. Even an extension would require consultations with respective authorities, but, given the pandemic and the financial impairment affecting the Organization, Costa Rica considered that the best way forward was to extend the current ITTA.

74. The Chairperson said that, having listened to the discussions, it seemed there was a willingness and readiness to extend the current agreement, but a number of countries needed to complete internal processes to do so. He said that members should consult internally with their legal services to see how to move forward on extending the agreement before it expired on 6 December 2021. There was also a proposal for an assessment of the agreement itself to see how it had performed and what could be changed in the future renegotiation, but this was less urgent. The Chairperson said that, while there was general agreement on the extension of the agreement, some countries were not in a position to take a decision at the present session.
75. The delegate of the EU requested confirmation of his understanding that the conclusion of the discussion was that the Council was ready to consider an extension of the ITTA, 2006 at a forthcoming session, but there was not yet consensus or agreement on such an extension.
76. The Chairperson confirmed that the understanding of the delegate of the EU was correct.
77. The delegate of Cameroon said his delegation was supportive of the proposal made by the Producer Spokesperson but that it would also need internal consultations so that the decision taken internally could be communicated to the Council as a formal position.

ITTO BIENNIAL WORK PROGRAMME 2018-2019 EXTENDED INTO 2020 – DECISIONS 9(XXXIV), 2(LIHI) and 3(LV) (AGENDA ITEM 12)

(a) Progress report on the implementation of the ITTO Biennial Work Programme 2018–2019 extended into 2020

The presentation under Agenda Item 12(a) can be downloaded here: [Info\(LVI\)/Info.14](#)

78. The Secretariat (Mr Gerhard Breulmann) presented a progress report on the implementation of the 2018–2019 BWP extended into 2020 (Document ITTC(LVI)/4).
79. Mr Breulmann recalled that the 2018–2019 BWP contained 41 activities divided into two parts. Part 1 had 26 activities divided into five groups by funding source. This comprised 19 activities seeking voluntary contributions from the membership and seven activities (the Tropical Forest Update, the MIS, the Annual Market Discussion, statistics, outreach, the Expert Panel and the Biennial Review) funded through the core budget. Part 2 comprised 15 activities the Council was addressing and which had no financial implications. Mr Breulmann presented a table of the 26 activities showing, with a colour code, the funding status of each. Twelve activities were fully funded, including seven activities under the core budget and the Independent Market Monitor (IMM) initiative, which was funded through a grant from the EU. Eleven activities had been partially funded and three had received no funding. The total of voluntary contributions sought to fully finance the BWP was USD 8 030 000, and the pledges received to date amounted to USD 8 663 161. Mr Breulmann explained that although more funding had been pledged than originally sought, a substantial number of activities had received only partial or no funding because two activities—Activity 2 on legal and sustainable forest product supply chains, which was part of the programme line pilot phase under programme line 1, and activity 12 on forest fire—had received more funding than originally budgeted. Mr Breulmann thanked all donors for their contributions to the BWP—Germany, Japan, the USA, the EU, China, the Republic of Korea, and the Netherlands. He said that some non-members had also made contributions—the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), FAO, the International Union for Conservation of Nature, the Programme de Promotion de l'Exploitation Certifiée des Forêts and the World Bank; in addition, some financing had come from the Bali Partnership Fund.

80. Ms Satkuru presented an update on the ITTO Fellowship Programme (activity 22), drawing the attention of members to documents ITTC(LVI)/5 and ITTC(LVI)/6. She said that the Fellowship Panel would normally be chaired by the Vice-chairperson of Council, but this year's panel had been conducted virtually and, because of the late change of Vice-chairperson, the report would be presented by the Secretariat. She said that the Fellowship Panel, which comprised representatives from Germany, Ghana, Guatemala, Indonesia, Japan and the USA, had commenced its work in autumn 2020 and had finalized the selection of awardees on 3 November 2020. The total funding available for awards in this cycle was USD 150 344, comprising an uncommitted balance of USD 22 922, an amount of USD 95 801 from the Netherlands, and a late pledge from Japan of USD 31 620 received on 6 November 2020. In making its selection of awardees, the panel had taken into account the balance between the three subject areas and regions and the opportunity to achieve a gender balance. Ms Satkuru said that women accounted for 45% of the proposed awardees this year. The panel had recommended a total of 20 awardees at a cost of USD 144 845, leaving an uncommitted balance of USD 5 499, which would be carried forward. She congratulated the awardees and thanked all donors for their contributions.

(b) Draft ITTO Biennial Work Programme 2021–2022

The presentation under Agenda Item 12(b) can be downloaded here: [Info\(LVI\)/Info.15](#)

81. The Secretariat (Mr Gerhard Breulmann) drew the attention of members to the draft 2021–2022 BWP in Document ITTC(LVI)/7 Rev.1. He said the proposed BWP was based mostly on the previous BWP, with some amendments and modifications. The structure of the document was the same as for the previous BWP; it consisted of 40 proposed activities in two parts: part 1 comprised 24 technical activities requiring financing over the next two years, and part 2 had 16 administrative and financial activities. The activities in part 1 were in five groups: 1) field-oriented activities, with engagement of work in member countries; 2) normative work on policy guidelines; 3) collaborative work with other organizations or initiatives; 4) communication and outreach; and 5) analytical, statistical and other recurring work. Mr Breulmann said that, due to the ongoing programmatic lines pilot phase, references to the programme lines had been included for the proposed activities as appropriate, in addition to references to the strategic priorities of the ITTO Strategic Action Plan, the Global Forest Goals, the UN Strategic Plan on Forests, and the Sustainable Development Goals. The terms of reference for each activity are contained in the annex to Document ITTC(LVI)/7.
82. Mr Breulmann said three activities that had not received pledges under the previous BWP had not been carried forward into the draft 2021–2022 BWP; these were previous activity 5 on mangroves, previous activity 13 on a deforestation conference, and previous activity 26 on SFM Tropics. Two new activities had been included: activity 12 on the conservation and sustainable use of biodiversity in tropical timber production forests; and activity 17c, which was the translation of the ITTO website and communication materials into Japanese. Mr Breulmann said that, in addition to updating all terms of reference and budgets, some new subcomponents had been added, including the coordination of the GTTN in activity 2; the subcomponent on the prevention of and response to forest fires in Indonesia and Peru under activity 9; the dissemination of the new FLR guidelines under activity 11b; and support for women groups and gender empowerment and FLR in Togo under activity 11c.
83. Mr Breulmann said that part 1 of the proposed BWP contained 14 activities requiring voluntary contributions, seven activities funded from the core operational budget, one activity (activity 6—the IMM) that would be funded by an EU grant, and two activities (activity 10—the Strategic Action Plan and activity 15—development of a communication strategy) that were already fully financed through pledges made under the previous BWP. The proposed BWP was seeking USD 4 346 760 in new voluntary contributions over the two-year period; combined with funds to the amount of USD 1 860 000 as part of core operational costs, the total budget was USD 6 206 760.
84. The delegate of the USA said her delegation recognized the importance of the BWP activities, particularly activities 1, 2 and 3 in programmatic line 1. She said that the proposed addition of the coordination of GTTN under activity 2 to promote the application of technologies for wood identification and origin was a necessary and exciting area that could enhance legal and sustainable trade, but it was a large, complex task carrying significant responsibility. The European Forest Institute (EFI) had

invested an enormous amount of effort in the design of a reference database, dealing with complex issues of data, metadata and user access. The scientific phase was not completed, she said, and would continue in parallel with the operational phase. Noting that the GTTN reference database and service provider database had been developed by software engineers and scientists, the delegate of the USA asked whether ITTO would be managing the ongoing development and, if so, whether ITTO had the requisite technical expertise and how this knowledge would be transferred (e.g. whether ITTO would use a contractor). She also asked the extent to which ITTO had consulted with the GTTN partners, namely EFI, the World Resources Institute, the Chinese Academy of Sciences, Agroisolab and others, because the coordination of the GTTN would require considerable collaboration on multiple levels. She said the description in the BWP did not really convey the large responsibility involved in taking on the coordination of the GTTN; The USA continued to think this was an important field and was investing in the development of such technologies.

85. The delegate of the USA also noted that activity 3 was important for supporting industry in meeting market legality requirements and also supported programme line 1. The development of an e-learning module could facilitate the cost-effective scaling up of knowledge by and for the private sector and the course had potential for cost-sharing because it was being undertaken by industry. She said the USA appreciated the Secretariat's efforts to assign activities to the programmatic lines in the draft BWP but it was inconsistent in the document because some activities were assigned such references and others were not.
86. The Producer Spokesperson said that the Fellowship Programme was extremely useful, and he suggested financing for it could be increased to help young and mid-career people in the forest sectors of producer countries, which would benefit their countries and also ITTO.
87. On the BWP, the Producer Spokesperson said many activities were being funded either through the core budget or voluntary contributions, including certain technical activities that had originally been planned as projects, such as the forest-fire activity in Peru. He said it was important to clearly set out the type of projects that should be implemented by the Secretariat under the BWP. He said the draft decision on the new financial architecture included elements that referred to better coordination in terms of planning and implementing activities by the Secretariat and also on the project side.
88. The delegate of Indonesia seconded the comments made by the Producer Spokesperson. He noted that the draft BWP included one activity (activity 1) that responded to the impact of the COVID-19 pandemic on the trade and suggested that the Organization should also address the pandemic's effects on the sustainability of forest management. He said that not only were people's livelihoods threatened, so too were forest resources. ITTO was in a position to help people living around forests to recover from the pandemic and to support countries to build back better. This should receive more consideration in the BWP.
89. In response to the comment on the GTTN, Mr Breulmann said ITTO was intending to work with contractors because of the lack of in-house capacity, for example to continue the work on the databases developed during phase 2 of the GTTN by EFI and others. He reported that ITTO had held coordination meetings with EFI and others, initially in Shanghai, China, in October 2019 and later virtually. ITTO had originally been requested by BMEL to submit a dedicated proposal for the coordination of phase 3 of the GTTN, but the approach had changed when BMEL had said it could only continue funding the GTTN if other donors also contributed. GTTN was then included in the BWP as activity 2 to enable multiple donors to contribute.
90. Mr Dieterle said the initial idea was that ITTO would be the overall coordinator of phase 3, which would widen the scope of the GTTN to include the full range of tracking mechanisms, not just the high-end DNA-based and isotope-based scientific elements but also more down-to-earth tracking elements for following timber trade flows. On the response of the ITTO Secretariat to the COVID-19 pandemic, Mr Dieterle said that discussions in the Secretariat had given rise to a number of activities, including two proposals under IKI for landscape restoration in Central Africa, which directly addressed the economic impacts of emerging threats to natural resources on local people because of the higher rates of natural resource consumption during crises. Mr Dieterle said that, in BWP activity 1 on incentives for green-growth value-chain investments in tropical countries, the consultants had been

asked to add an element addressing the implications of the COVID-induced economic crisis on timber-exporting countries and also on the domestic situation. An initial summary of that study had been posted on the ITTO website. Mr Dieterle said that, in addition to those actions, the Secretariat would be examining all activities to see how the pandemic was affecting implementation and how the approach might be adjusted to be more responsive to the pandemic.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO THEMATIC PROGRAMMES (AGENDA ITEM 13)

The presentation under Agenda Item 13 can be downloaded here: [ITTC\(LVI\)/Info.12](#)

91. The ITTO Secretariat (Mr Gerhard Breulmann) presented a progress report on the implementation of the ITTO thematic programmes, as contained in Document ITTC(LVI)/8.
92. Mr Breulmann informed the Council that, of the 79 projects originally approved under the thematic programmes, 71 had been completed; three had been terminated in accordance with the provisions of Decision 6(LII) due to the impairment; four projects had lapsed into sunset due to difficulties in the executing agencies in signing the agreements; and one project, RED-PD 093/12 on advancing REDD+ in Ghana, had been reported completed at the previous session in Lomé, Togo, pending receipt and approval of the final audit. Despite repeated reminders and the help of contacts in Ghana, however, no response had yet been received from the executing agency. In the absence of the final financial audit for an extended period, it was now proposed to terminate the project in accordance with the contractual agreement.
93. Mr Breulmann said the thematic programmes had received a total of about USD 22 million, but no new pledges had been received since 2014. He thanked all donors for their contributions to the thematic programmes, comprising Australia, the EU/CITES, Finland, Germany, Japan, the Republic of Korea, the Netherlands, New Zealand, Norway, Sweden, Switzerland, the UK, the USA and the Japan Lumber Importers Association. Mr Breulmann said that, in the absence of new pledges and given that all funded projects had now been completed, there would be no future reporting on the thematic programmes.
94. The Chairperson thanked Mr Breulmann for his presentation and invited interventions from the floor. There being none, the Chairperson closed this agenda item.

IMPAIRMENT OF ITTO FUNDS – DECISIONS 5(LII), 6(LII), 7(LIII) and 2(LIV) (AGENDA ITEM 14)

95. The ITTO Secretariat (Ms Sheam Satkuru) recalled that the Secretariat had provided updates on the impairment at previous sessions. Under Decision 7(LIII), the Secretariat had been mandated to exhaust all avenues of legal action against the parties who could be responsible for the impairment of ITTO funds.
96. Ms Satkuru said legal action had been filed against the investment adviser, and the Secretariat was awaiting the outcome of proceedings in the Japanese High Court. Originally, those outcomes had been due earlier in 2020 but, because of the COVID-19 pandemic, the proceedings and judgment had been delayed until October. She said the High Court had agreed with the preliminary findings of the Lower Court of Yokohama and rejected ITTO's appeal, with the exception that there were some legal points of procedure that could be beneficial to ITTO in order to file a notice of appeal at the Supreme Court of Japan.
97. Ms Satkuru said that, based on the legal provisions and the High Court judgment and in consultation with ITTO's legal advisors, the Secretariat had recommended to the IAG that the Organization file a notice of appeal to the Supreme Court. Following the agreement of the IAG, the Secretariat had filed a notice of appeal to the Supreme Court on Friday, 23 October 2020. She said the cost of filing the appeal was about USD 40 000 and the legal fees associated with filing and addressing the appeal were estimated at USD 20 000. The court stamp fee was paid in full on 30 October 2020. All costs would be covered in full by the funds already approved by the Council, with USD 97 630 remaining.

98. After lodging the appeal, there was a 50-day period in which the High Court would notify the Supreme Court of Japan with the full transcript of the judgment. After that 50-day period, ITTO's legal advisers would have one month within which to expand on and submit ITTO's grounds of appeal. The chances of the Supreme Court accepting ITTO's appeal was considered 50-50. Acceptance by the Supreme Court would be based on an assessment of the High Court papers submitted to the Appeals Court.
99. Ms Satkuru said the period of consideration by the Supreme Court on whether ITTO's appeal was admissible was expected to take one to four months. The Supreme Court's decision would be communicated directly to ITTO's legal advisers. In addition to the filing of the notice of appeal to the Supreme Court, the third-party notices that had been issued to two former ITTO employees implicated in the impairment were ongoing; however, those proceedings would have to be stayed until the process in the Supreme Court was completed.
100. The delegate of Costa Rica supported the decisions taken to date on holding to account the persons responsible for the investments that had caused the impairment. He said Costa Rica had become a member of the Organization in 2014 and had always paid its contributions. Costa Rica had two approved projects, but these could not be implemented due to a lack of funding. Costa Rica would support any effort to put those responsible for this situation before the courts.

IMPLEMENTATION OF ITTO'S NEW FINANCING ARCHITECTURE, PHASE I – DECISION 8(LV) (AGENDA ITEM 15)

- (a) Progress report on new funding received under the programmatic approach and new funding opportunities, including projects pending financing under the Regular Project Cycle**
- (b) Progress report on engagement with GEF and other potential partners**

The presentation under Agenda Items 15(a) and 15(b) can be downloaded here: [ITTC\(LVI\)/Info.9](#)

101. The Chairperson drew the attention of members to Document ITTC(LVI)/9, sub-items (a) and (b), and invited the Executive Director to present a progress report on these.
102. The Executive Director said the new financing architecture should ensure that all ITTO activities were captured in the programme lines under coherent criteria and indicators, which would also report back to the Strategic Action Plan and the ITTA. He said that, as a result of the sharp decrease in financing in the regular project cycle, more activities were now folded into the BWP and, as a consequence, the BWP included a number of field activities. This was not ideal because the BWP should focus on monitoring and evaluation, market data, recurrent activities, piloting new approaches, fundraising, and general Secretariat work.
103. Mr Dieterle said that, since 1997, there had been an ongoing decrease in monetary contributions to ITTO, with an acceleration between 2011 and 2017; the decline, therefore, was not solely due to the impairment. There had been a resurgence of income from 2017 to 2019, followed by a decline, which he assumed was due at least partially to the decision on the future of the programmatic approach, the leadership question and also COVID-19.
104. Mr Dieterle said about USD 7 million had been received under the 2018–2019 BWP (extended into 2020). This included a grant from the Japan Forestry Agency for LSSC-related training modules in the Congo Basin countries; and USD 1.24 million from Germany for a teak project in the Mekong subregion, which covered the whole supply chain, from silviculture through forest operations, harvesting, marketing, product design and dissemination. He said this was an encouraging sign of collaboration between donors. In addition, USD 2.39 million had been received from BMEL for programme line 1 (LSSC), and implementation was underway on a study of blockchain technology, the GGSC platform, and a new activity on phase 3 of the GTTN. He said that, although many activities were underway, complications had arisen due to the COVID-19 pandemic because field missions could not be undertaken.
105. Mr Dieterle said another collaboration on a global forest education survey and platform was underway under the leadership of FAO, financed by the Government of Germany.

106. He said Japan had made contributions to ITTO, including emergency funding in the amount of USD 2.2 million for forest-fire-related activities in Peru and Indonesia; a donation from Soka Gakkai for FLR aimed at improving the livelihoods of local communities, particularly women's organizations; and a recent contribution from the Japan Forestry Agency for LSSC-related activities in China, Myanmar and Viet Nam. Mr Dieterle said these examples showed that the Secretariat had actively adjusted and integrated proposals from the regular cycle and thereby demonstrated its matching function, which would be further discussed and presented by the co-chairs of the Ad Hoc Working Group on Financing.
107. ITTO was working on a proposal for the coordination of the GTTN for submission in early 2021 to the Government of Germany. Mr Dieterle said the initial focus of the GTTN had been scientific, examining highly sophisticated technologies such as DNA and isotope analysis. In the future, however, the programme would include all types of tracking assistance, and it would need contributions from other donors to make it a joint effort. Other ITTO timber-tracking projects had been undertaken in Guatemala, Mozambique and Panama.
108. Mr Dieterle said the Secretariat had also responded to calls for proposals and had prepared and submitted proposals, including one for EUR 10 million under the EU Action Plan to protect and restore the world's forests; and two proposals under the German Ministry of Environment's IKI—one on FLR by local communities and women in West African countries (EUR 16 million) and another on the development of legal and sustainable supply chains for bamboo and rattan in Indonesia (EUR 15 million). He said these activities were important as a quick response to the current economic situation in many producer countries.
109. Mr Dieterle said he was in discussions with and had visited the Special Administrative Region of Macau, which had expressed an interest in further supporting the Green Global Supply Chain platform. It had indicated financial support to help private-sector companies globally to access markets and increase market opportunities between producer countries and China and other consumer markets.
110. He said a diminishing number of projects was being implemented under the regular project cycle. The projects implemented in the regular cycle in 2016 represented a total value of USD 23 million, but this had decreased to USD 5 million in 2020. This showed that the regular project cycle was not receiving significant amounts of funds, with many donors preferring to allocate their funding through the BWP. The proposed 2021–2022 BWP included activities under the programmatic approach because there was no agreed reporting scheme for the programmatic approach yet.
111. Mr Dieterle thanked the Ad Hoc Working Group on Financing for its support in developing brief descriptions and objectives for each programme line. The Secretariat had streamlined the proposal cycle and developed a concept-note template in accordance with Decision 8(LV). An overarching narrative or description for the operationalization of the programmatic approach was still missing, however; this would be an important document for fundraising and to communicate with potential donors on the essence of the programmatic approach. In addition, in-depth thinking was needed on the financing and accounting architecture to visualize how the programme lines would tie into the Strategic Action Plan and the ITTA. In this regard, a coherent set of criteria and outcome measurement indicators was needed at the level of agreements, the Strategic Action Plan, programme lines and activities.
112. Mr Dieterle concluded his intervention by saying that ITTO was working closely with core partners in the CPF, including the CBD, CITES and the World Bank.
113. The Chairperson thanked the Executive Director for his presentation and invited questions from the floor.
114. The delegate of Costa Rica asked for the deadline for the proposals mentioned by the Executive Director so that members could get an idea of the timing of project implementation, assuming approval by the donors.

115. The delegate of Japan thanked the Secretariat and the co-chairs and members of the Ad Hoc Working Group on Financing for their work. She stressed the importance of providing a consolidated document when reporting on Council decisions on funding matters, well ahead of Council sessions. She said it was important to be clear and transparent in all communications related to sessions so that members could gain a proper understanding of all issues well ahead of those sessions. From a donor's perspective, it was important to increase the international visibility of ITTO's role in executing an increasingly focused and important mandate.
116. The delegate of Japan said the structural decline in voluntary contributions across many organizations in the sustainability field coincided with the creation of mega funds such as the GEF and the GCF, where donor funds were increasingly concentrated. She said this was a reality that Japan had emphasized at the previous Council session, and it was increasingly relevant in the pandemic-prone era. It was important, therefore, for the Secretariat to continue engaging across the membership and in the international arena. It was also necessary to complete requests related to the work with these various funding mechanisms by establishing MOUs with related conventions to raise the Organization's international profile and thus diversify its funding base and exposure, including access to various environmental, social and governance funds and innovative funding mechanisms.
117. The delegate of Japan said the GEF was emphasizing the mobilization of resources for non-protected areas linked to commodity value chains through its multi-stakeholder platform initiative of non-accredited partners. She thought this could be a door-opening opportunity for ITTO, given its unique membership and structure, including TAG and the Civil Society Advisory Group (CSAG). She expressed hope that the Secretariat would make progress in concluding relevant agreements in time for the GEF-8 negotiation process, which would start in early 2021, and that it would seek advice from the Advisory Board on effective engagement, as noted in Decision 8(LV).
118. The delegate of Peru said he had identified four key objectives for the Organization in the field of sustainable development: 1) to contribute to the sustainable development of tropical forests; 2) to support development in order to improve forest management and forest use; 3) to improve market information; and 4) to promote better processing of timber products from sustainably managed tropical forests. These were all extremely important objectives for the producers. In recent years, however, 85% of the Organization's resources had been allocated to governance, forest law enforcement and restoration. Although these were also elements, the Organization had not provided the necessary support to uphold the objectives that would consolidate sustainable forest management.
119. The delegate of Peru said that, to achieve the objective of sustainably managed tropical forests, ITTO should carry out activities aimed at consolidating sustainable forest management in technical areas. If processing costs were too high, products would not be competitive. Sustainable forest management required investment because of the additional work and therefore costs in managing ecosystems and ensuring social responsibility. He said that research and the transfer of technology were required, and the Organization should consider devoting more resources to such activities.
120. In response to the question from Costa Rica, the Executive Director said the timelines varied from case to case. For the forest-fire-prevention projects in Peru and Indonesia, the Secretariat had started work on the proposals quickly with those governments, with a short turnaround from planning to implementation. In the cases in which the Secretariat had responded to open calls, feedback was expected from IKI within the next two weeks.
121. In response to the comments from Japan, Mr Dieterle said the Secretariat was well aware of the need to be proactive, but engagement also needed support from member countries, particularly those countries that were part of the governing bodies of the GEF, the CBD and the GCF.
122. In response to the intervention from Peru, Mr Dieterle said this was exactly what the LSSC programme line was designed to do, including moving away from a focus on governance towards more practical approaches comprising silviculture, processing, marketing and entire supply chains. In Viet Nam, for example, local smallholders were obtaining support and advice on silviculture, harvesting and market access. Advice on how to restore degraded forests was also important. Support often focused on

biodiversity or carbon, but restoration needed to generate concrete benefits for those who invested in forests. He said the new FLR guidelines were a good example of how global benefits had to be rooted in local benefits and income-generation opportunities.

(c) Update on the meetings of the Advisory Board on the Programmatic Approach

123. The Chairperson updated the Council on meetings of the Advisory Board on the Programmatic Approach. He said that the mandate of the Advisory Board had been established in Decision 8(LV), operative paragraph 16. The Advisory Board had met in April and October 2020, and its work would continue until the end of the pilot phase of the programmatic approach in 2022. At the two meetings, the Secretariat had provided updates on the implementation of the various elements of Decision 8(LV). The Advisory Board had provided the Executive Director with advice on reporting on the implementation of the elements of Decision 8(LV) related to fundraising; this was a clear mode of reporting to Council on fundraising efforts to provide donors with clarity on what funding was required by ITTO. Updates would also be provided on engagement efforts with international and multilateral partners.
124. The Chairperson said that the Ad Hoc Working Group on Financing had finalized goals and objectives for each programmatic line, as presented under agenda item 15 (a). The Advisory Board had discussed financing matters extensively, including: the potential budget shortfall in 2020, which had been addressed through an intersessional process in June 2020; effective ways of dealing with ITTO projects that were pending finance; and effective ways to position ITTO in the face of the ongoing pandemic. He said that the co-chairs of the Ad Hoc Working Group on Financing had participated in the second meeting of the Advisory Board, providing valuable insights on how to proceed with the piloting of the programmatic approach and the fourth programmatic line.
125. The Chairperson concluded his update by informing the Council that the IAG had provided a draft decision on finance, which was currently being improved.
126. In the absence of interventions from the floor, the Chairperson closed this agenda item.

(d) Report of the Ad Hoc Working Group on Financing

The presentation under Agenda Item 15(d) can be downloaded here: [ITTC\(LVI\)/Info.10](#)

127. Mr John Leigh, co-chair of the Ad Hoc Working Group on Financing, drew the attention of members to the report of the working group on the Implementation of ITTO's new Financial Architecture – Phase I, as contained in Document ITTC(LVI)/9. He said the mandate of the working group comprised four main tasks: 1) develop brief descriptions and three to four objectives for each programmatic line; 2) further refine the elements for a streamlined project-cycle process, as contained in the report of the Working Group on Financing Infrastructure and Fundraising Strategies (Document ITTC(LV)/10); 3) review the template of the project concept note developed by the Secretariat; and 4) produce a report of its work to be presented to the fifty-sixth session of the Council.
128. Mr Leigh said that, pursuant to Decision 8(LV), the working group was composed of three experts nominated by consumer members, three experts nominated by producer members, and one representative each from CSAG and TAG. Ms Jennifer Conje (USA) and Mr John Leigh (Peru) had been appointed as co-chairs.
129. Mr Leigh introduced the descriptions and objectives for each programme line developed by the Ad Hoc Working Group on Financing, as presented in Document (LVI)/9.
130. Mr Leigh's co-chair, Ms Conje, said the Council had approved the virtual feedback loop process at its fifty-fifth session in Lomé, Togo. This process was an important part of the programmatic approach because it gave the Organization flexibility to take advantage of financing opportunities but at the same time ensured transparency and a mechanism for membership feedback on financing decisions. Ms Conje said the virtual feedback loop would be especially important when the Secretariat needed to

take decisions that did not neatly fall into the normal project cycle or the timing of Council sessions. Under it, information would be sent to official focal points with an allocated time for feedback to help inform the Executive Director's decision on whether to undertake a given funding opportunity. Ms Conje said the Council had already experienced the virtual feedback loop in regard to the decision on forest education in the Asia-Pacific region and online learning courses for legal and sustainable supply chains, which was funded by BMEL. She stressed the importance and responsibility of members, specifically the focal points in each country, to share such information with their delegations and to provide feedback to the Executive Director to ensure that the activities that were going to be undertaken were within the mandate, policies and best interests of ITTO.

131. She said that, for the process to work properly, it was important for the Secretariat to share information in a timely manner. She highlighted the role of the Advisory Board, which was set up in Togo to ensure transparency and provide advice to the Executive Director on the implementation of the programmatic approach.
132. Ms Conje explained the four financing flow scenarios under the programmatic approach, starting with financing flow scenario 4, which showed how the streamlined project cycle helped seed the project concept note database, which was used for ideas under the other financing flow scenarios. The working group recommended a transitional period of one year in which project proposals would still be accepted, followed by a transition to a concept-note process except for proposals with budgets under USD 150 000 and which did not exceed 24 months in implementation. Ms Conje said this recommendation was made on the understanding that some proponents had proposals in development and proposals that had come back for revisions from the Expert Panel. She said the faster the transition to a project concept-note process could be achieved, the smoother the transition would be and there would be more of a basis for assessing the pilot of the programmatic approach.
133. Ms Conje said existing proposals that had not yet been sunsetted would go into the project matching database. She explained that eligibility to submit concept notes would be consistent with the submission of proposals and would follow the restrictions under ITTO's current rules. She noted that concept notes would need to be endorsed by national focal points; following that endorsement, the Secretariat would check for conformity with ITTO rules and regulations; the concept notes would then go into the database. Donors and potential funders would use the database to identify project concept notes of interest that they would like to be developed into full proposals. The Executive Director and the Secretariat would play a critical role in approaching potential donors with concept notes.
134. Ms Conje said donors would need to proactively look at the database to determine which concept notes they would be interested in seeing developed into full proposals. Should there be a match between a donor and a recipient, a concept would enter a co-development process involving an exchange of information and ideas between the Secretariat, donor and project developer that would feed into the development of the proposal, thus increasing the chance of funding. The Secretariat would coordinate the development or review of the full proposal directly with the target recipient, based on ITTO's objectives and compliance framework, and the proposal would be appraised by the Expert Panel or by other technical experts as appropriate upon request.
135. Ms Conje said that, to the extent possible, unless there was urgency for a donor to commit funds at a certain time, the Secretariat would group the review of proposals to align with the Expert Panel and Council meetings. She noted that the Expert Panel might be asked to review proposals outside their normal annual meetings if there was an urgent need and if a funding decision was to be made by a donor outside the normal timing of Council sessions; in that case, the proposal would enter the virtual feedback loop. The notification period for the virtual feedback loop could be less than one month before agreement but at least one week before the agreement was signed; if there was no objection or no major concern, the agreement could be signed and the project is funded. In case of objections or major concerns, the project would go back through the entire process to find a way to meet the common interests of the donor and proposal developer.
136. Ms Conje said that financing scenario 1 was for cases in which the Secretariat identified financing opportunities, which would normally be calls from donors for specific thematic or regional proposals. In

such cases, a call for concept notes would be launched that may be specific to a region or theme and limited in number. She said the process was similar to the process described under scenario 4.

137. Ms Conje said that scenario 2 was for cases where immediate funding opportunities were identified without sufficient time to launch specific call processes for concept notes. In this case, the Secretariat would use the project concept notes in the database and work with the project developers to quickly formulate proposals, followed by the same process for approval as for the other scenarios.
138. Financing scenario 3 was designed for funding agreements requested by donors, usually for a specific region or theme before the identification of specific activities. In this case, the funding agreement would go through the virtual feedback loop before a call was launched for concept notes or the use of existing concept notes from the database.
139. Ms Conje said the working group had identified other matters for the Council's consideration, including the possible need for revisions to the current financial rules or to project manuals, should the Council take a decision to formalize the adoption of the programmatic approach after its pilot phase. She noted that, pursuant to Decision 5(LIV) paragraph 9, an assessment needed to be undertaken and reported to the Council in 2022, and the Council would need to take a decision in 2021 on how that review should be structured and whether a new working group would be needed as part of that process.
140. Ms Conje said the concept note template was contained in the report of the working group; it was foreseen to be an online tool that would automatically populate the database. She concluded her presentation by thanking the members of the working group and the Secretariat for their hard work.
141. The Chairperson thanked the co-chairs and the members of the working group and invited comments from the floor.
142. The Producer Spokesperson said the outcomes of the working group and the proposed way forward were based on experiences and lessons drawn from the past and the results achieved so far in the implementation of the regular project cycle as well as the results of the thematic programmes. He said the programmatic lines responded more clearly to ITTO's objectives, particularly regarding sustainable forest management and the national and international tropical timber markets for timber produced from sustainably managed forests.
143. The Producer Spokesperson stressed that the proposed new financial structure included the prior identification of financial sources for projects before full proposals were developed. This was important for producer members in terms of the time from the presentation of a proposal to its funding and also in terms of the work invested in the preparation of full proposals that might ultimately go unfunded. He considered that this would facilitate the preparation and presentation of full proposals and ensure that a large percentage of those proposals were actually financed. He said the concept note approach would tie in better to the overall availability of funds.
144. The Producer Spokesperson said that ensuring the success of the new financial architecture would require a willingness on the part of donor countries to contribute to project financing—not only voluntary contributions, but voluntary contributions made directly available for projects. He said the present trend of decreasing project finance had to be overcome.
145. Referring to the progress report on the implementation of the 2018–2019 BWP extended into 2020, the Producer Spokesperson said producer members were concerned that funding for the BWP had increased while funding for the regular project cycle had decreased. This apparently indicated that there was competition between BWP activities—which were conducted primarily by the Secretariat—and project proposals submitted by producer members under the regular cycle. He would like to see a more balanced approach, and discussions were ongoing with the Consumer Spokesperson. The position of the producers was that the BWP should focus primarily on activities covered by the core budget, including the operational and administrative aspects of the Organization. Projects that fell under the Secretariat's responsibility should also be financed through the core budget, but other activities and funding, for example related to forest management, market access and timber

traceability, should be handled by producer countries, and this should be included in the new financial architecture.

146. The delegate of the USA said the USA was encouraged to see progress on the previous year's decision and that the programmatic approach was generating new possibilities, and she thanked the Ad Hoc Working Group on Financing, the Executive Director and the Secretariat. The USA supported the goals and objectives of the programmatic lines, as outlined in the report, and she encouraged the Secretariat to use and adhere to these in the Organization's marketing messages. The USA recognized that the new approach would put additional responsibility on members and the Advisory Board to play a more active role outside of Council sessions to ensure transparency in the process; the USA, therefore, would support the creation of terms of reference for the Advisory Board.
147. The delegate of the USA said it was important for the Secretariat to provide adequate, timely information for the review by members of proposals and agreements that needed to undergo the virtual feedback loop process. The USA supported the continued implementation of the programmatic approach, with the understanding that the pilot phase was ongoing and adjustments might be needed in the future.
148. On the action points outlined by the Executive Director in his presentation, the delegate of the USA said that, bearing in mind that the piloting was still ongoing, the USA preferred to focus its time and effort on implementing the approach rather than creating a complicated framework. She said the USA did not believe it was necessary to create specific criteria and indicators because the original aim of undertaking the programmatic lines approach was to attract and diversify ITTO's funding and ensure a more direct connection between ITTO's work and the broader international development agenda. The programmatic lines were intended to be a concise and compelling means to convey ITTO's strengths, and the text proposed for the narrative and objectives struck a good balance between detail and clarity. In addition, a number of existing forest-related international targets and indicators were relevant to the programmatic lines, and ITTO could use those to measure progress. Likewise, existing efforts in the Global Forest Financing Facilitation Network under the UN Forum on Forests addressed the intent of a finance toolbox.
149. The delegate of the USA said that ITTO already had procedures in place for accountability, funding and management. She suggested that the Secretariat outline how an assessment of the pilot phase could be structured for the consideration of members at the next session, and guidance could be provided.
150. The delegate of Indonesia expressed support for the objectives of the programme lines and the funding scenarios presented, and he proposed that the objectives should be implemented systematically. He reminded members of the lessons learned from the evaluation of the thematic programmes conducted in 2013, which had shown that although the five thematic programmes were recognized as equally important, implementation had been very unequal, with one thematic programme completely unfunded. Implementation could not be completely equal across the different programme lines, but a systematic approach would ensure that all programmes were implemented comprehensively and responded to the Strategic Action Plan.
151. The delegate of Côte d'Ivoire expressed concern that although, in the future, ITTO would be looking for new funding through international sources such as the GCF and the GEF, the objectives presented for each programme line did not sufficiently highlight ITTO's projects related to climate change. She suggested that the link between the programmatic approach and ITTO's work to combat climate change should be given more prominence.
152. The delegate of Switzerland expressed his appreciation for the work done on the programmatic approach, which would take ITTO a big step forward and bring clarity in terms of approaches, structures and processes. He said the work to complete the programme lines and the programmatic approach should continue, building on existing indicators and toolboxes that had already proved successful and to invent new elements only when it was specifically needed.

153. The delegate of Switzerland asked whether it was possible to provide a timeline for the development of the remaining tasks and documents, as presented by the Executive Director, to get an idea of when the approach would be expected to become operational.
154. The CSAG representative said that programme line 3 was key to FLR and resilient livelihoods but there was no activity specifically on resilient livelihoods; this programme line had two elements - FLR, and livelihoods. She said it was important to have activities that improved livelihoods, not only to restore landscapes but also to enable women to improve the living conditions of their families and communities. She said there was nothing specifically on gender in the programme lines, either.
155. The TAG representative said he was part of the Ad Hoc Working Group on Financing, and he thanked the co-chairs for their excellent leadership. He said the new financial architecture would not succeed if only the Secretariat worked on it; ITTO members had to do their part, too. The Executive Director had appealed to members for help regarding funding from the GEF and the GCF and opportunities as an accredited or non-accredited partner. He said TAG was ready to work with ITTO members and the Secretariat, if called upon. He noted that TAG was a group of trained experts with many years of experience and expertise, and it was ready to play its part to make the new financial architecture a success.
156. The delegate of the EU said she had been a member of the Ad Hoc Working Group on Financing, and she thanked its members for their very constructive work. She said the EU supported the report's recommendations and that the work would take ITTO forward.
157. The Chairperson thanked the working-group members for their interventions and gave the floor to the co-chairs of the working group to respond.
158. Ms Conje thanked the delegates for their comments. On the question from the CSAG representative on the inclusion of resilient livelihoods in programme line 3, she said the working group had considered this. However, rather than provide an extensive list of all the elements of FLR that needed to be addressed, the working group thought it was best to reference the ITTO FLR guidelines, which were comprehensive, including with respect to resilient livelihoods and gender.
159. She said that, in developing the programme line, the working group had ensured that it adhered to the Strategic Action Plan and the ITTA and always kept in mind the end goal of the programmatic approach, which was to provide marketing messages that would help increase and diversify ITTO's funding sources. Therefore, the messaging had to be clear and short, with a focus on delivering these in an effective way to potential donors.
160. In response to the comment on gender, Ms Conje said the online tool for the preparation of concept notes referred to ITTO's gender guidelines to ensure that proponents took gender into consideration when preparing concept notes.
161. Ms Conje invited her co-chair, Mr Leigh, to make any additional comments.
162. Mr Leigh said there was clear reference in the online tool to the need to abide by the ITTO gender guidelines and also the ITTO social and environmental standards. On the timeline for reaching full operational status in the programmatic approach, he said the Council would need to decide how the approach could be implemented in the shortest time possible.
163. The Producer Spokesperson said the producers would like to see a better equilibrium in the use of the Organization's resources to have more impact on forest management, trade transparency, and industrial development and efficiency.
164. The delegate of Panama congratulated the Secretariat and the co-chairs for the report and said he supported the elements proposed by the Producer Spokesperson. He expressed hope that those elements would help the future work of the Organization and increase the financing of projects for member countries.

165. The Executive Director said that, regarding balance in the use of resources, the LSSC programme line was not about governance or increased restrictions but a balanced approach to activities across the entire supply chain, from the forest to the market. He said the programme line would have a strong focus on sustainable forest management and planning but also on forest production, harvesting, technology, processing and marketing. It was a holistic approach to all the elements necessary for achieving beneficial outcomes for producer countries in producing high-value products and access to markets. It was important to recall that, in the past 10–15 years, many of the project proposals presented to the Council had focused on sustainable forest management, and there had been fewer focused on industry. The LSSC programme line was an opportunity to increase the interest of the forest industry in ITTO and its activities. A good example for this was the 2019 conference on global green supply chains in Shanghai, China, which was a private-sector-driven initiative.
166. In response to comments on the increased number of activities in the BWP compared with field projects, Mr Dieterle said that work on the programmatic approach needed to continue. An expert group could look at work under the BWP and the programmatic approach.
167. In response to the comment on climate change, Mr Dieterle said this had been discussed in the working group. It was considered that climate change was a horizontal issue across all programme lines and must therefore be integrated into all activities.
168. The Chairperson said there seemed to be general appreciation for the work of the Ad Hoc Working Group on Financing, and he thanked all participants for the rich discussion.

BIENNIAL REVIEW AND ASSESSMENT OF THE INTERNATIONAL TIMBER SITUATION IN 2019–2020 (AGENDA ITEM 16)

The presentation under Agenda Item 16 can be downloaded here: [ITTC\(LVI\)/Info.8 Rev.1](#)

169. The Secretariat (Mr Jean-Christophe Claudon) presented elements of the Biennial Review and Assessment of the International Timber Situation 2019–2020, as contained in Document ITTC(LVI)/10.
170. Mr Claudon said his presentation would first examine responses to the Joint Forest Sector Questionnaire (JFSQ) and the trade of primary wood products and secondary wood products, followed by a discussion of trends and drivers in the global market in 2020. He said the response rate to the JFSQ in 2019 had been 55% for producers and 91% for consumers. In 2020, responses were received from 47% of producers and 75% of consumers. Thus, nine consumer countries and 19 producer countries were yet to submit questionnaires for 2020. The Executive Director was obliged to ask countries that had failed to provide data for two consecutive years for an explanation for their lack of response. Mr Claudon said that, in 2019, letters requesting such explanations had been sent to eight countries and, in response to those letters, four countries had submitted questionnaires. Explanations were still pending from Albania, Cambodia, the Democratic Republic of the Congo and Fiji. In accordance with Article 27, paragraph 5, of the ITTA, Mr Claudon asked the Council for advice on how to proceed in case those countries failed to submit explanations or their questionnaires.
171. Mr Claudon said that coverage of the statistical database had been expanded to global coverage (previously it had included ITTO member countries only) and that it was updated twice a year (in February and August). He said a study on conversion factors had been published in 2019 jointly with the UN Economic Commission for Europe and FAO. The final version of the 2019–2020 Biennial Review would be published in mid-2021, including a market study for India and a study on conversion factors focused on the conversion of weight to volume for tropical timber.
172. Mr Claudon provided observations on a range of trends in the production and trade of tropical wood products, noting that those observations were based on a preliminary analysis that would be updated as new information came to hand. He further noted that it was difficult to obtain reliable production data and urged all members to provide accurate data consistently; otherwise, ITTO would need to either repeat or estimate such data.

173. Mr Claudon predicted that tropical wood products—particularly tropical logs and tropical sawnwood—would be more affected by the COVID-19 pandemic than would other wood products. The trade of logs was expected to be at its lowest level in the last 30 years. He reported that a study would be produced in 2021 as part of the LSSC programme line to model the impacts of COVID-19 on tropical timber trade. This would be part of a larger study on incentives for sustainable forest management.
174. The Chairperson thanked Mr Claudon for his excellent presentation, which he said was a core business of ITTO. He opened the floor for comments.
175. The Producer Spokesperson said the drop in imports and exports across the board was a cause for serious concern, and ITTO should emphasize helping producer countries improve their competitiveness, increase their presence in the market and improve the value of their exports. He said a continuing decrease in the trade volume and price of tropical wood products would ultimately result in deforestation and forest degradation. It was also necessary to look at the impacts of these developments on forest conservation and sustainable management.
176. The delegate of Peru suggested that, in future, it would be useful to include more detailed information on secondary processed wood products.
177. The representative of CSAG said the COVID-19 pandemic had severely affected the harvest, supply and consumption of tropical wood products in many countries, leading to job losses and impacts on livelihoods, particularly in developing countries. He welcomed pledges by donors to the work of ITTO and expressed appreciation for the programmatic approach, suggesting that gender should be reflected in the formulation of the programme lines. Making reference to recent reports on illegal logging and deforestation affecting indigenous peoples and their lands, the CSAG representative encouraged the Council to focus not only on technical forestry but also at issues in their entirety, including jobs, livelihoods, revenue, integrity and the sustainability of resource supply. He expressed concern that BWP activity 26, the status of tropical forest management (“SFM Tropics”), had not received funding and had therefore been dropped from the 2021–2022 BWP. He said the previous SFM Tropics was published in 2011; given the stresses on forests, indigenous peoples and local communities, including demand and supply chains, an up-to-date status report would help guide ITTO as it worked towards achieving the ITTA’s objectives. He said CSAG would be more than willing to work with ITTO members, the Council and the donor community to carry out status assessments in an objective, open and transparent manner.
178. The delegate of China said China supported global green development, took a firm stand against illegal logging and trading, and was taking action to combat illegal logging and trading. Article 65 of the new Forest Law of China required that processing enterprises do not purchase, process or trade illegal timber from known illegal sources and required enterprises to set up accounts for timber information. China had also developed administrative measures for permits for protected species, which required the verification of CITES licences for CITES-listed species and permits for non-CITES-listed but protected species. China’s forest certification scheme had been promoted and implemented for almost ten years, along with the Forest Stewardship Council and the Programme for the Endorsement of Forest Certification, to ensure the sustainability and legality of forest products, including furniture. The National Forest Industry Product Association of China and others had developed the China timber legality verification scheme and provided the service to their members, which had helped improve members’ awareness of and capacity for timber legality. Wood industries in China had initiated the GGSC platform with ITTO assistance. The delegate of China encouraged ITTO to continue its support for this initiative and encouraged members to join China in developing it.
179. The delegate of Indonesia commended the Secretariat for the presentation and the work done. He said Indonesia did not support the figure presented for Indonesian sawnwood exports because Indonesia did not export sawnwood; the discrepancy could be due to differences in the definition of sawnwood. He understood that ITTO was also using sources other than responses to the questionnaire and proposed that ITTO communicate with Indonesian technical personnel to confirm the correct data; otherwise, it might give a wrong impression of Indonesia’s forest governance. Regarding the CSAG comment, the delegate of Indonesia said Indonesia had been successful in reducing the rate of deforestation over the last five years, which corresponded to a reduction in carbon

emissions in the forest sector. He said a robust methodology was used to measure forest-sector carbon emissions, and this had been recognized by international organizations such as the GCF and the Forest Carbon Partnership Fund and BioCarbon Fund. He said the trend was expected to continue, and ITTO support in this regard would be appreciated.

180. The delegate of Ghana expressed his thanks to the Secretariat and Mr Claudon for the comprehensive presentation, which had painted a dire picture with regards to exports. He proposed that, in future, additional data could be collected and published on domestic consumption, particularly in producer countries, where the middle class was growing fast and increasing domestic consumption. He said capturing such data would allow the examination of issues of environmental governance, such as annual allowable cut. Ghana was happy that the ITTO Guidelines for Forest Landscape Restoration in the Tropics had been published, which would help in putting forests into productive use through adherence to these and other guidelines and to sustainable forest management. Capturing domestic consumption would provide a picture of the timber trade in its entirety. In response to the CSAG comment on deforestation levels, the delegate of Ghana said some of the data provided by country agencies might misrepresent what was really happening at the country level. Looking at Ghana, he said deforestation levels were going down, but the levels reported were reflecting what had happened 15 or 20 years ago. He said Ghana had national plantation and replanting projects, and some other countries also had such national programmes; these efforts must be taken into account properly to ensure balanced reporting in terms of deforestation.
181. Referring to Peru's comment on secondary processed wood products, Mr Claudon said the data he had presented were preliminary and that a more detailed analysis of such products would be published in the Biennial Review in 2021.
182. Regarding the comment from Indonesia, Mr Claudon said ITTO was deriving data from various sources, but in reporting on the world timber situation the Organization had to take into account the data received from countries to avoid creating discrepancies. On a potential difference in definitions, Mr Claudon said the definitions used in the questionnaires were based on the codes of the World Trade Organization Harmonized System. He noted that discrepancies might not only be due to differing definitions but also to conversion factors and that ITTO was undertaking studies on conversion factors to get a better picture at the global level. He suggested that the queries of Indonesia could be addressed via email after the session.
183. In the absence of further comments, the Chairperson closed this agenda item.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (AGENDA ITEM 17)

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

184. The Chairperson invited members and observers to announce any new contributions they might wish to pledge to the Special Account and the Bali Partnership Fund.
185. The delegate of the USA said the USA was pleased to continue its support for the Organization with a voluntary contribution of USD 480 000 for the following projects and activities:
 - PD 845/17 Rev.2: "Enhancing the capacity of forest communities in forest governance, monitoring and community development projects in Mankraso forest district, Ghana", USD 120 000.
 - PD 852/17 Rev.3: "Development of a regional strategy for the restoration and rehabilitation of degraded areas on the south of Peru", USD 125 000.
 - PD 836/17 Rev.1: "Enhancing capacity of local communities and the Forest Administration to effectively implement community forestry programmes in Kratie and Mondulkiri provinces of Cambodia", USD 50 000 (co-financing with Japan and the Republic of Korea).
 - BWP activity no. 3 on strengthening participation in the private-sector work of ITTO, USD 25 000.
 - BWP activity no. 5 on enhancing cooperation between ITTO and CITES, USD 100 000.
 - BWP activity no. 11(b) to disseminate the ITTO Guidelines for Forest Landscape Restoration in the Tropics, USD 40 000.
 - BWP activity no. 21 on the ITTO Fellowship Programme, USD 20 000.

186. The delegate of Japan announced pledges of about USD 3 million for 2020. She said that, for the most part, the pledges were possible due to the ability to tap into new sources of emergency funding enabled by major tropical forest-fire outbreaks in the previous year. She said pledges for projects comprised USD 2.2 million for emergency forest-fire projects in Peru and Indonesia; USD 50 000 for capacity building in community forest programmes in Cambodia; USD 723 000 for LSSC-related activities in three Asian countries; USD 20 000 for disseminating the ITTO Guidelines for Forest Landscape Restoration in the Tropics; USD 30 000 for cooperation consultations with the CPF, the UN Forum on Forests and others, especially in events and meetings related to the fifteenth Conference of the Parties to the CBD; and USD 36 000 for the ITTO Fellowship Programme. The delegate of Japan expressed the hope that these contributions would help facilitate ITTO's mandate, despite the difficulties posed by pandemic, and she said Japan would work hard to sustain these mandated activities.
187. The delegate of China announced the continuation of its support for BWP activity no. 2 on building legal and sustainable forest product supply chains, with a pledge of USD 100 000. She said the activity had achieved a lot to ensure the legality of tropical timber imports and that continued support from donors and partners and the Secretariat would ensure that the activity would move forward and achieve more towards its goal to enhance the legality of tropical timber imports.
188. The Chairperson announced that Sweden would provide USD 20 000 for the ITTO Fellowship Programme. He invited a round of applause in appreciation of the pledges made.
189. The delegate of Peru thanked China, Japan, Sweden and the USA for their contributions and said the Organization was starting its resurgence with financing for projects and also for activities in the BWP. He expressed special thanks to the USA for its support for the Peruvian project, which would greatly help the country to comply with the ITTO Guidelines for Forest Landscape Restoration in the Tropics. He added that the project was important for very degraded remote areas in the south of Peru and that it would help reforest those areas.
190. The delegate of Ghana thanked the USA for its support for the project in Ghana and also China, Japan and Sweden for their support for the Organization.
191. In the absence of further interventions, the Chairperson closed this agenda item.

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

192. As advised by the IAG, no meeting of the Panel on Sub-Account B of the Bali Partnership was held during this session due to low levels of funding in the account.

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2021 (AGENDA ITEM 18)

193. The Producer Spokesperson nominated Mr Kheiruddin Mohd Rani from Malaysia as the Vice-chairperson of the Council. He said the IAG had already been informed of this nomination intersessionally. He said Mr Kheiruddin Mohd Rani had been involved in the activities of the Council and was very familiar with the environmental and forest sectors as well as with timber markets.
194. The Chairperson noted that, following common procedure, the Producer Spokesperson would normally nominate the next Vice-chairperson from the consumer group, who would be the person taking over as Vice-chairperson in 2021, once Mr Kheiruddin Mohd Rani had taken over as Chairperson. He gave the floor to the Consumer Spokesperson.
195. The Consumer Spokesperson nominated Mr Jesse Mahoney from Australia for the position of Vice-chairperson of Council. He also took the opportunity to reiterate some other nominations from the consumer caucus, as follows: 1) the EU was exploring a nomination for the Vice-chairperson of the CFA; 2) New Zealand was exploring a nomination for the Vice-chairperson of the jointly administered

CEM and CFI; and 3) the EU had nominated Mr Jobst Schroeder from Germany for the Expert Panel on the Technical Evaluation of Proposals.

196. The Producer Spokesperson thanked the Chairperson for correcting the misunderstanding in his previous intervention. Regarding vacant positions in the various committees, he informed the Council on the following nominations: 1) Costa Rica had expressed interest in nominating a Chairperson for the CEM; 2) Indonesia had nominated Mr Zahrul Muttaqin as Chairperson of the CFI; and 3) Panama had nominated Mr Victor Francisco for the Fellowship Panel. The Secretariat would be informed of nominations from the producer group for other vacant positions as soon as possible.
197. The Chairperson thanked both spokespersons and proposed, by acclamation, the nomination of Mr Kheiruddin Mohd Rani from Malaysia as incoming Chairperson of the Council and Mr Jesse Mahoney from Australia as incoming Vice-chairperson.
198. Mr Kheiruddin Mohd Rani expressed his thanks to all members. He said he was well aware of the responsibilities entrusted in him as Chairperson of the Council in 2021 in view of the challenges the Organization was facing. He said he was comforted that this Council session was ending on a note of understanding and cooperation between producers and consumers. He thanked the Secretariat for its dedication and hard work in facilitating the session. He noted that all agenda items had been covered and only certain controversial issues had not been covered, as agreed prior to the session. He expressed hope that the next session could be held physically so that all issues could be addressed, whether controversial or otherwise. He said project funding was vital for the success of the Organization, and it was of great concern to producer members that had submitted projects that had been approved by the Council but could not be implemented due to a lack of funding. He appreciated the efforts of the Secretariat to seek funding from external sources, but he urged donors to consider making funds available before such efforts. He also expressed concern about the arrears of several producer members in paying their contributions to the administrative account and appealed to members in arrears to seriously look into this matter. He concluded his remarks by congratulating the current Chairperson, Mr Björn Merckell, for his excellent job in chairing this session of the Council.

MATTERS RELATED TO ARTICLE 14 OF THE ITTA, 2006 REGARDING THE SELECTION, ELECTION AND RECRUITMENT OF THE EXECUTIVE DIRECTOR OF ITTO (AGENDA ITEM 19)

199. The Chairperson drew the attention of delegates to Document ITTC(LV)/11, the report of the Ad Hoc Working Group on the Selection of Candidates for the Position of the Next Executive Director of ITTO, which had met in October 2019 in Yokohama, Japan. He said the report had been presented to the Council for its consideration at the previous session in Lomé, Togo, but, due to time constraints, it had not been considered for adoption at that session and was therefore presented for the consideration of the Council at the present session. He also reminded delegates about the draft decision that had been forwarded by the IAG, based on the report.
200. The Chairperson said it was his intention to invite the spokespersons to reflect on the draft decision, but first he recognized a request for the floor from the EU.
201. The delegate of the EU said that, at the previous session in Lomé, the discussions on this sensitive issue had been held without the presence of the Secretariat. He said the situation was still sensitive, and he sought guidance from the Chairperson on the role and presence of the Secretariat other than the Executive Director under this item.
202. The Producer Spokesperson said that, at the previous session, the Executive Director had been requested to leave the room because his presence could have been deemed a conflict of interest. The absence of the Secretariat during the discussion had generated problems of a practical nature, however, because there were no official minutes taken of the discussions, which had complicated matters in completing the Council report. He suggested that the majority of the Secretariat could leave, but somebody should remain to take notes and help draw up minutes of the discussion so there was a record of it.
203. The Chairperson gave the floor to the delegate of Ghana.

204. The delegate of Ghana said the main conflict of interest was the presence of the Executive Director, and he suggested that an information technology person and two members of the Secretariat should stay, the latter two to take notes.
205. The Chairperson thanked the Producer Spokesperson and the delegate of Ghana for their comments and suggestions and invited comments from the Consumer Spokesperson.
206. The Consumer Spokesperson said he was unaware of a common position in the consumer caucus on the participation of the Secretariat. He wasn't able to speak on behalf of the caucus but, given the limited time to discuss this item, he urged the Council to proceed in the most efficient way to continue the discussions without delay.
207. The Chairperson invited the delegate of the EU to react to the proposals made.
208. The delegate of the EU said the Producer Spokesperson had made an excellent point, and it would not be inconvenient if a note-taker from the Secretariat, preferably at the non-management level, was to remain in the meeting.
209. The Chairperson thanked the EU for its agreement and suggested that one note-taker and one IT person remain from the Secretariat.
210. The Secretariat (Ms Sheam Satkuru) said the Secretariat would leave the room and log-off from the Kudo system, and Mr Simon Kawaguchi, technical staff, and one note-taker (Mr Ramon Carrillo) would remain in the meeting.
211. Deliberations under this agenda item continued without the participation of the Secretariat, with the exception of the nominated Secretariat staff.
212. The Consumer Spokesperson said the Chairperson had approached both spokespersons to come up with language that would add clarity to the draft decision on this matter and the two spokespersons had met the previous day. The draft had two operative paragraphs, the first being to immediately launch the process for the selection of a new Executive Director. There had been communication among members that morning on the second paragraph regarding funding, and the consumer caucus was in agreement with this second operative paragraph.
213. The Producer Spokesperson said there had been positive talks on the draft decision tabled by the producers. These had taken place on 8–9 October with full respect for and compliance with previous decisions and in agreement with the recommendations of the IAG. In this special (virtual) Council session, it had been agreed to avoid putting controversial issues on the agenda. This draft decision was on matters related to Article 14 of the ITTA, which indicated that it was for the Council to establish the terms of reference for the selection, election and recruitment of the new Executive Director. The Producer Spokesperson said he had participated in a working group on this topic. The proposed decision was in accordance with the mandate of a previous Council decision, and it wasn't possible to turn back from such a mandate and from the ITTA; otherwise, it would not be possible to move forward.
214. The Producer Spokesperson said that regardless of whether there was agreement on the extension of the mandate of the current Executive Director, the Organization's regulations required a special vote on the subject. The proposed decision would enable the Organization to move forward on the basis of suggestions received by the Chairperson of the Council, with the first paragraph calling for the immediate launch of a selection process and the second requesting funding to enable this process to be implemented.
215. The delegate of the EU thanked both spokespersons. He noted that the Consumer Spokesperson had said the draft decision had been agreed by all consumers, meaning that there was consumer agreement on that decision. The delegate of the EU recalled that this was a special meeting and that the decision should be made by consensus. The current Executive Director should remain until the

new Executive Director was recruited and oversee that process. The statement of the Executive Director had recalled the efforts made to keep ITTO moving and in operation during this difficult period, including financial recovery and the new financial architecture. The EU also considered the COVID-19 pandemic and the delays it had created in the work of ITTO, and this was a reason for ensuring adequate time for the election of a new Executive Director. The EU considered that there would be a negative impact on funding if the leadership was broken and there was an officer-in-charge for a few months; this had nothing to do with the capacity of Secretariat officers but more with high-level interactions. The EU regretted that the Producer Spokesperson was taking a procedural view on the matter rather than what was in the best interests of the Organization in his haste to resolve the question here. The EU did not want to avoid launching the recruitment of a new Executive Director but believed that keeping the current Executive Director in place until the new Executive Director was elected, which the EU foresaw would be at the end of 2021, would enable the current Executive Director to continue with his fundraising work through the new financial architecture and programmatic approach. The EU had submitted minor changes to the draft decision and hoped that the Council would consider these and enable it to move forward.

216. The Chairperson said there was agreement by the producers and consumers to look for a new Executive Director, and the EU proposed keeping the current Executive Director until the end of 2021.
217. The delegate of Ghana said the people of Ghana had recently received bad news about the passing away of the country's former president. There was much sadness in Ghana, and he wanted to relay the information to the Council that Ghana had lost an icon. The delegate of Ghana said he fully agreed with the Producer Spokesperson that to change the language of the draft decision, as proposed by the EU, would change its substance, and the producer caucus was not in a position to accept that. Ghana appreciated the good work of the Executive Director over the past three and a half years and the difficult situation caused by the pandemic. With due respect to the EU, however, it was not possible to say that only one person could lead ITTO through the difficulties. The delegate of Ghana reminded the Council that, in the immediate aftermath of the impairment, ITTO had been led by an officer-in-charge who had undertaken reforms to improve the Organization's financial and governance standards. Many decisions had been made, including on the spirit of rotation, and should not be bent. It was unfortunate, he said, that consensus had not been reached in Lomé because now the pandemic was being used as a justification for extension. Countries were holding elections during the pandemic, such as the USA and New Zealand, and Ghana would soon do so, too. The delegate of Ghana said his last point was to suggest that the Producer Spokesperson was someone with a good heart and someone who understood the rules well, always working in ITTO's best interests.
218. The Chairperson said ITTO could extend the Executive Director if Council so decided, so it was not against the rules.
219. The delegate of Norway extended her condolences to Ghana and thanked the Chairperson for the clarification. Norway supported the proposal to extend the mandate because it would give ITTO continuity through a difficult situation, including that caused by the pandemic.
220. The Chairperson invited more input in order to come to a conclusion. The issue was the EU proposal on the possible extension of the current Executive Director for about nine months. The decision needed to be taken by consensus.
221. The Producer Spokesperson offered his condolences to the people of Ghana and the Ghanaian delegation. Yesterday, he said, the producer caucus had submitted a version of the draft decision, taking on board the comments of the Chairperson to make it more operational. This had also conformed with a suggestion made by the EU to clarify some items, such as the launch of a new process to elect a new Executive Director and the inclusion of funding, and this had been done. The position of the producer caucus was that no conditions should be attached to this; however, now there was a proposal to extend the mandate of the current Executive Director. The Chairperson had stressed the importance of not including controversial issues in the agenda, but now a condition had been attached, which the producer caucus did not think was the best way forward and was indeed unacceptable. The approach of separating the two issues had already been applied at the previous session of the Council in Lomé. Also at that session an attempt had been made to superimpose the

extension of the mandate of the current Executive Director and no consensus had been reached. Still there was no agreement and again the EU had insisted, and the result of that was known. In the intersessional period there could have been agreement, but the intersessional decision proposed by the producers on this topic was blocked and it was not possible to put the cart before the horse. The Producer Spokesperson said he regretted that the delegate of the EU seemed to misunderstand his position, which was that he wanted to move forward and not place obstacles. ITTO had survived other problems thanks to an officer-in-charge being in place in Kuala Lumpur in 2015, when the Council had requested Mr Johnson to serve in that capacity and he had done a great job and had received a standing ovation for the great work done at the 2016 Council session. The producers believed that an officer-in-charge would also do a great job during a transitional period that was expected to be 6–9 months. The pandemic should not be used as an excuse; it complicated the situation, but things could still be done, and the Secretariat had capable staff. The Producer Spokesperson expressed confidence that the Secretariat would be able to carry on with their work without institutional complications.

222. The Chairperson encouraged other members to raise their voices because he still hadn't heard a consensus.
223. The delegate of the EU extended his condolences to the colleague from Ghana for the loss of the former President. Regarding the matter at hand, he had heard plenty of procedural arguments, and he understood that the position of the Executive Director was not important and there was potential to save money for the Organization. What was important was consensus, and the EU would further reflect and hope to come back with its position on the following day.
224. The delegate of Colombia expressed the condolences of his delegation to the delegation of Ghana. Colombia considered the proposal for a new Executive Director to be a matter of great relevance to the Organization and that the process should continue. It had already slowed down the Organization, with discussions ongoing for more than a year. For the sake of consensus, common ground needed to be found. He had heard what the delegate of the EU had said and considered that having an Executive Director was of great importance for both producers and consumers. The position was important, and producers wanted to reach agreement. The position had been open for a long time, and the officer-in-charge had done a good job, but this did not mean that the position was unimportant.
225. The delegate of Ghana said any delegation had the right to request time for further consultations and had no objection to the EU requesting an adjournment on this item to return to it on the following day, which was the final day of the session. The delegate of Ghana recalled that any time there was a request for time when the session came to a close, consensus was not reached, and he was worried that this would happen this time. This was a controversial issue and there was a need to move on. Colombia had expressed it well—what was needed was good leadership, which didn't mean that producers did not want a new Executive Director. By the principles of governance, ITTO had a procedure for the election of a new Executive Director and it was clear how to proceed, but introducing new or toxic elements would not allow the issue to be discussed properly. The delegate of Ghana asked the delegate of the EU to think carefully before asking for more time.
226. The Chairperson thanked the delegate of Ghana and said consensus had not yet been achieved.
227. The delegate of Japan said she was concerned that the Organization would become dysfunctional due to a lack of common ground, and it was time to move on with both caucuses in unison. She posed a question to the EU: did the request for further time indicate a desire to get closer to consensus?
228. The delegate of the USA expressed condolences to Ghana. She said she believed that all delegations had the best interests of ITTO in mind, and she was making her comments on that basis. She thanked the spokespersons, who had worked on the text of the draft decision. Her understanding was that there may be additional consultations on the final paragraph. She said her delegation agreed that the position of Executive Director was important for the Organization and was ready to adopt a decision at the session based on the IAG draft, possibly with an addition.

229. The delegate of Peru expressed his condolences to Ghana. He asked the EU why it had not presented the proposal to extend the mandate of the Executive Director before the deadline for decisions to be considered at this session. He did not see the relationship between the rules of procedure and extension of the mandate.
230. The delegate of the EU said he had addressed this question in his initial intervention. In response to the query from the delegate of Japan, the delegate of the EU said his delegation had been listening to the views of other delegations and considered it possible to come back on the next day with ideas on how to move forward.
231. The Chairperson said he had heard quite a lot of support for the proposal that the two spokespersons had worked on, but he could not yet say that consensus had been achieved. He proposed adjourning the session because there was no agreement.
232. The Producer Spokesperson said he was quite pleased to have heard the previous intervention of the EU. He requested the Chairperson to clarify the sense of agreement on the decision arrived at in the informal group. It was proposed that the solution on the selection and election of the new Executive Director needed to be based on rules that were very clear and should not be mixed with other issues.
233. The Chairperson responded that, in general, there had been agreement to that proposal, but the EU had introduced an amendment. The EU now wanted to reflect on what had been discussed and come back on the next day. The EU had expressed that it would like to have a consensus.
234. The delegate of Australia expressed condolences to the people of Ghana. He said he wanted to highlight trust and a collaborative relationship as keys to moving beyond the impasse. Australia supported Japan and the USA and the proposal of the two spokespersons, with minor amendments, and looked forward to finalizing the issue at this session.
235. The delegate of Japan said Japan also supported the draft decision, with minor amendments on resources.
236. The delegate of Peru said Peru supported the view of the USA, Australia and Japan on approving the proposal as soon as possible, with minor changes on the election of a new Executive Director.
237. Reconvening the next day, the Chairperson said there seemed to be general agreement to stick to the proposal put forward by the producers, with some amendments that the spokespersons had worked on. He asked the EU about the results of its consultations with member states.
238. The delegate of the EU thanked the Chairperson for providing the EU with time to reflect. His delegation had listened carefully to the arguments and presented its own, but was sad to say that these had fallen on deaf ears. The Producer Spokesperson had appeared to insist that the current Executive Director leave, which the EU considered was not in the best interests of the Organization. Nevertheless, the EU recognized that the majority of the Council wanted to move forward with the procedure to elect a new Executive Director, and the EU agreed that it would not stand in the way of this process. He noted that the draft decision contained some editorial mistakes and suggested that the last sentence on the last page (Annex 3), "taking into consideration the procedure recommended by the IAG ..." could be deleted without changing the substance of the decision.
239. The Chairperson said he understood that, with that deletion, the EU was willing to accept the decision. He asked Norway for its position.
240. The delegate of Norway said Norway shared the concerns of the EU but was aligned with the EU position and would not stand in the way of the decision.
241. The Chairperson asked for reactions to the EU's proposal to delete the last sentence. Seeing no requests from the floor, he understood that it would be possible to strike the last sentence of Annex 3 from the decision. He invited the spokespersons to take the floor.

242. The Consumer Spokesperson said the consumer caucus had not discussed the edits and so he could not say whether there was consensus on them. However, he believed that the EU view was accurate and the sentence was not functionally necessary. He invited other consumer members to indicate if they thought differently.
243. The delegate of Ghana agreed with the proposal of the EU that the last sentence was unnecessary and could be struck out. He invited other delegates to take the floor if they felt differently.
244. The Chairperson said that, since there were no further requests for the floor, the decision on matters related to Article 14 could be adopted, with the deletion of the last sentence of Annex 3. He thanked the EU and Norway for their flexibility, and he opened the floor for final comments.
245. The delegate of Ghana said he wished the Producer Spokesperson would be able to take the floor but was having technical difficulties. On behalf of Ghana he thanked the EU and Norway for their flexibility and commended them for enabling continued cooperation with the aim of getting the Organization on the right foot to deliver on its mandate. Referring to a statement of the EU that the producers seemed to be in haste, he said that was not the case at all. In 2015–2016, the producers had come on board to support the current Executive Director by allowing members of the producer caucus running for the post of Executive Director to step down, so it was not right to say that the producers were in a hurry. This was an international organization, and all delegates were stakeholders who wanted to see the sustainable forest management of all types of forest. For the future existence of the organization, it was not fair to think in this way if one did not get their way. The delegate of Ghana said he hoped the EU would reconsider and rephrase that statement.
246. The delegate of Peru said Peru supported the words of Ghana. He mentioned that the Producer Spokesperson was having technical difficulties; he had been requesting the floor for ten minutes, but this hadn't appeared on the screen.
247. The Producer Spokesperson apologized for the technical problems. He had been able to follow the interventions of the Chairperson, the EU, the Consumer Spokesperson, Ghana and Peru. He thanked the Chairperson and the EU for their efforts in finding a solution to a problem that had existed for one year. He voiced his concern about the EU's comment that this proposal by the producers was hurried. It had not been hurried; rather, the producers had been defending the same argument since the session in Lomé and had raised it again in the intersessional decision they had proposed. Their proposal was made in the interest of ITTO's governance, and hopefully now it would be possible to launch a call for the selection and election of a new Executive Director. The producers had not wanted to judge the performance of the Executive Director in Lomé and had never given this as a reason for starting the process of electing and selecting a new Executive Director. The interest of the producers was not in getting rid of the current Executive Director but in following the rules of the institution. On the proposal to delete the last sentence of Annex 3, the Producer Spokesperson said this would not do anything fundamental to change the decision and could be accepted, meaning there was now consensus.
248. The Chairperson said consensus had now been achieved.

RELEVANT COMMITTEE-RELATED AGENDA ITEMS (AGENDA ITEM 20)

(a) Report of the Fifty-Fifth Expert Panel for Technical Appraisal of Project Proposals

The presentation under Agenda Item 20(a) can be downloaded here: [Info\(LVI\)/Info.13](#)

249. The Chairperson said that, due to the continued exigencies of the COVID-19 pandemic, it had not been possible to physically convene the fifty-fifth meeting of the Expert Panel for the Technical Appraisal of Project Proposals. To avoid an excessive delay in considering the 18 proposals received in the 2020 spring and autumn cycles, the Secretariat had proposed a virtual review procedure, which had been endorsed by the members of the expert panel. Because the virtual procedure did not lend itself to the election of a panel chairperson, the report was presented by the Secretariat (Mr Gerhard Breulmann).

250. Mr Breulmann drew the attention of members to Document (LVI)/12. He said the virtual review and assessment of proposals had been conducted in August and September 2020; the expert panel normally consisted of twelve members, but this review involved only ten panellists because two nominations from the consumer group were still pending.
251. After explaining the mandate of the expert panel and the virtual procedure applied during the review, Mr Breulmann informed the Council that the Secretariat had received 18 eligible proposals, consisting of 16 full proposals and two pre-proposals, which was a comparatively low number considering that it was for two cycles. Seven proposals were from Latin America, six were from the Asia-Pacific, and five were from Africa. By technical division, 13 proposals were under Reforestation and Forest Management, three were under Forest Industry and two were under Economics, Statistics and Markets.
252. Mr Breulmann said that, although the panel was conducted by virtual means, the ranking of proposals was based on the common procedures and criteria applied by the expert panel. Ten proposals had been ranked as category 1, six as category 2 and one as category 3. The reviewers could not agree on a common ranking for one proposal, which consequently would be forwarded to the next physical meeting of the expert panel for in-depth discussion.
253. Mr Breulmann said that, in compliance with ITTO procedure, the category 1 proposals had been posted for the time-bound electronic no-objection procedure. They comprised one proposal from Benin, one from Guatemala, one from Indonesia, three from Malaysia, one from Panama, two from Peru and one from Togo. In the absence of any objections, the proposals had been posted on the ITTO website as pending finance and for the commendation of the Council. Mr Breulmann thanked the members of the expert panel for their support and excellent work.
254. The Chairperson thanked Mr Breulmann for his presentation and invited interventions from the floor. There being none, the Chairperson closed this agenda item.

(b) Reports of the Associated Sessions of the Committees

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

Committee on Economics, Statistics and Markets and Committee on Forest Industry

256. Ms Catherine Karr-Colque, Chairperson of the CEM and the CFI, presented the report of both committees at their fifty-fourth sessions, as contained in document CEM-CFI(LIV)/4. Ms Karr-Colque said the two committees had met jointly on 13 November 2020. The committees had taken note of three projects and one pre-project under CEM-CFI approved by the expert panel and recommended that financing be provided for these projects and all others that were pending financing under the purview of the committees. The committees declared one project complete in the Philippines that had supported national forest monitoring and improved governance capability at all levels of the forest administration. The committees had decided to defer the selection of projects for ex-post evaluation until their next sessions. Ms Karr-Colque said the committees had reviewed progress in the implementation of two ongoing projects and seven projects pending financing under the CEM, and three ongoing projects and three projects pending financing under the CFI. In their policy work, the committees had considered the following items: market access; forest and timber certification; the Asia-Pacific Economic Cooperation Expert Group on Illegal Logging and Associated Trade and ITTO collaboration; and the IMM progress report. The committee had welcomed the informative IMM presentation and requested more time for this important topic and also for presentations and discussions in future CEM sessions. The committees had decided to include all policy work items, as well as a CFI policy work item on enhancing conservation and enhancing the sustainable management of teak forest in the Greater Mekong Subregion in their policy work agenda for discussion at the next session. Ms Karr-Colque said the committees looked forward to electing chairs and vice-chairs for 2021 at their next session once nominations had been received from the producer and consumer caucuses.

Committee on Reforestation and Forest Management

257. Ms Aysha Ghadiali, Chairperson of the CRF, presented the committee's report of its fifty-fourth session, as contained in document CRF(LIV)/4. She said the committee session had been held virtually on 12 November 2020 to deliver 16 agenda items. The committee had reviewed two completed projects in Benin and Myanmar, both of which contributed to the conservation and management of biodiversity in protected areas in line with the ITTO Strategic Action Plan. Ms Ghadiali said that, under its policy work agenda, the committee had taken note of progress in four areas: 1) the promotion of smallholders and FLR in West Africa; 2) the development of training curricula for Central African countries on legal and sustainable supply chains; 3) the dissemination of the ITTO Guidelines for Forest Landscape Restoration in the Tropics; and 4) the joint ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity. The committee had commended the work of the ITTO-CBD Collaborative Initiative and supported the renewal of the collaboration in the context of the post-2020 global biodiversity framework. The committee had noted the need to extend the implementation of some policy activities into the first half of 2021 due to the COVID-19 pandemic. Regarding the 2021-2022 BWP, the committee had supported the inclusion of the following important activities related to reforestation and forest management: activities on the conservation and sustainable use of biodiversity in tropical timber-producing forests; the prevention and management of fire in tropical timber-producing forests; the dissemination of the ITTO Guidelines for Forest Landscape Restoration in the Tropics; support for women's groups and gender empowerment in Togo; and collaboration on workshops on criteria and indicators for sustainable forest management and the adaptation of the 2016 ITTO criteria and indicators to an African context. The committee had recommended that funding be made available for five projects and one pre-project approved through the time-bound electronic no-objection procedure, based on the recommendations of the expert panel at its fifty-fifth meeting, which was held virtually. Ms Ghadiali said she was currently Vice-chairperson of the committee and had been elected to chair the next session in 2021. She also said that a nomination for the next Vice-chairperson from the producer caucus would be forthcoming.

Committee on Finance and Administration

258. Ms Katharina Kuehmeyer, Chairperson of the CFA, presented the report of the CFA at its thirty-fifth session, as contained in document CFA(XXXV)/8. She said the committee had conducted its deliberations fully electronically and that, given the limited time allotted to discussing committee-related agenda items during the session, member countries had been requested to provide comments on CFA documents prior to the opening of the session. In accordance with its terms of reference, the CFA had examined the Organization's administrative budget and the management operations and reviewed its assets, liabilities and revenues and the extent to which these constrained the work of the Secretariat. The CFA had reviewed the independently audited statements pursuant to the requirements of the ITTO auditing standard and discussed recommendations to the Council on any modifications the committee judged necessary to the rules of the Organization. In addition, the CFA had discussed the adoption of a new project audit framework. Following its deliberations, the committee had made five recommendations to the Council: 1) approve the financial reports prepared in accordance with ITTO Financial Rules and Procedures, Annex 4 for the financial year 2019, as contained in document CFA(XXXV)/6; 2) continue to appoint Ernst and Young, Japan, Tokyo, to audit the accounts of the Organization for the financial year 2020; 3) take note of the list of disclosures required by the financial rules, as contained in Annex 1 of Document CFA(XXXV)/4, and a) endorse the list of sole providers and b) approve the debts of bad debt write-off; 4) adopt the new project audit framework, as contained in Document CFA(XXXV)/7 Rev.1, with immediate effect for all future audits; and 5) examine and take actions to secure the needed resources to achieve the objectives of the Organization.

DATES AND VENUES FOR THE FIFTY-SEVENTH AND FIFTY-EIGHTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 21)

259. The Chairperson reminded members that the Council had been informed at the previous session in Lomé, Togo, that there had been initial talks with a member country in the Asia-Pacific region interested in hosting the fifty-seventh session of the Council.

260. The Secretariat (Ms Sheam Satkuru) said discussions had been held with the Government of Viet Nam to host the fifty-seventh session of the Council but that, due to the exigencies of the COVID-19 pandemic, it had not been possible to confirm that the session could be held in that country. Therefore, there was no host yet for the next session.
261. The Chairperson invited interventions from other Asian countries interested in hosting the next session of the Council. In the absence of any interventions, the Chairperson asked the Secretariat to outline other options.
262. The Secretariat (Ms Sheam Satkuru) said that, in the absence of a confirmed host country for the fifty-seventh session of the Council, the Secretariat had looked at the availability of the Yokohama-Pacifico Conference Center in November 2021. A slot was available in the new Pacifico North facilities from Tuesday, 2 November to Sunday, 7 November 2021 and a tentative reservation had been made.
263. Ms Satkuru requested agreement from the Council for the reallocation of the budget normally allocated for Council sessions outside headquarters so that there would be no financial implications for the City of Yokohama and the Government of Japan for hosting the session in Yokohama in 2021.
264. The Chairperson thanked the Secretariat for the information and asked for interventions from the floor on the option of holding the fifty-seventh session of the Council in Yokohama on 2–7 November 2021 and on the proposal to reallocate the budget normally used for sessions outside headquarters to cover the cost of that session.
265. In the absence of interventions from the floor, the Chairperson proposed that the fifty-seventh session of the Council be held in Yokohama on 2–7 November 2021 and that the budget normally used for sessions outside headquarters be reallocated to cover the costs of that session. He said the Secretariat should consider whether there was a need for a six-day session or whether it could be shortened by one day—i.e. on 2–6 November 2021—depending on the agenda.
266. In the absence of objections, the proposals made by the Chairperson were adopted.
267. The delegate of the USA asked whether there was a need for a formal decision approved by the Council to provide proper authorization for the Secretariat to pursue this proposal. She said the USA had no objection to the reallocation.
268. The Secretariat (Ms Sheam Satkuru) responded that, if there was consensus in the Council on the venue and reallocation of funds, there was no need for a formal decision, which could be reflected in the Council report.
269. The delegate of the USA sought clarification on the Chairperson's request to the Secretariat to consider shortening the fifty-seventh session by one day. She asked whether that had now been decided or whether it was a recommendation that would be left undecided at this point.
270. The Chairperson responded that it was a recommendation that should be considered by the Secretariat in accordance with the agenda for the session.
271. The Secretariat (Mr Steven Johnson) said the slot for the use of the Pacifico North facilities was for 2–7 November 2021 and ITTO needed to pay for the entire slot, even if the facilities were not used on 7 November 2021. He said the Secretariat could try to arrange the agenda to finish on 6 November 2021, but the facilities would also be available on 7 November 2021 if necessary. He said a draft agenda would be developed by the Secretariat and reviewed by the IAG, which would decide on the agenda to be proposed to the Council.
272. The Chairperson thanked the Secretariat for the clarifications and confirmed that at this stage the dates for the fifty-seventh session of the Council were 2–7 November 2021. He reiterated that the Secretariat should consider the possibility of shortening the duration by one day in the process of preparing for the session.

273. In the absence of further interventions, the Chairperson asked the Secretariat for information regarding the fifty-eighth session of the Council.
274. The Secretariat (Ms Sheam Satkuru) said that the fifty-eighth session of the Council would normally have been held in Yokohama but, due to the special circumstances caused by the pandemic (in which the fifty-seventh session would be held in Yokohama rather than elsewhere in the Asia-Pacific region), there was no confirmation yet from the City of Yokohama and the Government of Japan on hosting the fifty-eighth session. She said it was expected that the City of Yokohama and the Government of Japan would volunteer to host the fifty-eighth session, but consultations on this would happen in coming months, with the outcomes to be presented for consideration and confirmation at the fifty-seventh session.
275. The Chairperson said that, in the absence of any proposal for the fifty-eighth session of the Council, the Secretariat should keep in close contact with the City of Yokohama so that a final decision could be taken at the fifty-seventh session.
276. The Chairperson said there had been a proposal from the Ad Hoc Advisory Group to hold another Council session in March 2021 if needed. He said that, given what had been achieved during the current session, he was unsure whether an additional session was still needed, and he invited interventions from the floor. In the absence of interventions, he concluded that there was no need for an additional session in March 2021. He closed this agenda item.

DECISIONS AND REPORT OF THE SESSION (AGENDA ITEM 22)

277. The decisions adopted by the Council are contained in Annex III. The full text of all decisions, including annexes, is available on the [ITTO website](#).
278. The Chairperson introduced draft Decision 1(LVI) "Projects, pre-projects and activities". There being no comments, the Council adopted the decision.
279. The Chairperson introduced draft Decision 2(LVI) "ITTO Biennial Work Programme for the years 2021–2022". There being no comments, the Council adopted the decision.
280. The Chairperson introduced draft Decision 3(LVI) "Further extension of the ITTO Strategic Action Plan 2013–2018". There being no comments, the Council adopted the decision.
281. The Chairperson introduced draft Decision 4(LVI) "Implementing ITTO's new financing architecture – phase II". The delegate of Peru suggested that ITTO could consider trying to assess how producer countries could gain access to funding from the GCF to support sustainable forest management. There being no further comments, the Council adopted the decision.
282. The Chairperson introduced draft Decision 5(LVI) "Matters related to Article 14 of the ITTA, 2006, regarding the recruitment, selection, and term of the Executive Director". There being no comments, the Council adopted the decision.

CLOSING OF THE SESSION (AGENDA ITEM 23)

283. The Chairperson invited closing remarks from the floor.
284. The Consumer Spokesperson said that 2020 has been a very difficult year for members of the Organization, with many impacts on health, economies and the work of ITTO. Despite this, however, ITTO had continued to work throughout, as evidenced by presentations and discussions during the session and the publications coming out of the Secretariat. He said that some discussions had been difficult, but it was encouraging to see that decisions had been made by consensus in the spirit of cooperation and mutual benefit to move ITTO forward, boding well for the future of the Organization. He expressed the gratitude of the consumer caucus for the work of the outgoing Executive Director, Mr Gerhard Dieterle, saying that he had brought the Organization from a very difficult situation in 2016 to a much stronger and more stable position today. He thanked the Chairperson for the efficient

operation of the session and the Secretariat for the organization and support of the session under the unusual circumstances of a virtual meeting. He also thanked the Producer Spokesperson and all members for their collaboration throughout the session and the previous consumer spokesperson, Ms Anna Tyler, for her many years of service for the caucus and the Organization.

285. The Producer Spokesperson expressed his heartfelt thanks to all members of the Organization for their efforts to overcome all problems through dialogue and goodwill. He thanked the consumer group for its goodwill in trying to reach agreement and the previous Consumer Spokesperson, Ms Anna Tyler, for her work for the Organization. He also expressed his thanks to the representative of the EU for his goodwill in adopting all decisions and the Consumer Spokesperson for his collaboration since the previous session in Lomé, Togo, and during this session. He thanked the Chairperson for his dedication and the Executive Director and the Secretariat for their efforts to make this virtual session possible. He said he was pleased to conclude his term as Producer Spokesperson after three years of service, during which he had learned a lot, including how much could be achieved if all worked together for the greater good of the Organization. He thanked his colleagues in the producer caucus for their unanimous support, despite any mistakes he might have made along the bumpy road. He said he was leaving with a happy feeling because things had improved significantly and would continue to improve.
286. The delegate of the EU expressed his thanks to the Executive Director and the Secretariat on behalf of the EU for making the session possible. He said the Executive Director had worked tirelessly following the previous Council session in Lomé, Togo, continuing the successful work he had done over the years. It was for this reason that, from the perspective of the EU, there would have been merit in allowing the Organization to move forward with Mr Dieterle at its helm until a new Executive Director had been elected. The EU had pointed out to its partners in the Council the difficulties and challenges that would arise if one of the certainly very able colleagues in the Secretariat was to act as officer-in-charge. He said the EU had no doubt that an officer-in-charge would be able to ensure the smooth functioning of the Organization but that a prolonged period with a lack of political leadership would reduce the Organization's ability to engage with other funding partners and international organizations at a sufficient level. The EU had also pointed out that this would create uncertainty over the future course of the Organization and would be a deterrent for possible funders in providing more funding. He said these concerns had not been shared by other Council members and the EU had therefore decided not to stand in the way of the ambition of other members to move on with the selection of a new Executive Director, even if it meant a gap in leadership as of April 2021. The delegate of the EU said the EU was concerned that, given the differences of opinion with regard to the leadership of the Organization, there might be fundamental differences over its future course, the orientation of work and the strategic positioning of the Organization that could lead it into uncharted and difficult waters in the years to come. The delegate of the EU said he had heard the Producer Spokesperson talk about the need and possibility of working together in confidence and trust for the common interest of the Organization. But the EU might take a step back and move into a period of deep reflection on what its continued interaction and investment in the Organization should be. He said the EU would watch closely how the process for the selection of a new Executive Director would be handled and what personalities would be put forward for leading the Organization in the years to come because this would provide a good indication of the intended course of action for the Organization. The delegate of the EU thanked the Chairperson for his excellent leadership and for steering the meeting towards a positive outcome, with the adoption of a number of important decisions. He said the EU was looking forward to working with the future Chairperson and Vice-chairperson in view of having equally successful meetings of the Council in the years to come.
287. The delegate of Australia, Mr Jesse Mahoney, Vice-chairperson-elect, thanked the Chairperson for the excellent conduct of the session. He also thanked the Consumer Spokesperson for his remarks and expressed Australia's agreement with those comments. He extended Australia's sincere appreciation to the Executive Director for his work over the past three and a half years in leading a capable Secretariat team through such a challenging period. He said that he and his predecessors in Australia had worked closely with the Executive Director during his tenure and had always appreciated his openness, professionalism and vision. He said that, by the time of his departure, the Executive Director could be confident that he would be leaving the Organization in a stronger position and

thanked him for that. He said today marked an important day of renewed cooperation between the two caucuses, and Australia was looking forward to strengthening this cooperation in the years ahead.

288. The Executive Director congratulated the delegates for a successful meeting in such special conditions. He believed that virtual sessions could not replace physical meetings, but such sessions would become more common in the future and would allow for more technical exchange on matters of substance, such as on trade and markets, and webinars on guidelines or best practices, which always fell short during Council sessions due to time limitations. He felt particularly happy that, with the piloting of the programmatic approach and the new financial architecture, important milestones had been achieved and confirmed at this Council session. He believed the programme lines provided an excellent basis for responding to current and future challenges, especially in times of COVID-19, including the role of local communities and women in addressing the constraints of the economic crisis and restoring degraded forests. He said more work and testing was needed to make the new approach fully operational, and he would have loved to have continued to lead the process, but he also realized that the Council wanted to move on with new leadership. He said he had tried to give back what he had learned over his 40-year career, of which 30 years had focused on tropical countries and global development. He said he had learned that one's best was not always good enough for others, but he accepted, albeit with some sadness, that he was to leave the ITTO family. He expressed his tremendous thanks for the support he had received from the Secretariat staff and the Government of Japan and the opportunity to learn about the country's wonderful and unique culture and history. He thanked all ITTO members and donors for their unwavering contributions to rebuilding this unique organization, financially and technically. He said that climate change, the global biodiversity crisis and the COVID-19 pandemic showed that the problems could only be solved by working together. He said the current organizational structure of strict caucus discussions between producers and consumers did not always reflect the reality of what the world was experiencing, especially because global trade was now an interactive process. He expressed his best wishes for a successful transition period and a great future for ITTO. He thanked the Chairperson for his excellent chairing, the spokespersons for navigating through the difficult discussions, and all members for their continued interest in the Organization.
289. The Chairperson thanked the Executive Director for his closing remarks.
290. The Chairperson said it had been his pleasure to serve as Chairperson of the first virtual session of the Council. Virtual sessions had advantages and disadvantages. It had been challenging to stare at a screen and not see members' faces while trying to lead the session. Nevertheless, it was impressive that it was possible to have direct contact with member countries around the world through digital means. Although there had been different views and opinions, at the end of the day, the Council had agreed on five crucial decisions that would make it possible for the Organization to continue its important work. He said this was because the ITTO family cared for tropical forests and for trade in sustainable tropical forest products. Even though the caucuses might have different focuses, he expressed his hope that the achievements of the session would help in building trust between the caucuses to allow future work to be carried out in close cooperation. He expressed special thanks to the spokespersons for their cooperation, which had ensured the session's positive outcome, and for bringing in the views of members on the decisions that had been adopted. He thanked the Executive Director, who had come to Stockholm and had given him invaluable support during the session, the Secretariat for its continuous support in the preparation and running of the Council session, and the interpreters for their excellent services.
291. The Chairperson officially closed the fifty-sixth session of the International Tropical Timber Council.

ANNEX I

LIST OF PARTICIPANTS

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INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
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13 November 2020

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FIFTY-FIFTH SESSION
9 – 13 November 2020
VIRTUAL SESSION

LIST OF PARTICIPANTS

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

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LISTE DES PARTICIPANTS

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

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LISTA DE PARTICIPANTES

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

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ANNEX II

AGENDA

DOCUMENT: ITTC(LVI)/1 Rev.1



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVI)/1 Rev.1
6 October 2020

Original: ENGLISH

FIFTY-SIXTH SESSION
9 - 13 November 2020
Virtual Session

PROVISIONAL AGENDA

1. Opening of the session
2. Ascertainment of the quorum
3. Adoption of agenda and organization of work
4. Report on membership of the Council
5. Distribution of Votes for the 2020-2021 Biennium
6. Admission of Observers
7. Report of the Informal Advisory Group (IAG) – Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI)
8. Report of the Credentials Committee
9. Implications of the COVID-19 pandemic on ITTO procedures
 - (a) Procedures and modalities governing the virtual ITTC56 session in line with the ITTA, 2006 and ITTO Rules of Procedure
 - (b) Decision 9(XXXI) on matters related to hosting sessions of Council
10. Statement by the Executive Director
11. Extension of the ITTA, 2006
12. ITTO Biennial Work Programme 2018-2019 extended into 2020 – Decisions 9(XXXIV), 2(LIII) and 3(LV)
 - (a) Progress Report on the Implementation of the ITTO Biennial Work Programme
 - (b) Draft ITTO Biennial Work Programme 2021–2022
13. Progress Report on the Implementation of the ITTO Thematic Programmes
14. Impairment of ITTO Funds – Decisions 5(LII), 6(LII), 7(LIII) and 2(LIV)
15. Implementation of ITTO's New Financing Architecture, Phase I - Decision 8(LV)
 - (a) Progress report on new funding received under the programmatic approach and new funding opportunities, including for projects pending financing under the Regular Project Cycle
 - (b) Progress report on engagement on GEF and other potential partners
 - (c) Update on the meetings of the Advisory Board on the Programmatic Approach
 - (d) Report of the Ad Hoc Working Group on Financing

16. Biennial Review and Assessment of the World Timber Situation 2019–2020
17. Special Account and Bali Partnership Fund
 - (a) Pledges to the Special Account and the Bali Partnership Fund
 - (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)
18. Election of Chairperson and Vice-Chairperson of the Council for 2021
19. Matters related to Article 14 of the ITTA, 2006 regarding the selection, election and recruitment of the Executive Director of ITTO
20. Relevant Committee-related agenda items
 - (a) Report of the Fifty-fifth Expert Panel for Technical Appraisal of Project Proposals
 - (b) Reports of the Associated Sessions of the Committees
21. Dates and Venues of the Fifty-seventh and Fifty-eighth Sessions of the Council and the Associated Sessions of the Committees
22. Decisions and Report of the Session
23. Closing of the Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 **Opening of the Session**

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

Item 2 **Ascertainment of the Quorum**

The Executive Director will report to the Council on the state of the quorum requirement for the start of the Session. Note that as recommended by the IAG, quorum for the virtual session will be determined by confirming the online presence of registered attendees who have submitted valid credentials, consistent with the thresholds established for physical meetings in the ITTA, 2006.

Item 3 **Adoption of Agenda and Organization of Work** [Document ITTC(LVI)/1 Rev.1]

The Council may decide to consider and adopt its Agenda. On the schedule of meetings, the Council may consider the draft schedule distributed under Decision 5(XXII), the advice of the Informal Advisory Group (IAG) and the due consultations in the Chairperson's Coordinating Bureau, which will issue the timetable daily and at more frequent intervals as necessary.

Item 4 **Report on Membership of the Council**

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

Item 5 **Distribution of Votes for the 2020-2021 Biennium** [Document ITTC(LVI)/1 Rev.1 Annex]

The distribution of votes for the 2020 – 2021 biennium, in accordance with Article 10(7) of the ITTA, 2006, is shown in the Annex of the Provisional Agenda [Document ITTC(LVI)/1 Rev.1]. The distribution of votes shall remain in effect for the rest of the biennium, except whenever the membership of the Organization changes or when any member has its voting rights suspended or restored, in which case the Council shall redistribute the votes within the affected category or categories. The distribution of votes for the 2020-2021 biennium was approved by the 55th ITTC in Lomé, Togo.

In accordance with Article 19(4) of the ITTA, 2006, the approved distribution of votes will be used for the assessment of the contribution of each Member to the Administrative Budget for the 2020 – 2021 biennium.

Item 6 **Admission of Observers** [Document ITTC(LVI)/Info.3 and ITTC(LVI)/Info.4]

The Council may decide to admit those States and Organizations which request admission to the Session as Observers. Two lists of such applicants will be submitted at the Session for consideration and decision. The first such list shall contain the names of all States and Organizations which have previously been admitted to the Council Sessions and the second those States and Organizations who are applying for admission on the first occasion at this Session.

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

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

Item 7 **Report of the Informal Advisory Group (IAG) – Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI)** [Document ITTC(LVI)/2]

Pursuant to Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI), and in order to organize its work for the Session, the Council may consider the report of the Thirty-fourth Meeting of the Informal Advisory Group (IAG) as contained in Document ITTC(LVI)/2. The report will be presented to the Council by the Chairperson.

Item 8 **Report of the Credentials Committee**
[Document ITTC(LVI)/3]

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

Item 9 **Implications of the COVID-19 pandemic on ITTO procedures**

The Council will be briefed on the implications of the COVID-19 pandemic on ITTO procedures.

- (a) Procedures and modalities governing the virtual ITTC 56 session in line with the ITTA, 2006 and ITTO Rules of Procedure
The Council may consider the procedures and modalities governing the virtual ITTC 56 session in line with the ITTA, 2006 and ITTO Rules of Procedures as proposed by the IAG.
- (b) Decision 9(XXXI) on matters related holding sessions of Council
The Chairperson will brief the Council on the decision of the ad hoc Advisory Group on the feasibility and/or viability of holding a virtual/hybrid ITTC session at the end of March 2021.

Item 10 **Statement by the Executive Director**

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

Item 11 **Extension of the ITTA, 2006**

Pursuant to Article 44 of the ITTA, 2006, the Council may wish to consider extending the ITTA, 2006 for a period of five years.

Item 12 **ITTO Biennial Work Programme 2018-2019 extended into 2020 – Decisions 9(XXXIV), 2(LIII) and 3(LV)**

[Documents ITTC(LVI)/4, ITTC(LVI)/5, ITTC(LVI)/6 and ITTC(LVI)/7 Rev.1]

- (a) The Council will receive the progress report on the implementation of the ITTO Biennial Work Programme for 2018 – 2019 extended into 2020 as contained in Documents ITTC(LVI)/4, ITTC(LVI)/5 and ITTC(LVI)/6.
- (b) The Secretariat will present to the Council the Draft ITTO Biennial Work Programme 2021 – 2022 as contained in Document ITTC(LVI)/7 Rev.1.

Item 13 **Progress Report on the Implementation of the ITTO Thematic Programmes**
[Document ITTC(LVI)/8]

The Council will receive the progress report on the status of implementation of the ITTO Thematic Programmes as contained in Document ITTC(LVI)/8.

Item 14 **Impairment of ITTO Funds – Decisions 5(LII), 6(LII), 7(LIII) and 2(LIV)**

The Council will receive an update on the impairment of ITTO funds (Decisions 5(LII), 6(LII), 7(LIII) and 2(LIV)).

Item 15 **Implementation of ITTO's New Financing Architecture, Phase I - Decision 8(LV)**
[Document ITTC(LVI)/9]

- (a) Progress report on new funding received under the programmatic approach and new funding opportunities, including for projects pending financing under the Regular Project Cycle
The Executive Director will provide an update on new funding received under the programmatic approach and new funding opportunities, including for projects pending financing under the Regular Project Cycle.
- (b) Progress report on engagement with GEF and other potential partners
The Executive Director will provide an update on the Secretariat's engagement with GEF and other partners including an update on the utilization of the virtual informed feedback loop established under Decision 8(LV), operative paragraph 10.
- (c) Update on the meetings of the Advisory Board on the Programmatic Approach

- The Chairperson will provide an update on the meetings of the Advisory Board on the Programmatic Approach established under Decision 8(LV), operative paragraph 16.
- (d) Report of the Ad Hoc Working Group on Financing
The Council will receive the report of the Ad Hoc Working Group on Financing as contained in Document ITTC(LVI)/9. The report will be presented by the Co-Chairs of the Ad Hoc Working Group.

Item 16 **Biennial Review and Assessment of the International Timber Situation in 2019 – 2020**
[Document ITTC(LVI)/10]

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

- (a) Elements for the 2019 and 2020 Biennial Review and Assessment of the International Timber Situation
The Secretariat will present the Review comprising statistics and available data on production, imports and exports of timber products, emphasizing tropical timber products, and an analysis of economic and market developments. The Elements for the 2019 and 2020 Biennial Review will be partly based on information extracted from national responses to the ITTO/UNECE/FAO/EUROSTAT Joint Forest Sector Questionnaire and partly from other sources.
- (b) A General Introductory Statement by the Secretariat
Using various sources of information including the Elements for the 2019 and 2020 Biennial Review, the Statement will give an overview of the world timber situation, focusing on tropical timber, including recent developments and the short-term outlook based on available forecasts.

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

Item 17 **Special Account and Bali Partnership Fund**
[Document ITTC(LVI)/11]

- (a) Pledges to the Special Account and the Bali Partnership Fund.
The Chairperson may invite Members and Observers to announce any new contributions they may wish to pledge to the Special Account and the Bali Partnership Fund.
- (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund.
The Council will decide whether it is necessary for the Panel on Sub-Account B of the Bali Partnership Fund established under Decision 4(XXX) to meet during the virtual session, taking account of the resources available. If the panel does meet during the virtual session to consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B, the Council may consider and adopt the recommendations contained in its report [Document ITTC(LVI)/11].

Item 18 **Election of Chairperson and Vice-Chairperson of the Council for 2021**

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2021. Under Article 8 of the ITTA, 2006, the Council is required to elect a Chairperson and Vice-Chairperson for each calendar year, one from among the representatives of producer countries, and the other from among the representatives of the consumer countries. Under Article 8, paragraph 3, these offices are required to alternate each year between the two categories of Members, provided, however, that this shall not prohibit the re-election to either or both under exceptional circumstances by the Council.

Item 19 **Matters related to Article 14 of the ITTA, 2006 regarding the selection, election and recruitment of the Executive Director of ITTO**

Council may consider the report of the Ad Hoc Working Group on the selection of candidates for the position of Executive Director of ITTO [Document ITTC(LV)/11].

Item 20 **Relevant Committee-related agenda items**
[Document ITTC(LVI)/12]

- (a) Report of the Fifty-fifth Expert Panel for Technical Appraisal of Project Proposals

The Secretariat will present the report of the Fifty-fifth Expert Panel as contained in Document ITTC(LVI)/12.

(b) Reports of the Associated Sessions of the Committees

The Council will be updated on relevant Committee-related issues and have before it the Reports of the Associated Sessions of the Committees presented by the respective Chairpersons. The Council may consider and adopt the recommendations contained in each of the Reports.

Item 21 **Dates and Venues of the Fifty-seventh and Fifty-eighth Sessions of the Council and the Associated Sessions of the Committees**

In order to maintain the established practice of setting Session dates and venues eighteen months or more in advance to facilitate logistical arrangements, the Council may wish to reconfirm/set the dates and venues of its Fifty-seventh and Fifty-eighth Sessions.

Item 22 **Decisions and Report of the Session**

The Council shall consider the proposed Decision(s) and adopt it/them in accordance with the procedures and modalities governing the virtual ITTC 56 session in line with the ITTA, 2006 and the ITTO Rules of Procedure as adopted under Agenda Item 9(a).

In accordance with Rule 33 of the Rules of Procedure, a report on the proceedings shall be prepared by the Executive Director and shall be circulated to all Members as soon as possible.

Item 23 **Closing of the Session**

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

Annex**DISTRIBUTION OF VOTES FOR 2020-2021 BIENNIEUM****PRODUCER MEMBERS**

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

CONSUMER MEMBERS

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

ANNEX III

TEXT OF THE DECISIONS

ADOPTED BY THE COUNCIL AT ITS FIFTY-SIXTH SESSION

DOCUMENT: ITTC(LVI)/13
DOCUMENT: ITTC(LVI)/14
DOCUMENT: ITTC(LVI)/15
DOCUMENT: ITTC(LVI)/16
DOCUMENT: ITTC(LVI)/17



INTERNATIONAL TROPICAL TIMBER COUNCIL

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FIFTY-SIXTH SESSION
9 -13 November 2020
Virtual Session

DECISION 1(LVI)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Fifty-sixth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities, as contained in documents CEM-CFI(LIV)/4 and CRF(LIV)/4;

Noting that the time-bound electronic no objection procedures to accept Expert Panel Ratings for Projects and Pre-Projects and requests for their funding were conducted during the project cycle for 2020;

1. Decides to:

- (i) Endorse the approval obtained through the time-bound electronic no objection procedure for the following Projects and Pre-Projects for project cycle of 2020:

PPD 195/19 Rev.2 (I)	Pre-Project for a Feasibility Study on Processing and Valorizing Timber in Togo (Togo) ITTO Budget \$93,632.00
PPD 197/20 Rev.1 (F)	Development of a Project for the Revaluation, Restoration and Sustainable Development of the Quina (Cinchona spp.) Tree and Associated Native Species of the Western Montane Forests of Peru (Peru) ITTO Budget \$71,456.00
PD 878/18 Rev.2 (M)	Support for the Certification of National Teak Plantations of the National Timber Board (ONAB), Benin (Benin) ITTO Budget \$444,752.00
PD 896/19 Rev.2 (F)	Protection and Restoration of Forested Water Catchment, Regulation and Recharge Areas in the Upper Salinas River Watershed, Guatemala, to Ensure Water Supply for Guatemalan Communities (Guatemala) ITTO Budget \$150,000.00
PD 901/19 Rev.2 (F)	Promoting Conservation and Community-based Management of Mangrove Ecosystems through Integrating Adaptation and Mitigation Action in Karang Gading and Langkat Timur Laut (KG-LTLWR) Reserve, North Sumatera Indonesia (Indonesia) ITTO Budget \$499,228.80
PD 902/19 Rev.2 (F)	Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia (Malaysia) ITTO Budget \$814,128.00

- PD 903/19 Rev.2 (F) Management of Sungai Menyang Conservation Area for Orangutan Protection and Uplifting Community Livelihood, Sarawak, Malaysia (Malaysia)
ITTO Budget \$509,040.00
- PD 904/19 Rev.2 (F) Restoring Productivity in Post-logging Hill Forests by Enrichment Planting in Sarawak, Malaysia (Malaysia)
ITTO Budget \$795,626.00
- PD 912/20 Rev.1 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru (Peru)
ITTO Budget \$385,706.00
- PD 913/20 Rev.1 (M) Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama (Panama)
ITTO Budget \$856,352.00

(ii) To reinstate the approved status of the following project as of the date of adoption of the report of the Fifty-fourth Session of the CRF and that funding be made available for its implementation;

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

(iii) Authorize the financing for immediate implementation of the Projects, Pre-Project and Activities as listed in the Annex to this Decision; and

(iv) Authorize the financing for immediate implementation of all the other approved Projects, Pre-Projects and Activities as soon as earmarked funds are available in the Special Account or in the Bali Partnership Fund Account.

2. Urges Members to consider financing those approved Projects, Pre-projects and Activities for which funds are not immediately available,
3. Appeals to Members to make unearmarked contributions to the Thematic Programmes Account and the Special Account,
4. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-projects and Activities to assist Members in achieving the Year 2000 Objective of ITTO, and
5. Requests the Executive Director to continue consultations with potential donors in order to secure financing for those Projects, Pre-projects and Activities for which funds are not immediately available.

ANNEX

Financing during 2020 for Projects, Pre-Projects and Activities

(i) Approved at earlier Sessions:

PD 836/17 Rev.1 (F) Enhancing Capacity of Local Communities and Forest Administration to Effectively Implement Community Forestry Programme (CFP) in Kratie and Mondulkiri Provinces of Cambodia (Cambodia) – Partial funding [Japan \$50,000.00 (Note 4), USA \$50,000.00 (Note 4)]	\$100,000.00
PD 845/17 Rev 2 (M) Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana (Ghana) [USA \$120,000.00 (Note 4)]	\$120,000.00
PD 852/17 Rev.3 (F) Development of a Regional Strategy for the Restoration and Rehabilitation of Degraded Areas on the South Coast of Peru (Peru) [USA \$125,000.00 (Note 4)]	\$125,000.00

(ii) Activities approved through Decision 2(LIII) Biennial Work Programme for the Years 2018-2019 (extended into 2020 through Decision 3(LV)):

PP-A/53-323C Regional assessment of forest education in the Asia and Pacific Region and Online Learning Course for Legal and Sustainable Supply Chains (LSSC) (ITTO Biennial Work Programme 2018-2019 Activity: 2 – Additional funding) [FAO \$123,848.00 (Note 1)]	\$123,848.00
PP-A/53-323D Development of three country profiles to populate the Timber-Lex online legal database (ITTO Biennial Work Programme 2018-2019 Activity: 2 – Additional funding) [FAO \$24,000.00 (Note 1)]	\$24,000.00
PP-A/56-340-1 Capacity building on forest and land fire management in Indonesia (ITTO Biennial Work Programme 2018-2019 Activity: 12) [Japan \$1,105,263.16 (Note 2)]	\$1,105,263.16
PP-A/56-340-2 Forest fire prevention and response in tropical forests and forest plantations in Peru (ITTO Biennial Work Programme 2018-2019 Activity: 12) [Japan \$1,105,263.16 (Note 2)]	\$1,105,263.16
PP-A/56-341 Support for women's group with the restoration of forest landscapes in the Prefectures of Blitta and Lacs, Togo [Soka Gakkai \$93,240.09 (Note 4)]	\$93,240.09
PP-A/52-319 ITTO Fellowship Programme (Year 2020) (ITTO Biennial Work Programme 2018-2019 Activity: 22) [Netherlands \$110,172.00 (Note 2), Japan \$36,363 (Note 4)]	\$146,535.00

(iii) Activities approved through Decision 2(LVI) Biennial Work Programme for the Years 2021-2022:

PP-A/53-323 Building Legal and Sustainable Forest Product Supply Chains (LSSC) (ITTO Biennial Work Programme 2018-2019 Activity: 2 – Additional funding) [China \$100,000.00 (Note 4)]	\$100,000.00
PP-A/56-342A Strengthening SFM standards and timber legality framework in Myanmar (ITTO Biennial Work Programme 2021-2022 Activity: 2) [Japan \$378,930.00 (Note 4)]	\$378,930.00
PP-A/56-342B Analysis of timber legality assurance systems and good practices in China, Myanmar and Viet Nam for sustainable timber trade (ITTO Biennial Work Programme 2021-2022 Activity: 2) [Japan \$344,099.56 (Note 4)]	\$344,099.56
PP-A/56-343 Strengthening Participation of the Private Sector in the Work of ITTO: Industry-led legality compliance/du e care training (ITTO Biennial Work Programme 2021-2022 Activity: 3) [USA \$25,000.00 (Note 4)]	\$25,000.00
PP-A/52-320 Enhance cooperation between ITTO and CITES (ITTO Biennial Work Programme 2021-2022 Activity: 5) [USA \$100,000.00 (Note 4)]	\$100,000.00
PP-A/56-344 Disseminating the ITTO Guidelines for Forest Landscape Restoration in the Tropics (ITTO Biennial Work Programme 2021-2022 Activity: 11 (b)) [Japan \$20,000.00 (Note 4), USA \$40,000.00 (Note 4)]	\$60,000.00
PP-A/56-345 Conservation and sustainable use of biodiversity in tropical timber production forests (ITTO Biennial Work Programme 2021-2022 Activity: 12) [Japan \$30,000.00 (Note 4)]	\$30,000.00
PP-A/52-319 ITTO Fellowship Programme (Year 2021) (ITTO Biennial Work Programme 2021-2022 Activity: 21) [Netherlands \$117,370.89 (Notes 2 and 3), USA \$20,000.00 (Note 4), Sweden \$20,000.00]	\$157,370.89
Total pledges confirmed after the Fifty-fifth Session of the Council to-date:	\$4,138,549.86

Note 1: Inter-sessional pledges received after the Fifty-fifth Session of the Council through a funding agreement or Memorandum of Understanding.

Note 2: Inter-sessional pledges received after the Fifty-fifth Session of the Council.

Note 3: The USD amount is an indicative figure applying the UN official exchange rate prevailing at the date when pledges were confirmed, and will be revised with the spot rate when funds are received.

Note 4: Pledges received during the Fifty-sixth Session of the Council.

Modifications during 2020 made to Previous Pledges for Projects, Pre-Projects and Activities

PP-A/54-326

Update ITTO Guidelines for Forest Landscape Restoration
(ITTO Biennial Work Programme 2018-2019 Activity:10(b))
[Korea – Cancellation of pledge amounting to \$20,000]

PD 836/17 Rev.1 (F)

Enhancing Capacity of Local Communities and Forest Administration to Effectively
Implement Community Forestry Programme (CFP) in Kratie and Mondulkiri
Provinces of Cambodia (Cambodia)
[Korea – Amendment of pledged amount from \$200,000 to \$167,557.31]

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DECISION 2(LVI)

ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2021-2022

The International Tropical Timber Council,

Appreciating the work of the Secretariat in liaising with Members, the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG) in preparing its proposal to Council on the Biennial Work Programme for the years 2021-2022;

Noting further that activities listed in the Annex to this Decision are derived from the following: (a) ITTA, 2006; (b) the ITTO Strategic Action Plan 2013-2018; (c) the four ITTO Committee Reports to the Fifty-sixth Session of Council; and (d) previous Council Decisions;

Decides to:

1. Adopt the Biennial Work Programme for the years 2021-2022 as contained in the Annex to this Decision;
2. Authorize the Executive Director to seek voluntary contributions from Member Countries and other funding sources to finance implementation of the activities listed in the Annex;
3. Request the Executive Director to implement and/or facilitate the implementation of activities in the approved Biennial Work Programme for the years 2021-2022, as contained in the Annex;
4. Request the Executive Director, as of the date of this Decision, to ensure that future activities to be funded outside the core budget are formulated as Concept Notes 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 Biennial Work Programme (BWP).
5. Request the Secretariat to continue to indicate in the BWP how each activity aligns with the Programmatic Line(s); and
6. Request the Executive Director to report to Council on the progress in implementing the Biennial Work Programme for 2021-2022 during the Fifty-seventh and Fifty-eighth Sessions of the Council.



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DECISION 3(LVI)

FURTHER EXTENSION OF THE ITTO STRATEGIC ACTION PLAN 2013-2018

The International Tropical Timber Council,

Noting that the implementation period of the ITTO Strategic Action Plan 2013-2018, extended to 2020 would expire at the end of 2020;

Acknowledging that the COVID-19 pandemic has caused delays in the work of ITTO during 2020, including the planned development of a new Strategic Action Plan;

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

Decides to:

1. Further extend the implementation period of the ITTO Strategic Action Plan 2013-2018 extended to 2020, for one additional year through 2021;
2. Request the Executive Director to implement in a timely manner the 2021-2022 Biennial Work Programme activity to develop the next ITTO Strategic Action Plan for consideration and approval by Council at its Fifty-seventh Session in 2021.

* * *



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9-13 November 2020
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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

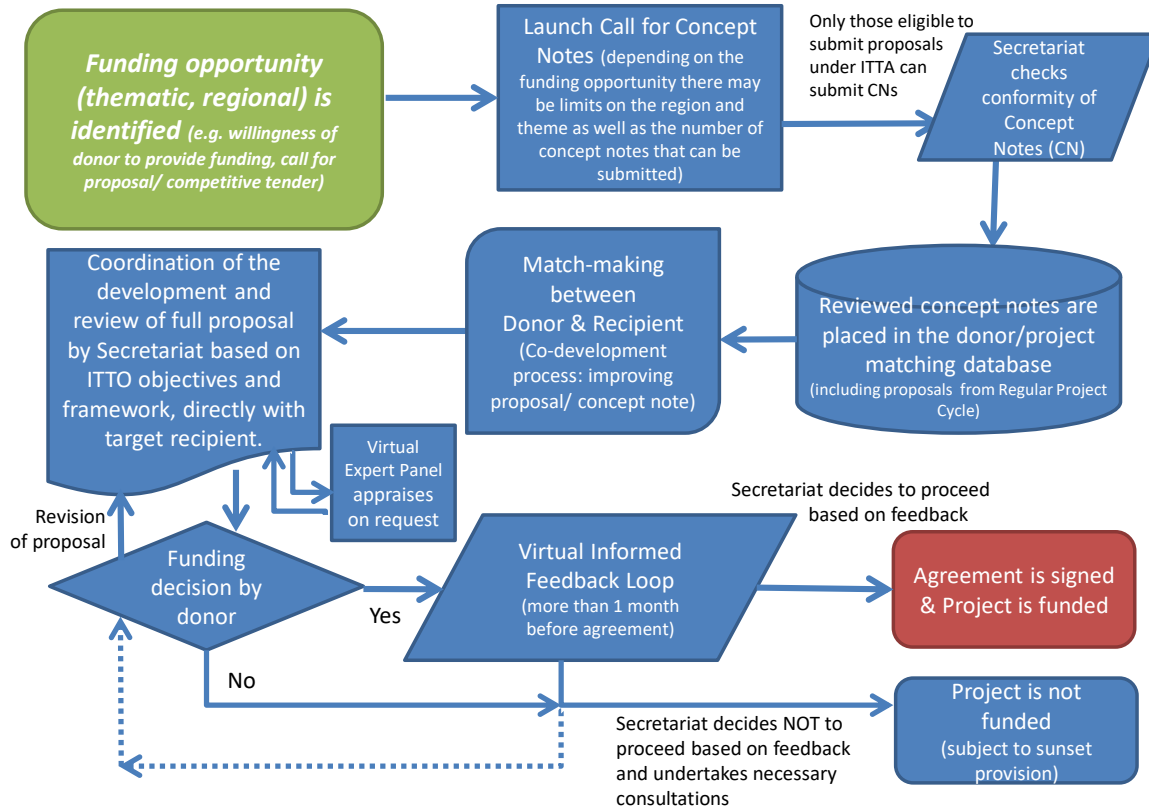
Goal: To address emerging/urgent issues and innovation focused on achieving ITTA objectives that are not covered under the other programmatic lines.

Objectives:

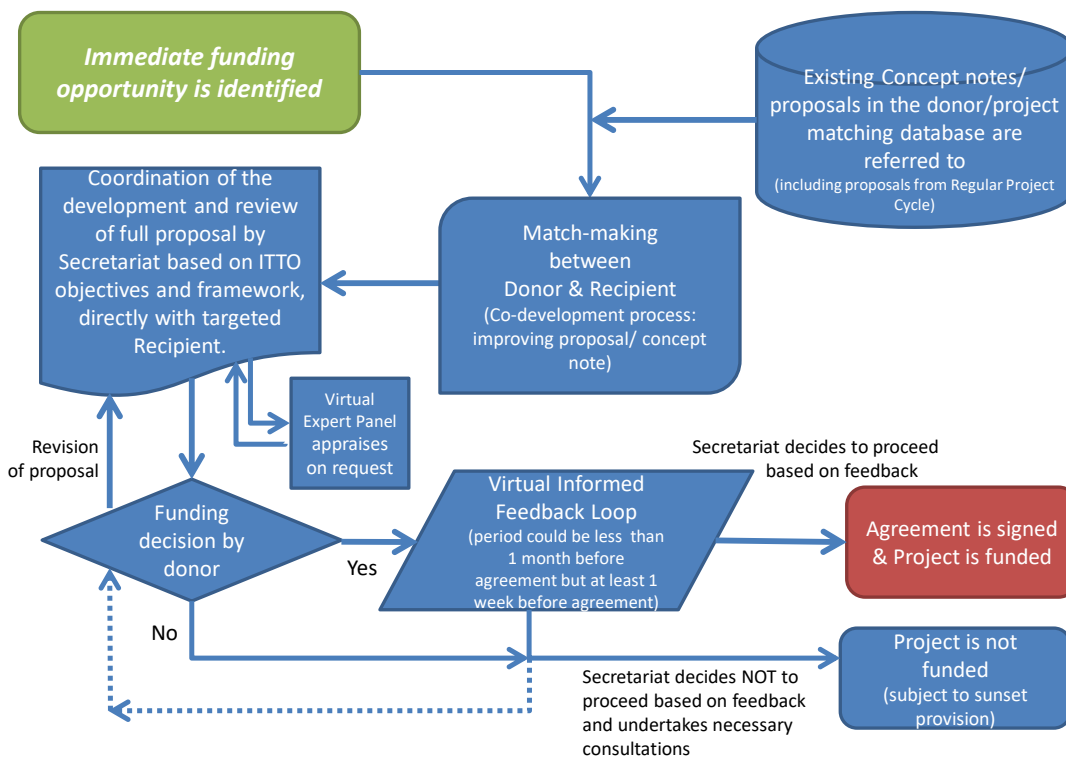
- Allow for funding flexibility and a streamlined approach to address specific issues not captured by the other programmatic lines.
- Respond to opportunities that allow ITTO and its members to be at the forefront of innovation, pilot new approaches or studies, and be able to react to emerging international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

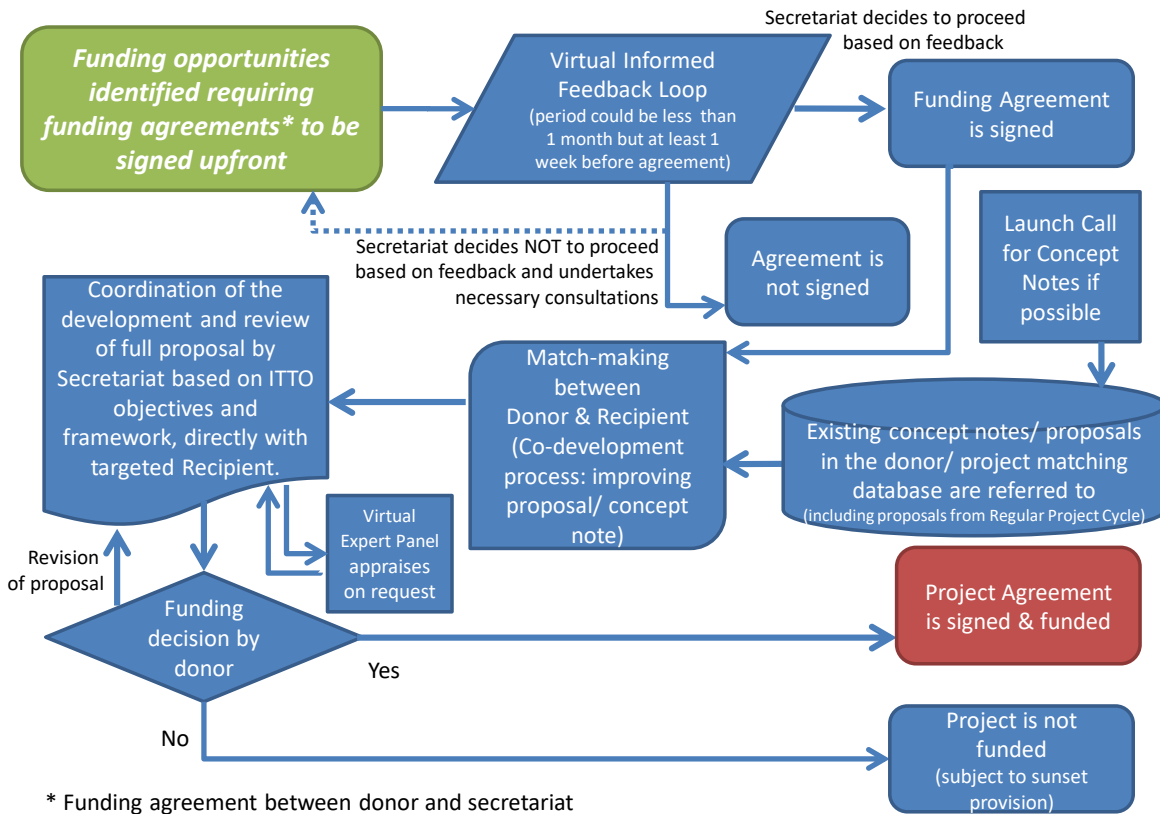
Financing Scenario 1 under the Programmatic Approach



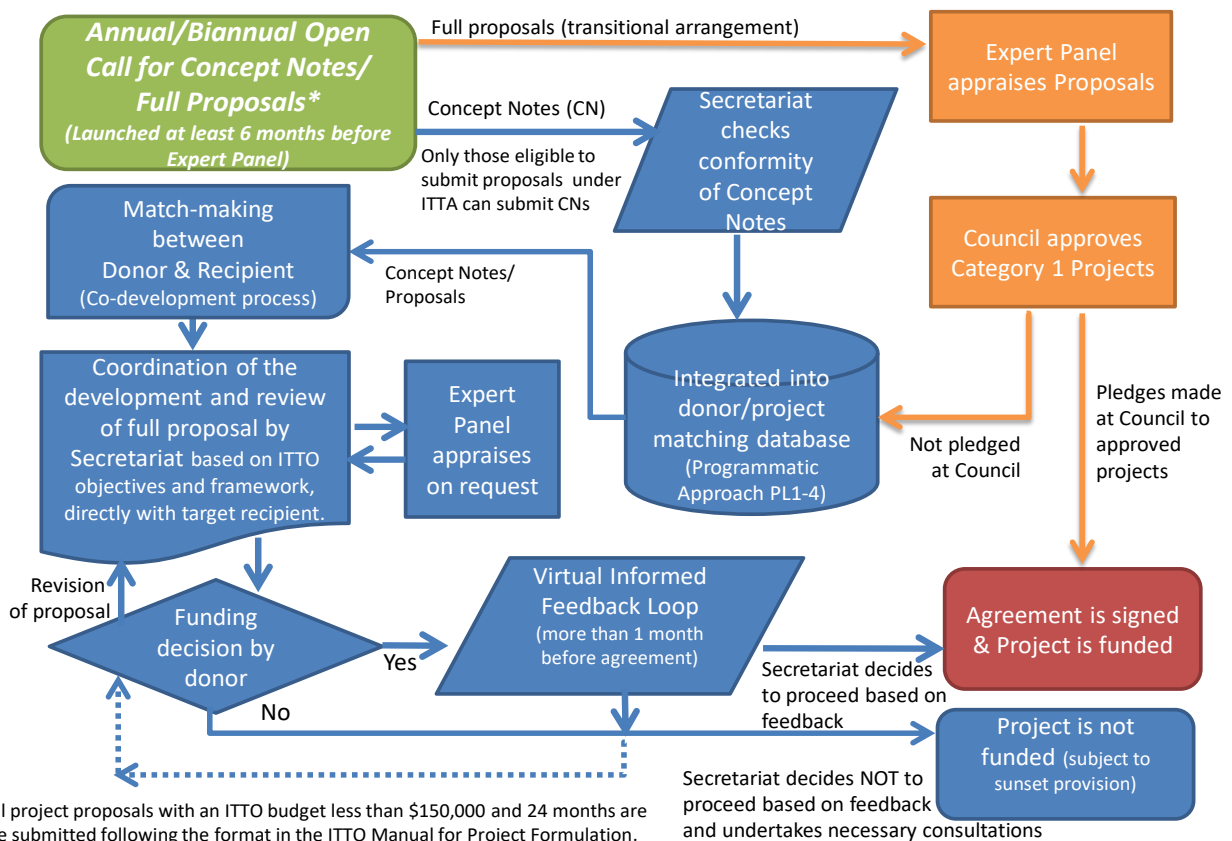
Financing Scenario 2 under the Programmatic Approach



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				
	ITTO Project Monitoring & Review			
	Annual/Final Audit			
	ITTO Programme Support			
	GRAND TOTAL			

-
- 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*



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVI)/17
13 November 2020

Original: ENGLISH

FIFTY-SIXTH SESSION
9-13 November 2020
Virtual Session

DECISION 5(LVI)

MATTERS RELATED TO ARTICLE 14 OF THE ITTA, 2006, REGARDING THE RECRUITMENT, SELECTION, AND TERM OF THE EXECUTIVE DIRECTOR

The International Tropical Timber Council,

Recalling Article 14 of the ITTA, 2006;

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

Recalling Decision 10(LIII) on the rotation in the framework of the selection of the Executive Director of the ITTO;

Recalling Decision 6(LIV) on the selection of candidates for the position of Executive Director of the International Tropical Timber Organization;

Also recalling that Decision 6(LIV) decided that the term of future Executive Directors is 4 years, with the option to extend up to another 2 years, upon approval by the Council;

Emphasizing that the paramount consideration in the appointment of the Executive Director shall be to secure the highest standard of efficiency, competence and integrity, as established in Decision 6(LIV);

Welcoming the report of the Ad Hoc Working Group on Selection of the Candidates for the Position of Executive Director of the ITTO;

Decides to:

1. Adopt the text in Annex I to this Decision as the vacancy announcement to advertise the position of Executive Director;
2. Adopt the process contained in Annex II to this Decision as the procedure for the Selection Panel and procedures for the selection of the candidates for the position of Executive Director of the ITTO; and that a selection process be initiated at least 9 months in advance of the Council Session prior to the position becoming vacant, or immediately upon the early vacancy of the position;
3. Adopt the process contained in Annex III for the extension of the term of the Executive Director;
4. Request that the Secretariat immediately advertise the vacancy announcement for the position of Executive Director;
5. Authorize the transfer of an amount not exceeding US\$120,000 from the Working Capital Account to the Administrative Account – on each occasion that a recruitment and selection process needs to be initiated - to meet the necessary costs of the process conducted in the most efficient and cost-effective manner, and request that the Executive Director report to

Council on funding drawn from the Working Capital Account for this purpose, including a breakdown of effectively incurred expenses;

Decides further that:

6. The selection process, appointment of a candidate, and conduct of the selected Executive Director once hired is subject, but not limited, to: ITTA, 2006; most recent ITTO Staff Rules and Regulations; Decision 8(LII); Decision 6(LIV); Decision 10(LIV) and this Decision;
7. The Executive Director is subject to Regulation 7.4a and Rule 709 of the ITTO Staff Rules and Regulations, such that the retirement age prescribed by the United Nations applies to the Executive Director; and
8. Any Council Decision electing an Executive Director is to be accompanied by a Decision on the appointment of the Executive Director detailing the terms of employment, including start date and end date, retirement age restrictions, adherence to the Standards of Conduct for Executive Director (Decision 8(LII)), in adherence to the most recent Staff Rules and Regulations.

ANNEX I

TERMS OF REFERENCE FOR VACANCY ANNOUNCEMENT FOR EXECUTIVE DIRECTOR OF THE ITTO

The International Tropical Timber Organization (ITTO), a commodity organization headquartered in Yokohama, Japan is in the process of appointing a new Executive Director.

The ITTO mission is to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber producing forests. The Executive Director is the chief administrative officer of the International Tropical Timber Organization and is responsible to the International Tropical Timber Council for the administration and operation of the International Tropical Timber Agreement, 2006, in accordance with decisions of the Council. (Article 14.3, ITTA, 2006).

Functions:

- The Executive Director will strategically lead, oversee and direct the work and the performance of the ITTO Secretariat as mandated by the Council;
- Implement strategic priorities, policies and initiatives as decided by the Council;
- Lead the organization's finance, risk management, and corporate governance;
- Ensure efficient, effective and transparent management of existing structures and procedures for the administration and operation of the ITTA, 2006;
- Foster and enhance synergies and collaboration among members of the organization;
- Represent ITTO; strengthen and maintain close partnerships with high-level stakeholders, including the relevant Multilateral Agreements, International Organizations, representatives of government at relevant levels, civil society, including the private sector, and the UN to support of the delivery of the ITTA, 2006;
- Oversee and implement strategies for the mobilization of resources necessary for the implementation of the strategic priorities, policies and initiatives as decided by the Council, development of relations with donors other than ITTO members and strategies for partnership with stakeholders, including innovative modalities for the mobilization of resources;
- Create an environment in the Secretariat that fosters innovation and that empowers staff to translate vision into results.

The ITTO applies an equal opportunity recruitment policy and will consider all applications regardless of gender, religion, race or sexual orientation. Candidates must however be citizens of an ITTO member country.

1. Competencies

Demonstrates:

- i. Professionalism: Professional competence and mastery of subject matter, is conscientious and efficient in meeting commitments, observing deadlines and achieving results;
- ii. Accountability: Ability to operate in compliance with state-of-the-art organizational rules and regulations, to deliver high quality results within agreed timeframes, within projected cost and to agreed quality standards in a transparent manner;
- iii. Communication: Ability to communicate effectively orally and in writing to a wide range of audiences. Listens to others, correctly interprets messages from others and responds promptly and appropriately. Openness in sharing information and keeping people informed;
- iv. Leadership: Ability to motivate staff and to delegate the appropriate responsibility, accountability and decision-making authority to each staff member. Makes sure that roles, responsibilities and reporting lines are clear, and that progress is monitored against targets;
- v. Ethical standards: Committed to the highest ethical standards in furtherance of his/her mission and the objectives of the ITTO;
- vi. Diversity and gender balance: Committed to promoting equal opportunities and the implementation of the ITTO Guidelines on Gender Equality and Empowerment of Women;
- vii. Diplomatic and negotiation skills: experience in working with high-level representatives from government, international organizations, private sector/civil society, and engaging with donors.

2. Professional Experience

- i. Managerial experience: a proven track record and a minimum of 15 years of progressively responsible experience in managing complex programs, financial/human resources and strategic planning in areas relevant to forestry, trade, environment and other related fields;

- ii. Specific experience: demonstrated experience in the field of natural resource management, in particular sustainable forest management and related timber trade would be a distinct advantage;
- iii. International experience: demonstrated track record of professional experience of work in a leading capacity at the international level in and/or international organizations and of working in diverse, multicultural settings; Working experience in ITTO related fields in more than one region of ITTO membership would be an advantage;
- iv. Partnership building and fundraising experience: Demonstrated experience in creating strategic partnerships/networks and promoting initiatives with partner organizations. Demonstrated experience in mobilization of financial resources would be a distinct advantage.

3. Education

Master's or Ph.D. degree in forestry, natural resource management and conservation, economics, business administration, or other relevant field.

4. Language

Proven ability in both oral and written communication in one of the official languages of ITTO (English, French and Spanish) and preferably a working knowledge in the other two official languages of ITTO. Very good command of English orally and in writing is essential.

5. Salary and Emoluments

Salary is equivalent to that of an Assistant Secretary General (ASG) in the scale of the United Nations, including benefits such as removal expenses, home leave travel every 24 months, children's education grant, rental subsidies, etc.

6. Conflict of Interest

Candidates or any close relatives should have no financial interest in the timber industry or timber trade and related activities. Candidates must – in their application – identify any professional or personal ties – also those linked to previous, terminated employment, that could be perceived as conflict of interest. Candidates must provide clarifications and information on how they intend to proactively prevent and manage situations in which such ties or other personal interests may conflict or appear to conflict with the interests of the ITTO, should the individual be appointed to position of the Executive Director.

7. Criminal Record Clearance

Shortlisted candidates will be required to complete a self-attestation stating that they have not committed, been convicted or, nor prosecuted for any criminal offense. If there is information to the contrary, candidates should provide clarification and information in writing on these circumstances, for the consideration of the selection panel.

8. Terms of Service

The appointment is for a period of four years. There is an option to extend for up to another 2 years if approved by Council. Any appointment takes into account Regulation 7.4a of Staff Regulations and Rules of the ITTO, which sets the retirement age as prescribed by the United Nations¹.

9. Applications

Written applications including a cover letter explaining how the candidate meets the required qualifications, a completed United Nations Personal History form (form P.11), a curriculum vitae and additional supporting materials related to the job qualifications and a recent photo must be received at ITTO headquarters by [date]² by [23:59] hours (Japan Standard Time). Applications may be submitted electronically or by mail or fax and should be sent to:

Executive Director, International Tropical Timber Organization
International Organizations Center, 5th Floor Pacifico-Yokohama,
1-1-1, Minato-Mirai, Nishi-ku,
Yokohama, 220-0012 Japan
Tel: (81-45) 223-1110 Fax: (81-45) 223-1111
E-mail: itto@itto.int

¹ Staff members shall normally not be retained in the service of the Organization beyond the retirement age prescribed by the United Nations and are expected to retire at that age. Earlier retirement consistent with the rules of the Provident Fund may be agreed between the Organization and the staff member.

² Date to be inserted consistent with timeline spelled out in Annex II or as otherwise approved by Council.

ANNEX II

PROCEDURE OF THE SELECTION PANEL AND PROCEDURES FOR SELECTION OF THE CANDIDATES

Procedures for Application to the Vacancy Announcement and Establishing the Selection Panel:

1. The selection process is to be initiated at least 9 months in advance of the Council Session prior to the position becoming vacant, or immediately upon the early vacancy of the position
2. The vacancy announcement should be posted for 3 months, including in the ITTO Tropical Forest Update and websites of the ITTO, the Collaborative Partnership on Forests and other relevant international organizations and through notification to national governments and international organizations including the United Nations. The vacancy announcement should inform applicants to submit their applications to the Secretariat by 23:59 hours (Japan Standard Time) on a date at least 4 months prior to the session at which the election of the Executive Director will take place. The Secretariat will thereafter inform the focal point of the applicant's country of citizenship, and request the focal point to register any objection to the applicant's further consideration to the Secretariat within a period of 4 weeks;
3. Establish a Selection Panel composed of 6 producer members, and 6 consumer members, to examine the applications and verify the information therein, and agree on an indicative shortlist of no more than four names. The panel shall meet in Yokohama, or virtually, and finalize its work no less than 10 weeks before the beginning of the Council Session at which the election will take place and shall circulate its report to members within two weeks. The two caucuses shall indicate their respective nominations for the panel to the Secretariat at least 1 month prior to the Selection Panel meeting, taking into account gender balance and geographic representation;

Procedures for the Selection Panel:

1. The panel will take measures to ensure equitable evaluation of all applications;
2. The panel initially screens whether the applications submitted fulfill the requirements, in terms of information and documentation, as specified in the vacancy announcement and meet minimum objective criteria based on the Terms of Reference for the position of the Executive Director;
3. Disclosure of a potential conflict of interest is not necessarily grounds for disqualifying an applicant. The panel will carefully review any disclosures of conflict of interest or perception of conflict of interest and the accompanying mitigation strategy and assesses whether the proposed mitigation is sufficient. The criteria to be examined in order to determine the independence of a candidate and to prevent potential conflicts of interest, include the following:
 - Active management position and/or large share ownership of companies in the forest sector, in particular in timber trade;
 - Presence of close/family relationships with corporate officers of one or more companies in the forest and timber sector;
 - History of conviction and/or prosecution from any criminal offense.Shortlisted candidates must provide certified official documents to demonstrate their academic and professional qualifications for verification. If the claims of a candidate cannot be verified, the panel may choose to conduct additional reference checks for that candidate or elevate the next qualified candidate into the shortlist;
4. The panel scrutinizes in more detail professional experience, competencies, and overall suitability in order to select up to 4 candidates to be considered for a shortlist.
5. The Panel selects an indicative shortlist of up to 4 candidates, taking into due consideration Decision 6(LIV) in the process;
6. The panel provides the shortlist to Council, as well as a brief report outlining its process and key issues or concerns;
7. All applications will be treated with the strictest confidentiality throughout the entire process by all persons involved.
8. The Panel also will review and suggest edits to an initial draft decision, prepared by the Secretariat, detailing the terms of employment, including start date and end date, retirement age restrictions, adherence to the Standards of Conduct for Executive Director (Decision 8(LII)), adherence to the most recent Staff Rules and Regulations, including as amended and including the provisions for early dismissal (for poor performance, misconduct or other violations³).

³ In cases of gross negligence and serious misconduct as defined in Regulation 8.1 of the ITTO Staff Regulations and Rules, the appointment of the Executive Director may be terminated by Council. A Panel made up of the Chair of Council, the Vice-Chair of Council and three of the Committee Chairs acting on behalf of the Organization will convene to review relevant investigation findings and will recommend to Council whether or not to terminate the contract of the Executive Director. The panel may decide to suspend the Executive Director until Council takes a decision (Decision 8(LII), Annex, paragraph 6).

ANNEX III

PROCESS FOR THE EXTENSION OF THE TERM OF THE EXECUTIVE DIRECTOR OF ITTO

According to Decision 6(LIV), the term of future Executive Directors is 4 years, with the option to extend up to another 2 years, upon approval by the Council.

1. The Executive Director shall state his/her intentions whether or not he/she is seeking an extension:
 - a) If he/she is seeking an extension, he/she shall inform in writing to the members, his/her intention well in advance of the upcoming Council Session, providing also justification for this extension, including his/her achievements as the Executive Director of ITTO. Upon presentation of his/her rationale at Council, the Executive Director shall excuse him/herself from the room, at which point the plenary will open for discussion on that agenda item, including ways to proceed. Upon conclusion of discussion, the chair will then call for the Council to decide, aiming to reach consensus.
 - b) If he/she does not seek an extension of his/her term, the Chairperson of the Council will immediately invoke the process to advertise the vacancy, select and appoint a new Executive Director.
2. The Council shall decide on the extension of the Executive Director up to an additional 2 years, at the latest one year prior to the end of the Executive Director's term, via the inclusion of an agenda item at the relevant Council Session.

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES

**Documents: CEM-CFI(LIV)/4
CRF(LIV)/4
CFA(XXXV)/8**



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON ECONOMICS,
STATISTICS AND MARKETS**

COMMITTEE ON FOREST INDUSTRY

Distr.
GENERAL

CEM-CFI(LIV/4
13 November 2020

ENGLISH ONLY

FIFTY-FOURTH SESSION
9 – 13 November 2020
Virtual Session

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

FIFTY-FOURTH SESSION OF THE

COMMITTEE ON ECONOMICS, STATISTICS AND MARKETS

AND THE COMMITTEE ON FOREST INDUSTRY

REPORT

1. Opening of the Session

The Fifty-fourth Session of the Committees was opened on 11 November 2020 at the Joint Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), chaired by Dr. Catherine Karr-Colque (U.S.A.), Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI). The list of participants is presented in document ITTC(LVI)/Info. 2.

2. Adoption of Agenda and Organization of Work

The Agenda for the Joint Session of the CEM and the CFI as contained in document CEM-CFI(LIV)/1 Rev.1 was duly adopted. The CEM and the CFI met on 11 and 12 November 2020 to consider items 1, 2, 3, 4, 6, 7, 8, 9, 10, 12, 13, 14, 15 and 16 of the Agenda. Items 5 and 11 of the Agenda were covered under the Council Agenda.

3. Admission of Observers

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

4. ITTO Annual Market Discussion – 2020

The Committees noted that following consultations with the Trade Advisory Group (which convenes the Market Discussion), this item will be deferred until the next physical sessions of the Council and Committees. This decision was taken since the private sector representatives of the Trade Advisory Group who contribute to the Market Discussion are unavailable to participate this year due to the demands of coping with the impacts of COVID-19 on their businesses. Consultations with the TAG will continue to consider the possibility of a virtual Market Discussion in 2021 should the Council/Committees still be unable to meet physically then.

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

The Council considered the report of the virtual Expert Panel for Technical Appraisal of Project Proposals presented by the Secretariat, as contained in document ITTC(LVI)/12.

The Fifty-fifth Panel appraised 18 proposals (16 projects and 2 pre-projects), with results as follows:

- Ten (10) Proposals: 2 Pre-projects and 8 Project Proposals (59 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1);
- Six (6) Project Proposals (35 percent of the total) will be sent back to proponents for essential revision, rated as category 2;
- One (1) Project Proposal (6 percent of the total) received a category 3, indicating that the project requires a pre-project to better formulate a new proposal; and
- Consideration of one Project Proposal will be deferred until the Expert Panel can physically meet, due to the different ranking by the reviewers.

6. New Projects and Pre-projects

The Committees noted the projects and pre-project that were approved in October 2020 under the time-bound electronic no objection procedures to accept Expert Panel ratings and circulated to member countries pursuant to Decision 6(XLIII), following the recommendations of the Expert Panel at its Fifty-fifth Meeting as follows:

Committee on Economics, Statistics and Markets		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 878/18 Rev.2 (M)	Support for the Certification of National Teak Plantations of the National Timber Board (ONAB), Benin	Benin
PD 913/20 Rev.1 (M)	Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama	Panama

Committee on Forest Industry		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 912/20 Rev.1 (I)	Strengthening Technical and Business Management in the Timber Forest Industry of Peru	Peru
PPD 195/19 Rev.2 (I)	Pre-project for a Feasibility Study on Processing and Valorizing Timber in Togo	Togo

7. Review of Projects and Pre-projects in Progress

The Committees considered the Report of Projects and Pre-projects in Progress as contained in document CEM-CFI(LIV)/2 Rev.1 and took note of progress in the implementation of the following projects and pre-projects. There was no discussion on them as there were no projects and pre-projects in progress that had implementation issues that required reporting to the Committees.

(A) Projects under implementation

Committee on Economics, Statistics and Markets

1. PD 732/14 Rev.2 (M) Improve Forest Governance in Mozambique
2. PD 832/16 Rev.2 (M) Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala

Committee on Forest Industry

1. PD 737/14 Rev.2 (I) Developing Supply Capacity of Wood-based Biomass Energy through Improved Enabling Conditions and Efficient Utilization of Degraded Forest Lands Involving Local Communities in North Sumatra Province of Indonesia
2. PD 770/15 Rev.1 (I) Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras
3. PD 815/16 Rev.2 (I) Increasing Efficiency of Acacia Plantation and Timber Processing Industry in Vietnam

(B) Projects and Pre-projects pending financing

Committee on Economics, Statistics and Markets

1. PD 819/16 Rev.3 (M) Market Survey for Forest Products in Peru
2. PD 845/17 Rev.2 (M) Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana
3. PD 878/18 Rev.2 (M) Support for the Certification of National Teak Plantations of the National Timber Board (ONAB), Benin
4. PD 879/18 Rev.1 (M) Building the Capacity of the National Forest Information and Statistics System (Benin)
5. PD 893/19 Rev.1 (M) Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana

6. PD 913/20 Rev.1 (M) Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama
7. PPD 193/19 Rev.1 (M) Enhancing Socio-Economic Development and Protection through Comprehensive Bamboo and Rattan Program in the ASEAN Member Countries (Philippines)

Committee on Forest Industry

1. PD 900/19 Rev.1 (I) Developing Gender Sensitive, Community-based Bamboo Industry Development to Support Sustainable Bamboo Resource Management and Conservation in Lake Toba Catchment Area (LTCA) of the North Sumatra Province of Indonesia
2. PD 912/20 Rev.1 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru
3. PPD 195/19 Rev.2 (I) Pre-project for a Feasibility Study on Processing and Valorizing Timber in Togo

The Committees noted that projects PD 819/16 Rev.3 (M), PD 845/17 Rev.2 (M), PD 879/18 Rev.1 (M), PD 893/19 Rev.1 (M), PPD 193/19 Rev.1 (M) and PD 900/19 Rev.1 (I) would lose their approved status under the sunset provision of Decision 2(X) before the next session of the Committees. The Committees decided to recommend all of the above projects for immediate funding.

8. Report on Completed Projects and Pre-projects

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

Committee on Economics, Statistics and Markets

- PD 599/11 Rev.1 (M) Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration (Philippines)

The Secretariat informed the Committee that the project had developed and tested an integrated, real-time, multi-tiered, online national Forest Stock Monitoring System (FSMS) to improve governance capabilities at all levels of the Forest Administration in the Philippines. The implementation of this project experienced substantial delay due to various problems including the recruitment of project team and consultants by the Executing Agency, as well as ITTO funding impairment. Eventually, the project has achieved its objective and completed all outputs. The Executing Agency submitted the completion report and the technical report in October 2019. However, the final audit report was only received by ITTO in August 2020. According to the final audit report, an unspent balance of US\$61,044.54 remains in the project account and should be returned to ITTO as soon as possible. The final report and other project outputs are available through the project search function on ITTO's website. As the completion report and the final audit report have been received and deemed acceptable, the Committee declared the project complete.

The representative of the project donor (Japan) welcomed the successful completion of this project. Noting that the COVID-19 pandemic could result in delays to other projects, he urged the Secretariat to keep donors updated on any delays to projects under implementation.

9. Ex-post Evaluation

(A) Ex-post Evaluation Reports

To facilitate the sharing of experiences and lessons learned from ex-post evaluation of projects among members, the consideration of ex-post evaluation reports is usually undertaken in a Joint Session of All Committees. There were no ex-post evaluation reports on projects under CEM and CFI at this Session.

(B) Selection of Projects for Ex-post Evaluation

The Secretariat informed the Committees that that the current balance available following consultation with donors on remaining monitoring and evaluation funds from projects completed since the impairment for CEM is US\$36,281 and for CFI US\$15,000. It recommended that members review the table of recently completed projects contained in document CEM-CFI(LIV)/1 Rev.1 with a view to making recommendation(s) for ex-post evaluation(s) at their next meeting when it will be hopefully be possible to recruit consultants able to travel to project locations to undertake the evaluations.

The Malaysian delegate took the floor to report the successful implementation of the previously reported completed project PD 722/13 Rev.1 (I) 'Capacity Building on Reduced Impact Logging (RIL) in Dry Inland Forest in the Permanent Forest Reserve of Peninsular Malaysia'. He summarized the results of the project and proposed it as a candidate for ex-post evaluation. The Committees adopted the recommendation to defer selection of projects for ex-post evaluation (including PD 722/13 Rev.1 (I)) to their next sessions.

10. Policy Work

Five issues/activities under the CEM and two issues under the CFI were considered by the Committees. Presentations on items (i), (ii), and (iv) are included in document CEM-CFI(LIV)/Info. 1 Rev.2.

Committee on Economics, Statistics and Markets

(i) Market Access

The Secretariat reported on developments relating to market access for tropical timber in 2019 and early 2020, including on four major legislative instruments: the EU Timber Regulation, the U.S. Lacey Act Amendments, the Illegal Logging Prohibition Act of Australia and the Clean Wood Act of Japan, which are regulating timber entering into these markets. In addition, the update also covered the legislative developments in other important timber markets, such as the Korean Revised Sustainable Use of Timber Act, Chinese Forest Law Amendment and Viet Nam - EU VPA/FLEGT Agreement, as well as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

(ii) Forest and Timber Certification

The Secretariat reported on recent developments in forest certification in ITTO producer member countries. In 2019, the total area of certified forests in ITTO producing members was 32.2 million hectares, accounting for 6.1% of the world's total. The number of Chain of Custody (CoC) certificates in ITTO producer countries was 4,154 which accounted for 7.9% of the total in the world. The FSC certified forest area in ITTO producers reached 18.9 million hectares which was 9.4% of global FSC certification, while the PEFC certified area reached 13.3 million hectares, accounting for about 4% of the world total of PEFC.

The certification statistics of four national schemes, CERFLOR of Brazil, MTCC of Malaysia, IFCC of Indonesia and PAFC of Gabon, had previously been endorsed by PEFC. Three ITTO producers achieved PEFC endorsement of their national systems in 2019, including India NCCF (Network for Certification and Conservation of Forests), Thailand FTI (Federation of Thai Industries) and Cameroon CAPAFC (Cameroonian Association of the Pan African Forestry Certification). Their certification statistics are expected to be covered by PEFC in future updating.

There are two national schemes in Indonesia: the SVLK had certified 19.4 million hectares, while the LEI system increased to cover 3.4 million hectares in 2019.

(iii) APEC EGILAT and ITTO collaboration

The Committee took note of the brief report contained on document CEM-CFI (LIV)/1 Rev.1.

(iv) Progress report on Independent Market Monitoring of FLEGT-licensed timber in 2020

The consultants (Sarah Storck and Rupert Oliver) delivered a presentation on IMM informing the latest developments on VPA and EUTR related issues. The delegation of Peru requested more time for presentation and discussion on this important topic. The Indonesian delegate recommended that a furniture study carried out by IMM be extended to other products and that work should be undertaken to ensure consistency between products regulated by the VPA and those regulated under the EUTR. The delegation of China welcomed the IMM presentation and the insights it provided on the tropical forest sector, and suggested to have more comprehensive information on the methodology and assessment criteria for determining perceptions of “negligible risk” be provided, and that future work include field studies rather than relying solely on importer interviews and questionnaires.

(v) Items for CEM Policy Work for 2021

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2021:

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

Committee on Forest Industry

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

The Committee took note of the brief report on this activity as contained in document ITTC(LVI)/4 Rev.1.

(ii) Items for CFI Policy Work for 2021

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2021:

- Enhancing conservation and sustainable management of teak forests in Greater Mekong Sub-region

11. Biennial Work Programme of the Committees for 2021-2022

The Committees noted that this item would be taken up under agenda item 12(b) of Council.

12. Election of Chairpersons and Vice-Chairpersons for 2021

The Committees will nominate and elect their Chairperson(s) and Vice-Chairperson(s) at the beginning of their next meeting once nomination from the Producer and Consumer caucuses are received.

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

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

The Fifty-sixth Session of the Committees will be held in conjunction with the Fifty-eighth Session of the International Tropical Timber Council in 2022.

14. Other Business

None.

15. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects and pre-project approved under the time-bound electronic no-objection procedure for the project cycle 2020:

Committee on Economics, Statistics and Markets

- | | |
|---------------------|---|
| PD 878/18 Rev.2 (M) | Support for the Certification of National Teak Plantations of the National Timber Board (ONAB), Benin [US\$444,752] |
| PD 913/20 Rev.1 (M) | Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama [US\$856,352] |

Committee on Forest Industry

- | | |
|----------------------|---|
| PD 912/20 Rev.1 (I) | Strengthening Technical and Business Management in the Timber Forest Industry of Peru [US\$385,706] |
| PPD 195/19 Rev.2 (I) | Pre-project for a Feasibility Study on Processing and Valorizing Timber in Togo [US\$93,632] |

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

Committee on Economics, Statistics and Markets

- | | |
|----------------------|---|
| PD 819/16 Rev.3 (M) | Market Survey for Forest Products in Peru [US\$406,459] |
| PD 845/17 Rev.2 (M) | Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana [US\$146,944] |
| PD 879/18 Rev.1 (M) | Building the Capacity of the National Forest Information and Statistics System (Benin)[US\$347,088] |
| PD 893/19 Rev.1 (M) | Promoting Development of Teak Plantations on Farmlands to Improve Quality, Marketing and Livelihood of Local Communities in Forest-Savannah Transition Zone, Ghana (Ghana)[US\$567,694] |
| PPD 193/19 Rev.1 (M) | Enhancing Socio-Economic Development and Environmental Protection through Comprehensive Bamboo and Rattan Program in the ASEAN Member Countries (Philippines)[US\$131,600] |

Committee on Forest Industry

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

- (iii) The Committees recommended that members review the table of recently completed projects contained in document CEM-CFI(LIV)/1 Rev.1 with a view to making recommendation(s) for ex-post evaluation(s) at their next meeting.

16. Report of the Session

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



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT**

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CRF(LIV)/4
12 November 2020

ENGLISH ONLY

FIFTY-FOURTH SESSION
9 – 13 November 2020
Virtual Session

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

Item 1 - Opening of the Session

The Fifty-fourth Virtual Session of the Committee on Reforestation and Forest Management (CRF) was opened on 12 November 2020 by Ms. Aysha Ghadiali (USA), the elected Vice-Chairperson for 2020 and she chaired the CRF Session due to the unavailability of Mr. Bruno Enrique Arias Rivas (Guatemala), the elected Chairperson for 2020. The list of participants is presented in Document ITTC(LVI)/Info.2.

Item 2 - Adoption of Agenda and Organization of Work

The Provisional Agenda for the CRF, as contained in Document CRF(LIV)/1 Rev.1, was adopted by the Committee. Due to the COVID-19 pandemic, the virtual session of the Fifty-sixth ITTC was decided and allowed limited time for the discussion of Committee agenda items. To expedite the proceedings of the Committee session within the limited time allocated to the Committee, the Chairperson of the CRF recommended that the Secretariat make briefs on the Committee agenda items 5 - 11 and then the Committee members provide comments. The Committee then proceeded as recommended by the Chairperson.

Item 3 - Admission of Observers

The Committee admitted the observers listed in Document ITTC(LVI)/Info.3 and ITTC(LVI)/Info.4, as approved by the Council.

Item 4 - ITTO Annual Market Discussion - 2020

The Committee noted that this item has been deferred until the next physical sessions of the Council and Committees as the private sector representatives of the Trade Advisory Group contributing to the Market Discussion are unavailable to participate this year due to the COVID-19 pandemic.

Item 5 - Policy Work

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

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

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

- Six national consultants from Benin, Cote d'Ivoire, Ghana, Liberia, Mali and Togo had prepared country-led studies in their respective countries under the guidance of the international lead consultant, Professor Juergen Blaser, Bern University of Applied Science, Switzerland. National validation workshops were planned in the first quarter of 2020 but they could not take place due to the COVID-19 pandemic restrictions on travel and public gatherings.
- The regional consultant, Professor Kouami Kokou, and the team of experts led by Professor Juergen Blaser had been interacting with ITTO Focal Points in these six countries on the ways and means to organize some kind of in-person workshops with experts in each country combined with a virtual attendance of the team of experts of the Bern University of Applied Sciences.
- There is a need to extend the implementation of this Activity until the first half of 2021 because of the COVID-19 pandemic impact.

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

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

- Four consultants had prepared the draft of LSSC-related training modules/curricula, but the holding of validation workshops planned in the fourth quarter of 2020 has been postponed, after several months

of delay due to the COVID-19 pandemic restrictions on travel and public gatherings. The topics of these four training modules/curricula are as follows:

- Module/curriculum 1: Understanding deforestation-free
 - Module/curriculum 2: Assessing legality and achieving accountability
 - Module/curriculum 3: From legality to sustainability
 - Module/curriculum 4: Markets and access to markets
- There is a need to extend the implementation of this Activity until the first half year of 2021 because of the COVID-19 impact.

(iii) Dissemination of the ITTO Guidelines for Forest Landscape Restoration in the Tropics [Activity 10 (b), ITTO Biennial Work Programme 2018-2019] [Document CRF(LIII)/4]

The Committee was briefed by the Secretariat on the publication of the ITTO Guidelines for Forest Landscape Restoration (FLR) in the Tropics and a policy brief highlighting the ITTO Guidelines which have been posted on the ITTO website for wider dissemination. In the recent ITTO Newsletter – TFU, Juergen Blaser and Cesar Sabogal present the ITTO FLR Guidelines. For the dissemination of the ITTO Guidelines, the Secretariat prepared a plan for Asia-Pacific regional capacity building workshop in September 2020 in collaboration with IUFRO and AFoCO but it was canceled due to the COVID-19 pandemic. The organization of three regional capacity building workshops in 2021-2022 has been included in the draft BWP 2021-2022.

The Delegation of the USA commended the work of publishing the ITTO Guidelines for Forest Landscape Restoration in the Tropics and the policy brief, and highlighted the importance of effectively implementing the newly developed ITTO Guidelines. She recommended ITTO's outreach efforts highlighting the application of the FLR Guidelines in the implementation of the UN Decade for Ecosystem Restoration 2021-2030 and other international FLR-related initiatives.

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

The Committee recalled that ITTO has implemented the ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity since 2011 based on the Memorandum of Understanding (MoU) between ITTO and CBD which was initiated in 2010 and extended until the end of 2020. The Committee was briefed by the Secretariat that the assessment of the ITTO-CBD Collaborative Initiative is under way and that ITTO and CBD will renew the MoU. The Secretariat further informed the Committee that ITTO plans to renew the ITTO-CBD Collaborative Initiative reflecting the results of the assessment and in support of the post-2020 global biodiversity framework which is scheduled to be agreed at COP15 of CBD in May 2021.

The Delegation of Peru acknowledged the presentation by the Secretariat and the extension of the MoU between ITTO and CBD for biodiversity conservation cooperation. He inquired about the documentation of the implementation of the ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity. In response, the Secretariat informed the Committee that the assessment of the ITTO-CBD Collaborative Initiative is under way and its report will be made available early next year so that it can be shared in the CBD COP 15 in May 2021.

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

The Committee noted that the Expert Panel for Technical Appraisal of Project Proposals at its Fifty-fifth Meeting was held virtually due to the COVID-19 pandemic in August-September 2020. The Committee also noted the report of Expert Panel at its Fifty-fifth Meeting as contained in Document ITTC(LVI)/12 which covers the technical assessment of sixteen projects and two pre-projects proposals.

Item 7 - New Projects and Pre-projects

The Committee noted the projects and pre-projects that were approved under the time-bound electronic no objection procedures to accept the Expert Panel's ratings and circulated to member countries pursuant to Decision 6(XLIII), as contained in Annex to Document ITTC(LVI)/12, following the recommendations of the Expert Panel at its Fifty-fifth Meeting held virtually due to COVID-19 in August-September 2020, as follows:

Fifty-fifth Expert Panel

Category 1:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 896/19 Rev.2 (F)	Protection and Restoration of Forested Water Catchment, Regulation and Recharge Areas in the Upper Salinas River Watershed, Guatemala, to Ensure Water Supply for Guatemalan Communities	Guatemala
PD 901/19 Rev.2 (F)	Promoting Conservation and Community-Based Management of Mangrove Ecosystems Through Integrating Adaptation and Mitigation Action in Karang Gading and Langkat Timur Laut (KG-LTLWR) Reserve, North Sumatera, Indonesia	Indonesia
PD 902/19 Rev.2 (F)	Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia	Malaysia
PD 903/19 Rev.2 (F)	Management of Sungai Menyang Conservation Area for Orangutan Protection and Uplifting Community Livelihood, Sarawak, Malaysia	Malaysia
PD 904/19 Rev.2 (F)	Restoring Productivity in Post-Logging Hill Forests by Enrichment Planting in Sarawak, Malaysia	Malaysia
PPD 197/20 Rev.1 (F)	Development of a Project for the Revaluation, Restoration and Sustainable Development of the Quina (<i>Cinchona spp.</i>) Tree and Associate Native Species of the Western Montane Forests of Peru	Peru

Item 8 - Report on Completed Projects and Pre-projects

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

8.1 Completed Projects

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

The Secretariat reported to the Committee that the project has contributed to strengthening the capacity of the Myanmar Forest Research Institute in research and monitoring of biodiversity conservation. The project has published several technical reports including Biodiversity survey - tree species and wildlife in the Taninthayi Region. The Secretariat further informed the Committee that the Executing Agency had submitted the project completion report, several technical reports and the Final Financial Audit in accordance with the project agreement. The Committee therefore decided to consider the project PD 723/13 Rev.2 (F) – Phase I Stage 1 as completed.

2) PD 754/14 Rev.3 (F) Rehabilitation and Sustainable Management of Sacred Forests on Ramsar Sites 1017 and 1018 in Benin (Benin)

The Committee took note that the implementation of this project had contributed to sustainably managing 42 Sacred Forests in Benin by building the capacity of relevant stakeholders and improving their living conditions as local communities. This project supported the stakeholders for the preparation of simplified management plans for these 42 Sacred Forests.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 754/14 Rev.3 (F) as completed.

8.2 Completed Pre-project

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

Item 9 - Ex-post Evaluation

The Committee recalled that there are two thematic groups for ex-post evaluation for 2021-2022, which are contained Document CRF (LIV)/1 Rev.1: (1) Thematic group on forest rehabilitation, landscape restoration, and secondary forest management and (2) Thematic group dealing with biodiversity conservation and conservation areas. The Secretariat reported to the Committee that in 2020, the ex-post evaluation of the thematic group dealing with biodiversity conservation has been organized with the engagement of two international consultants with the support of the CBD Secretariat. This ex-post evaluation is underway with the assessment of the results of sixteen ITTO biodiversity projects which have been implemented under the ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity. The results of this ex-post evaluation will be presented at the next session of the Joint Committees in 2021.

The Secretariat further informed the Committee that in 2021, the ex-post evaluation of the thematic group on forest rehabilitation, landscape restoration, and secondary forest management will be carried out with the engagement of a partner organization and that the Committee at its next Session in 2021 will review a short list of completed projects, to be prepared by the Secretariat, for the selection of ex-post evaluation for 2022-2023.

Item 10 – Review of Projects, Pre-projects and Special Activities in Progress

The Committee took note of the report on the status of projects, pre-project and special activities in progress as contained in Document CRF(LIV)/3 Rev.1, on “Review of Projects, Pre-projects and Special Activities in Progress” which contains Section 10.1 (Projects), Section 10.2 (Pre-projects) and Section 10.3 (Special Activities). It was informed that the Committee’s discussions would be limited to projects having implementation problems in order to expedite proceedings.

Then, the Committee considered updated information on three projects awaiting financing, two projects to be subject to possible termination process and the implementation of special activities as follows:

10.1 Projects

(A) Projects under implementation

The Committee noted that eleven projects are under implementation, as contained in Document CRF(LIV)/3 Rev.1.

- 1) PD 452/07 Rev.5 (F) Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase II (Brazil)
- 2) PD 507/08 Rev.1 (F) Development of the National Reforestation Policy and Afforestation Strategy Consistent with Liberia 3C-Approach (Liberia)
- 3) PD 552/09 Rev.1 (F) Encouraging Customary Landowners in the Lowlands of Papua New Guinea's Central Province to Reforest their Grasslands with High Value Trees (PNG)
- 4) PD 646/12 Rev.3 (F) Initiating the Conservation of Cempaka Tree Species (*Elmerrillia* spp) Through Plantation Development with Local Community Participation in North Sulawesi, Indonesia (Indonesia)
- 5) PD 696/13 Rev.2 (F) Community Based Restoration and Sustainable Management of Vulnerable Forest of the Rewa Delta, Viti Levu, Fiji (Fiji)
- 6) PD 721/13 Rev.3 (F) Building a Participatory and Inclusive Sustainable Forest Management Process for the Reduction of Deforestation and Forest Degradation in the

- 7) PD 740/14 Rev.2 (F) Ixil Forest Areas of the Municipality of Nebaj, Quiché, Guatemala (Guatemala)
Sustainable Forest Management Through REDD+ Mechanisms in Kampong Thom Province (Cambodia)
- 8) PD 741/14 Rev.3 (F) Capacity Building for Sustainable Management of Tropical Dry Forests on the North Coast of Peru (Peru)
- 9) PD 764/14 Rev.3 (F) Enabling Customary Landowners to Participate Effectively in Community Forest Management Schemes Within 6 Pilot Areas of PNG (PNG)
- 10) PD 765/14 Rev.4 (F) Development of A Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines – Phase I (Guatemala)
- 11) PD 777/15 Rev.3 (F) Accelerating the Restoration of Cibodas Biosphere Reserve (CBR) Functions through Proper Management of Landscapes Involving Local Stakeholders (Indonesia)

(B) Projects awaiting implementation agreement

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

(C) Projects awaiting financing

The Committee noted that the following eighteen projects approved at earlier and current sessions were still awaiting funding, out of which eight projects with an asterisk (*) will be sunset between the 54th and 55th CRF Sessions if funding is not made available.

- 1) PD 712/13 Rev.2 (F) Enhancing the Implementation of Landscape Management of Giam Siak Kecil-Bukit Batu Biosphere Reserve (GSK-BR) in Riau Province of Sumatra Island, Sumatra (Indonesia)
- 2) PD 723/13 Rev.2 (F) Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar – Phase I Stage 2 (Myanmar)
- 3) PD 765/14 Rev.4 (F) Development of A Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines – Phase II (Guatemala)
- 4) PD 808/16 Rev.3 (F)* Conservation of African Barwood (*Pterocarpus Erinaceus Poir*) in the Gazetted Forests of La Palee and Boundiali in Northern Côte d'Ivoire with the Participation of Local Communities (Côte d'Ivoire)
- 5) PD 818/16 Rev.3 (F)* “BOSS - CUSHABATAY” Project – Forest Management and Restoration in the Cushabatay Basin on the Eastern Slope of the Cordillera Azul National Park (PNCAZ), Peru (Peru)
- 6) PD 836/17 Rev.1 (F) Enhancing Capacity of Local Communities and Forest Administration to Effectively Implement Community Forestry Programme (CFP) in Kratie and Monduliri Provinces of Cambodia (Cambodia)
- 7) PD 849/17 Rev.2 (F) Increasing Commercial Reforestation Competitiveness in Costa Rica (Costa Rica)
- 8) PD 852/17 Rev.3 (F)* Development of a Regional Strategy for the Restoration and Rehabilitation of Degraded Areas on the South Coast of Peru (Peru)
- 9) PD 877/18 Rev.2 (F)* Taper and Commercial Volume Systems for the Planning of the Sustainable Management of Ten Tropical Forest Species in Quintana Roo, Mexico (Mexico)

- 10) PD 890/18 Rev.2 (F)* Rehabilitation of the Upper Bandama Gazetted Forest in the North of Côte d'Ivoire with the Participation of the Local People (Côte d'Ivoire)
- 11) PD 894/19 Rev.1 (F)* Strengthening of Community Forest Management in Peru (Peru)
- 12) PD 895/19 Rev.1 (F)* Strengthening the Participation of Women in Rural Communities for the Development of Ecotourism Service Enterprises and Sustainable Business Models on the Coast of Veracruz, Mexico (Mexico)
- 13) PD 896/19 Rev.2 (F) Protection and Restoration of Forested Water Catchment, Regulation and Recharge Areas in the Upper Salinas River Watershed, Guatemala, to Ensure Water Supply for Guatemalan Communities (Guatemala)
- 14) PD 901/19 Rev.2 (F) Promoting Conservation and Community-Based Management of Mangrove Ecosystems Through Integrating Adaptation and Mitigation Action in Karang Gading and Langkat Timur Laut (KG-LTLWR) Reserve, North Sumatera, Indonesia (Indonesia)
- 15) PD 902/19 Rev.2 (F) Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia (Malaysia)
- 16) PD 903/19 Rev.2 (F) Management of Sungai Menyang Conservation Area for Orangutan Protection and Uplifting Community Livelihood, Sarawak, Malaysia (Malaysia)
- 17) PD 904/19 Rev.2 (F) Restoring Productivity in Post-Logging Hill Forests by Enrichment Planting in Sarawak, Malaysia (Malaysia)
- 18) PD 905/19 Rev.1 (F)* Providing Support for the Sustainable Management of the Fosse-aux-Lions Gazetted Forest in the Savanna Region in Togo (Togo)

The Delegation of Malaysia expressed its appreciation to the Expert Panel for the effective appraisal of three proposals from Forest Department Sarawak which are now included in the list of projects awaiting financing. These projects aim to improve the sustainable management of forests and productivity of timber production; restore ecosystems through enrichment planting; and enhance biodiversity conservation as well as empowering local communities. With regards to the ITTO effort in restructuring the project cycle mechanism, he pointed out that these projects cover Programmatic Approach for Biodiversity in Productive Forests and Landscape Restoration and Resilient Livelihood. He looked forward to funding from donors for the implementation of these three projects in support to improving and strengthening the capacity of sustainable forest management in Sarawak in line with the objectives of the ITTA 2006.

D) Projects to be subject to possible termination process

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

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

The Committee was briefed by the Secretariat that the project implementing agency did not submit the final financial audit report in due time. Thus, it was suggested that the Committee may recommend this project to the Council for the termination process, in conformity with the rules of ITTO.

A written comment from the Delegation of Gabon informed the ITTO Secretariat that a letter of commitment was co-signed by the project implementing agency and the financial auditor firm for the finalization and submission of the final financial audit report by 31 March 2021. It was also indicated that the delay in the submission of this report was mainly due to the following causes: the demise of the director-general of the institution which is the project implementing agency and the impact of the global COVID-19 pandemic on the operations of many companies, including the financial auditor firm already selected for the auditing work.

The Delegation of Japan thanked the ITTO Secretariat for the efforts made through contacts with the implementing agency in order to get the submission of the final financial audit report. It was emphasized that the final financial audit report is an important document allowing to assess whether the funds of the Government of Japan were appropriately managed during the implementation of this project. Therefore, the Delegation of Japan asked the ITTO Secretariat to continue interacting with the project implementing agency for the submission of a satisfactory final financial audit report which is a prerequisite for documenting this project as fully completed by the next Committee session.

The Committee urged the implementing agency to work with the Secretariat for the early submission of a satisfactory final financial audit report for the full completion of this project in 2021.

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

The Secretariat briefly informed the Committee that the final financial audit report, requested since 2016, was not submitted by the end of February 2020 despite the promise of the project implementing agency. Because of the unfulfilled commitment of the project implementing agency, the Secretariat suggested that the Committee may consider recommending to the Council the termination of this project, in conformity with the rules of ITTO.

The Delegation of Japan thanked the ITTO Secretariat for the efforts made through contacts with the implementing agency in order to get the submission of the final financial audit report. It was emphasized that the final financial audit report is an important document allowing to assess whether the funds of the Government of Japan were appropriately managed during the implementation of this project. Therefore, the Delegation of Japan asked the ITTO Secretariat to continue interacting with the project implementing agency for the submission of a satisfactory final financial audit report which is a prerequisite for documenting this project as fully completed by the next Committee session.

The Committee urged the implementing agency to work with the Secretariat for the early submission of a satisfactory final financial audit report for the full completion of this project in 2021.

10.2 Pre-projects

The Committee took note of the status of approved pre-projects, as contained in Document CRF(LIV)/3 Rev.1.

(A) Pre-projects under implementation

The Committee noted that there were no issues of the two pre-projects currently under implementation.

- 1) PPD 191/18 Rev.1 (F) Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo (Togo)
- 2) PPD 196/19 Rev.1 (F) Support for Operational and Planning Capacity-building for Stakeholders in the Private and Community Forestry Sector in Togo (Togo)

(B) Pre-projects awaiting implementation agreement

The Committee noted that one project is currently awaiting implementation agreement, as contained in Document CRF(LIV)/3 Rev.1.

- 1) PPD 189/17 Rev.3 (F) Development of A Full Project Proposal to Generate Tools to Ensure the Establishment of Timber Forest Species through Natural Regeneration in the Province of Tahuamanu, Peru (Peru)

(C) Pre-projects awaiting financing

The Committee noted that one pre-project approved at current session was still awaiting funding:

- 1) PPD 197/20 Rev.1 (F) Development of a Project for the Revaluation, Restoration and Sustainable Development of the Quina (*Cinchona spp.*) Tree and Associate Native Species of the Western Montane Forests of Peru (Peru)

10.3 Special Activities

The Committee noted that four activities are under implementation, as contained in Document CRF(LIV)/3 Rev.1.

- 1) PP-A/53-323 Capacity building for the implementation of “Legal and Sustainable Supply Chains (LSSC)” by stakeholders in the Congo Basin countries
- 2) PP-A/56-340-1 Capacity Building on Forest and Land Fire Management in Indonesia
- 3) PP-A/56-340-2 Forest Fire Prevention and Response in Tropical Forests and Forest Plantations in Peru
- 4) PP-A/56-341 Support for Women’s Groups with the Restoration of Forest Landscapes in the Prefectures of Blitta and Lacs, Togo

The Committee noted that the new ITTO Programmatic Approach and Programme Lines have been approved for a pilot phase from 2020-2022 under Decision 8(LV) ‘Implementing ITTO’s New Financing Architecture – Phase I’ in ITTC55 in Togo last year. The Secretariat informed the Committee that as the modalities for the reporting of the new approach are still under development, the above four activities which fall under the pilot phase of the Programme Lines are currently listed as Special Activity in Document CRF(LIV)/3 Rev.1 and these activities will be reported on the basis of the new procedures once they are established.

Item 11 - Biennial Work Programme of the Committee for 2021-2022

The Secretariat informed the Committee that under the draft ITTO Biennial Work Programme for 2021-2022, a series of activities are expected to be implemented under the support of CRF. These include:

- Building legal and sustainable forest product supply chains (Activity 2) (Strengthening SFM standards and timber legality framework in Myanmar)
- Prevention and management of fire in tropical timber-producing forests (Activity 9)
- Disseminating the ITTO Guidelines for Forest Landscape Restoration in the Tropics (Activity 11-b)
- Support for women’s groups with gender empowerment and forest landscape restoration in Togo (Activity 11-c)
- Conservation and sustainable use of biodiversity in tropical timber production forests (Activity 12)
- Collaboration on criteria and indicators (C&I) for SFM, C&I workshops and adapting the 2016 ITTO C&I for SFM to African context (Activity 7-b)

Item 12 - Election of Chairperson and Vice-Chairperson for 2021

Ms. Aysha Ghadiali (USA) was elected as Chairperson of the Committee for 2021. The Spokesperson of the Producer Caucus will provide the name of the Vice-Chairperson of the Committee for 2021 in due time.

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

The Fifty-fifth and Fifty-sixth Sessions of the Committee would be held in conjunction with the Fifty-seventh and Fifty-eighth Sessions of the Council.

Item 14 - Other Business Item 14 - Other Business

The Delegation of Honduras informed the Committee that about 50 percent of Honduras is covered by forests and forests have played an important role in providing various goods and services. For the last 10 years, Honduras has faced the problem of climate change and worked to improve the timber legality

framework under the EU FLEGT programme as well as sustainable forest management through many research activities, including biodiversity. He recommended ITTO support to address producer members' need related to institutional strengthening.

Item 15 - Recommendations to the International Tropical Timber Council

The Committee recommended that funding be made immediately available for the following projects and pre-project approved under the Project Cycle 2020:

Projects

PD 896/19 Rev.2 (F)	Protection and Restoration of Forested Water Catchment, Regulation and Recharge Areas in the Upper Salinas River Watershed, Guatemala, to Ensure Water Supply for Guatemalan Communities [ITTO Budget: US\$ 150,000]
PD 901/19 Rev.2 (F)	Promoting Conservation and Community-Based Management of Mangrove Ecosystems Through Integrating Adaptation and Mitigation Action in Karang Gading and Langkat Timur Laut (KG-LTLWR) Reserve, North Sumatera, Indonesia [ITTO Budget: US\$ 499,228.80]
PD 902/19 Rev.2 (F)	Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia [ITTO Budget: US\$ 814,128]
PD 903/19 Rev.2 (F)	Management of Sungai Menyang Conservation Area for Orangutan Protection and Uplifting Community Livelihood, Sarawak, Malaysia [ITTO Budget: US\$ 509,040]
PD 904/19 Rev.2 (F)	Restoring Productivity in Post-Logging Hill Forests by Enrichment Planting in Sarawak, Malaysia [ITTO Budget: US\$ 795,626]

Pre-project

PPD 197/20 Rev.1 (F)	Development of a Project for the Revaluation, Restoration and Sustainable Development of the Quina (Cinchona spp.) Tree and Associate Native Species of the Western Montane Forests of Peru [ITTO Budget: US\$ 71,456]
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Item 16 - Report of the Session

The Committee accepted this report.

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**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
FINANCE AND ADMINISTRATION**

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9 – 13 November 2020
Virtual Session

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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

Item 1: Opening of the Session

1. The Chairperson of the Committee on Finance and Administration (CFA), Ms. Katharina Kuehmayer of Austria, welcomed all delegates to the Thirty-fifth Session of the Committee.

Item 2: Adoption of Agenda and Organization of Work

2. Due to the COVID-19 pandemic and global travel ban, it was decided that the Fifty-sixth Session of the Council would be held virtually using a web conference system. As this decision allowed limited time to be allotted to discuss Committee-related agenda items during the Session, the Chairperson, through the Secretariat, requested Member Countries to provide comments to the CFA documents prior to the opening of the Council, so that their comments would be incorporated in the CFA Report as interventions. Furthermore, it was decided that agenda items on the possible development of a policy and procedures for the use of the Working Capital Reserve, follow up on Liberia's request for 'Relief from Obligations' and additional policies for the governance of the Organization would be deferred to the next Committee Session to best utilize the limited time available at the Fifty-sixth Session of the Council. As there were no comments received on the Provisional Agenda, it was adopted by the Committee as contained in document CFA(XXXV)/1.

Item 3: Admission of Observers

3. The Council had admitted all applicants shown in document ITTC(LVI)/Info.3, which lists states, intergovernmental and non-governmental organizations applying for Observer status. The Committee in the past has been open to all observers, except, in accordance with the rules of procedure, on those agenda items that are restricted to Members only, in which case observers would be requested to leave the room. As there were no comments, the Committee approved the admission of observers following past practice.

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

4. At its Fifty-fifth Council Session in December 2019, the Council approved the draft Administrative Budget for the Biennium 2020 and 2021 in accordance with Article 19(4) of the ITTA, 2006. This document was revised to include the combined host contribution, comprising the City of Yokohama and the Government of Japan as request by the delegate of Japan at the Thirty-fourth Session of the CFA, and was made available to Members as Document CFA(XXXV)/2.

5. The delegate of Indonesia inquired whether there is any impact of COVID-19 on the budget of Council meetings located in the Budget Heading I (Cost Met by Japan) and wondered whether the current crisis due to the pandemic had been addressed in the financial and administrative documents prepared by the Secretariat.

6. The Secretariat explained that the actual expenses for the ITTC56 virtual Session for 2020 will be much lower than originally budgeted and any savings will be returned to city of Yokohama who will be reimbursing Council costs based on actual expenses incurred. The Secretariat also explained that the impact of the COVID-19 pandemic and exigencies was discussed and reported in the Report of the Informal Advisory Group (IAG) (ITTC(LVI)/2), which has already been made available to all Members.

7. The delegate of the EU expressed their acceptance of document CFA (XXXV)/2, in which the approved Administrative Budget for the Biennium 2020 and 2021 had been revised to include the combined host contribution, comprising the City of Yokohama and the Government of Japan (not included in total). However, they requested the Secretariat to further revise the document, with regard to contributions for 2021 for consumers (page 17 of document CFA(XXXV)/2), to remove the United Kingdom as a member of the European Union. This is due to the United Kingdom having withdrawn from the European Union since 1 February 2020. Hence, the assessed contribution and votes for the UK needed to be listed separately from the EU, involving a recalculation of votes accordingly.

8. The Secretariat amended the document accordingly to reflect the European Union's request (document CFA(XXXV)/2 REV. 1).

Item 5: Review of Contributions to the Administrative Budgets

9. Document CFA (XXXV)/3 dated 1 October 2020 detailed the status of members' contributions to the Administrative Budgets for the financial years from 1986 to 1 October 2020, including assessments, receipts, interest charges, and arrearages in contributions. In 2020, \$1,566,706.03 had been received from producer members out of the total net assessment of \$3,311,658.00; and \$3,701,634.00 had been received from consumer members out of the net assessed amount of \$3,779,830.00.

10. The arrearages in contributions to previous years' budgets from producer members amounted to \$6,206,315.31 and arrearages from consumer members amounted to \$282,945.00. The amount outstanding from this year's assessment was \$1,744,951.97 for producer members and \$78,196.00 for consumer members. Furthermore, arrearages in contributions from former members of the Organization amounted to \$1,738,049.28, bringing the total outstanding arrearages to \$10,050,457.56.

11. The delegate of the EU reiterated the importance of the support of all members to ITTO in order for the Organization to fully recover financially and the timely payment of assessed contributions. They further reiterated that ITTO needs to closely work with the members with arrears to identify a suitable payment plan that will allow each one of them to meet their financial obligations.

12. The delegate of the United States took note of the level of outstanding assessed contributions. The United States urges members to make timely payments and encourages the Secretariat to continue its efforts to reduce the level of outstanding assessed contributions for the financial health of the organization.

13. The Committee took note of the report.

Item 6: Current Status of the Administrative Account

14. Document CFA (XXXV)/4, dated 1 October 2020, reported on the current status of the Administrative Account for the financial year 2020, together with the estimated expenditures for the current year.

15. Section A of page 1 of the document showed that the estimated total expenditures for the financial year 2020 would amount to \$5,696,870.95 (i.e. \$1,394,616.05 less than the total amount approved in the budget for 2020 of \$7,091,487). The total contributions received from both producer and consumer members amounted to \$5,268,340.03, and it was anticipated that a deficit in the amount of \$701,530.91 would accrue in 2020. This amount would be deducted from the Working Capital Reserve.

16. Section B showed that the current year's arrears in contributions amounted to \$1,823,147.97. Total arrears for the period 1986–2019 amounted to \$6,161,991.77 for producer members, and \$282,945.00 for consumer members, and \$1,707,005.72 for former members. The interest charges on these arrears in contribution amounted to \$75,367.10. Total outstanding contributions to the Administrative Account, including interest charges, amounted to **USD 10,050,457.56**.

17. Section C showed the Special Reserve Fund of \$2,500,000, which was to be used only on Council approval in the event of the liquidation of the Organization.

18. Section D showed that the resources of the Working Capital Reserve were estimated to increase from the year's opening balance of \$5,167,832.56 at the beginning of 2020 to \$5,348,818.72 by the end of 2020.

19. Section E showed an interest income balance of \$231,743.81, which was to be used by the Executive Director for hiring consultants in accordance with the Financial Rules, Rule 5(10).

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

21. Annex 1 contained information required by the new Financial Rules to be brought to the attention of the CFA. This included a list of procurements greater than USD 100,000; sole suppliers; bad debts that were written off; and banks and financial institutions approved by the Council.

22. The delegate of the United States took note of the estimated deficit of \$701,531 when viewed in the context of the contributions received and expenditures incurred, and recognized that received arrears and interest payments should offset the current assessment shortfalls and likely result in an overall surplus in working capital reserve by about 3.5 percent. Despite the remedy, the United States highlights that the stated deficit highlights ITTO's continued reliance on assessed contributions in order to meet its operating expenses, and strongly encourages Council to continue to advance work under the programmatic lines approach to pursue alternative and additional means of revenue.

23. The Committee took note of the report.

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

24. Document CFA (XXXV)/5 dated 1 October 2020, on "Resources of the Special Account and the Bali Partnership Fund", captured the current balance of funds under the Special Account and the Bali Partnership Fund.

25. In accordance with the Terms of Reference of the CFA, as contained in Decision 7(LII), the CFA shall "review the assets and liabilities of the Organization and make recommendations to the Council on prudent asset and cash flow management and levels of reserves needed to carry out its work." Document CFA(XXXV)/5 served as a reference for reviewing the assets and liabilities of the Administrative Account, and this document was prepared as a reference to review the assets and liabilities of the Special Account and the Bali Partnership Fund.

26. The current balance of funds under the Special Account and the Bali Partnership Fund is \$15,373,846.17, of which \$12,799,736.32 are funds committed to specific projects and activities. The unearmarked funds and the Sub-account B of the Bali Partnership Fund, which had a balance of \$67,061.68, may be allocated to projects/activities by the Panel on Sub-Account B of the Bali Partnership Fund, which is normally convened during the period when the Council Session is held. However, as recommended by the Informal Advisory Group (IAG), it was decided that the Panel would not be held during this Session due to low levels of funding.

27. The Committee took note of the report.

Item 8: Auditor's Reports for the Financial Year 2019

28. Document CFA (XXXV)/6 on the "Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)" contained two reports required to be submitted by the ITTO Auditing Standard: The Executive Summary of ITTO's Financial Statements for the year ended 31 December 2019 prepared by the ITTO Management; and ITTO's Financial Statements for the year ended 31 December 2019, audited by the Independent Auditors.

29. The audit was carried out by Ernst & Young Japan, appointed by the Council in November 2017 to audit the Accounts of the Organization for the financial year. It carried out the financial audit for the period ending 2019 during the months of March to June 2020.

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

31. For ITTO's Project accounts in FY2019, new voluntary contribution pledges of \$5.1 million were announced at the Council Session, while total project cost expenses during this period was \$5.6 million from projects mostly funded prior to FY2019. Total Administrative Account assessed contribution revenues were \$7.2 million, of which \$1.7 million was not received during FY2019 and accounted for as assessed contributions receivable (arrears).

32. In November 2018, Council adopted Decision 5(LIV) at its 54th Session for enhancing the financing architecture and fundraising of the Organization. Additional fundraising approaches would be piloted and new streamlined project cycles and programmed themes were to be developed from 2019 in accordance with this decision. Information on revenue, direct and indirect costs associated with implementing this pilot would also be reported in the financial statements for calendar years 2019, 2020 and 2021, in accordance with this decision. For calendar year 2019, it was reported that total pledges of \$2,469,636

were made associated with implementing the pilot and total cost associated with implementing the pilot was \$303,076.

33. Other highlights include, among others:

- The surplus for the FY2019 was \$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, but only expenses incurred during the same year are recognized as expenses from that year's budget).
- Deferred revenue decreased by \$1.2 million between 2018 and 2019. This was due mainly to projects pledged in prior years making progress in 2019.
- Additional disclosures on ITTO's financial accounts as defined under the ITTA, 2006 (Administrative Account, Special Account and Bali Partnership Account) have been added for increased transparency of core and non-core accounts.

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

35. The delegate of Japan explained that they had requested at the last Council Session to refer to Japan's payment as "Host Country Contributions", as done in other Conventions. They also requested to see Japan's contributions in the budget tables, for transparency and consistency, instead of as a mere foot note, and expressed disappointment that these requested changes did not appear in the document. Additionally, Japan requested Note 20 to refer to "Host Country Contributions" -- not "voluntary contributions", as it provides a lot more clarity and in line with standard practice.

36. The Secretariat explained that the specific request made by Japan at the ITTC55, recorded in paragraph 12 of the CFA report (CFA(XXXIV)/9) under the agenda item for the "Draft Biennial Administrative Budget for the Years 2020 and 2021", was the "inclusion, by next Council Session, of the combined host contribution, comprising those of the City of Yokohama and the Government of Japan." The report further indicates that Japan referenced Table 1 in document CFA(XXXIV)/2 when making this request. Hence, the Secretariat made the necessary amendments to the said table and presented the revised document as CFA(XXXV)/2, as mentioned under Item 4 of this year's committee agenda. The Secretariat took note of the request to add "Host Country Contributions" to the "Statement of comparison of budget to actual amounts" in the financial statements and this will be considered, in consultation with the ITTO auditors, for possible inclusion next year.

37. The delegate of Japan sought clarification on the drivers of steady increases in project evaluation expenses, since 2017 (whether it was structural and could be a scalable item), and whether the Secretariat could explain how the picture has changed with COVID-19 in 2020 and how there may be variance in the budget. At the same time, they expressed that they were surprised that there is no request to adjust the budget categories (under CFA(XXXV)/2).

38. The Secretariat clarified that the project ex-post evaluation funds were utilized in 2016 to cover the financial impairment and many projects were also suspended during this time. The ex-post evaluation funds were gradually replenished from 2017 onwards as projects were resumed and new projects were completed. The Secretariat further clarified that the project evaluation expenses may increase if the overall volume of projects implemented increase. However, the source of these costs should be covered by the evaluation costs budgeted in each project.

39. Referring to Japan's comment on the effects of COVID-19 on the budget, the Secretariat explained that there have been savings in travel, the expert panel and Council costs in 2020, but on the other hand, no substantial new items were incurred. Furthermore, Rule 3, para 3 of the Financial Rules allows for the Executive Director to, should very exceptional circumstances so require, submit to the Council proposals for supplementary expenditure during any financial year. Since there are no supplementary expenditures

envisioned for 2021, the Secretariat explained that there is no request to adjust the budget categories submitted to the Committee at this time.

40. The delegate of the EU thanked the Secretariat for the preparation of the Financial Statements and encouraged ITTO to continue the transparent and effective financial management, as well as congratulating the Executive Director for the successful efforts piloting an additional fundraising approach and encouraged its continuation. They also expressed concerns on the effects of the continued COVID-19 pandemic on the operations of ITTO and highlighted the need for strong leadership that will steer the Organization through this dire situation, as well as the need for support to the ITTO by all its members.

41. The delegate of the United States congratulated ITTO on the surplus achieved during this financial period.

42. As there were no other comments, the Committee decided to recommend to the Council that it approve the "Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)" on the Accounts of the Organization for the financial year 2019, as contained in document CFA (XXXV)/6.

43. The Committee concluded that the auditor's performance was satisfactory and decided to recommend to Council at this Session the re-engagement of Ernst & Young Japan to audit the Organization's Accounts for the financial year 2020.

Item 9: New Project Audit Framework

44. Document CFA (XXXV)/7, on the "New Project Audit Framework", contains the background and proposed text for ITTO's new project audit framework.

45. Ernst & Young Japan emphasized, in its recommendation to the ITTO Management in 2018 for ITTO's financial statements audit, that audit reports received from the project executing agencies were an essential source of information in estimating project expenses, which is a key element under the International Public Sector Accounting Standards (IPSAS) reporting framework. Simultaneously, they noted that for some project audits there may be issues with timely reporting and reliability of the locally selected auditors to detect errors and internal control weaknesses under the current project audit framework, hence recommended that ITTO explore ways to improve the process. The secretariat proceeded to develop and test a new project audit framework based on relevant international standards which requires auditors to report in detail on any issues found with management of funds and/or internal control weaknesses, in accordance with applicable ITTO rules. The new project audit framework was further reviewed by an independent audit firm for compliance with relevant international standards and effectiveness to detect material issues. The Secretariat proceeded to test the new approach on select projects under the draft framework: PD646/12 Rev.3 (F) and PD777/15 Rev.3 (F) in 2019 and PD732/14 Rev.2 (M) in 2020. The results of the trial were shared with Ernst & Young, who were satisfied with the results and recommended to ITTO management that this new framework be applied to all projects with executing agencies.

46. The new project audit framework contains the following elements:

- Terms of reference for the auditor detailing the procedures for the project audit (Annex 1), which requires the auditors to undertake the engagement in accordance with the International Standard on Related Services (ISRS) 4400 and IFAC Code of Ethics for Professional Accountants
- A detailed factual finding reporting format (Annex 2), which requires auditors to describe results of each test conducted and any issues found
- An updated financial statements' reporting format for better compatibility with IPSAS's accrual-based accounting (Annex 3)

47. The new framework would be applied as follows:

- A final audit is required upon completion of all projects/activities which transfer funds to an executing agency. In addition, an annual audit is required if the budget of the executing agency is \$200,000 or more.
- Audit reports are to be completed within 3 months from the end of the year for annual audits and

- 4 months from the completion of the project/activity for final audits.
- ITTO retains the audit budget and directly contracts the auditor. The annual audits for various projects could be conducted at the same time through a single global firm to save costs and ensure timeliness of reporting.
- The audit budget in future projects should reflect the requirements of the new framework whilst ensuring sufficient funds for such audits to be conducted.
- Additional paragraphs (contained in Annex 4) will be added to project agreements to reflect the above changes.

48. The delegate of Malaysia recognized the importance of ensuring sufficient funds are available to enhance the capacity of producing member countries to meet the objectives of the ITTA. Malaysia further acknowledged ITTO's efforts to strengthen internal controls and decision making processes through the implementation of IPSAS accounting requirements, in order to increase transparency, effectiveness and integrity of the Organization. Hence, Malaysia wished to seek ITTO's feedback on the proposed project audit framework as follows: (1) Who would be responsible in ensuring the financial audit report to be completed within the time frame; and (2) Why there was no specific clause in the proposed framework that explained that the auditor appointed by ITTO must be based in the Executing Agency's country or not. Overall, Malaysia expressed its support for the proposed project audit framework.

49. On Malaysia's first question, the Secretariat explained that, as a contracting party to the audit agreement, ITTO and the appointed auditors would be ultimately responsible in ensuring the financial audit report is completed within the time frame. However, the full cooperation of the executing agency is essential to enable the completion of this task in a timely manner. On their second question, the Secretariat explained that there is no specific clause on this matter in order to allow flexibility in the selection of the most suitable auditor for the task, which may require auditors to travel from neighboring countries in some cases.

50. The delegate of Japan commended the Secretariat for preparing a timely report and initiative and sought clarification on the rationale for the \$200,000 budget threshold for annual audits and whether the framework aligns with the procedures/requirements typically used in multilateral development banks (including GEF, GCF) and their partner agencies, as it may facilitate the accreditation process. The delegate further requested for the addition of the word "independent" ahead of the word "audit" in the 3rd paragraph of CFA(XXXV)/7.

51. The Secretariat explained that the \$200,000 threshold is aligned to the current budget threshold in the ITTO project manual for projects requiring annual audits, and that the framework is based on the International Standard on Related Services (ISRS) 4400, which is the international standard used in similar frameworks. The Secretariat also took note of the request for adding text and revised the document accordingly.

52. The delegate of Indonesia said that the new project audit framework to enhance governance of projects and activities has not considered efforts to build back better from the current COVID-19 crisis.

53. The Secretariat explained that the new framework has the flexibility to take into consideration special and or national circumstances as necessary, which may become an issue next year due to exigencies of COVID-19 if the pandemic continues.

54. The delegate of EU thanked the Secretariat for the development and testing of the new project audit framework based on relevant international standards, and welcomed the proposal and agreed to its adoption and recommendation for immediate implementation of all future audits.

55. The delegate of Japan emphasized that, in addition to complying with the new audit framework, it hopes to see members promptly submit comprehensive final reports on the projects that were funded, as not doing so will hamper the ability to close projects, with adverse effects on future capacity to generate contributions.

56. The committee decided to recommend to the Council to adopt the new project audit framework as contained in CFA(XXXV)/7 Rev.1 with immediate effect for all future audits.

Item 10: Election of Chairperson and Vice-Chairperson for 2021

57. The Vice-Chairperson of the Committee for 2020, Ms. Teresa Guila Nube of Mozambique, was elected Chairperson of the Committee for 2021. The Vice-Chairperson of the Committee for 2021 would be announced by the consumer caucus at a later date.

Item 11: Dates and Venue of the Thirty-sixth and Thirty-seventh Sessions

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

Item 12: Other Business

59. The delegate from the United States recalled the report of the 34th Session of the CFA in which the committee recommended to Council:“(6) To request the Secretariat to initiate a process of consultation with ITTO members and partners on additional policies for the governance of the Organization, and to present a draft of these policies for the Council’s consideration at its next Session”. While recognizing the adapted ITTC-56 session limited time to address the issue this year, the delegate of the United States requested that an item be included in the CFA agenda for its next session to consider additional policies, both financial and non-financial, to strengthen governance and bring the ITTO into greater alignment with the accreditation criteria of certain multilateral donor funds. The delegate of the United States suggested the Committee could refer to draft document CFA(XXXIV)_CRP-2_Rev1_“Draft Policy Documents” which the Committee discussed at its last session.

Item 13: Recommendations to the International Tropical Timber Council

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

- (1) To approve the Financial Reports prepared in accordance with ITTO Financial Rules and Procedures (Annex 4) for the Financial year 2019, as contained in document CFA(XXXV)/6;
- (2) To continue to appoint Ernst & Young Japan, Tokyo, to audit the Accounts of the Organization for the financial year 2020;
- (3) To take note of the list of disclosures required by the Financial Rules as contained in Annex 1 of CFA(XXXV)/4 and:
 - a) Endorse the list of sole providers;
 - b) Approve the list of bad debt write off;
- (4) To adopt the new project audit framework as contained in CFA(XXXV)/7 Rev.1 with immediate effect for all future audits; and
- (5) To examine and take actions to secure the needed resources to achieve the objectives of the Organization.

Item 14: Report of the Session

61. The Committee adopted this report as amended.

ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(LVI)/2



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

ITTC(LVI)/18
Page 131

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9-13 November 2020
Virtual Session

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

**19 August, 10 September and 21 October 2020
Virtual Meetings**

**Thirty-fourth Meeting of the Informal Advisory Group (IAG)
Virtual Meetings, 19 August, 10 September and 21 October 2020**

Report of the Chairperson

1. The Thirty-fourth Meeting of the Informal Advisory Group (IAG) was convened virtually on 19 August, 10 September and 21 October 2020, chaired by Mr Björn Merrell (Sweden), Chairperson of the Council. The meeting was attended by Mr Freezailah Che Yeom (Malaysia), Vice-Chairperson of the Council - on 19 August and 10 September; Ms Catherine Karr-Colque (USA), Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI); Ms Aysha Ghadiali, Vice-Chairperson of the Committee on Reforestation and Forest Management (CRF); Ms Katharina Kuehmayer (Austria), Chairperson of the Committee on Finance and Administration (CFA); Mr Jorge Malleux (Peru), Producer Spokesperson; Ms Anna Tyler (New Zealand), Consumer Spokesperson; Ms Yoshiko Motoyama, Mr Taku Sakaguchi and Mr Rikiya Konishi (Japan), Representatives of the Host Government of the Headquarters; and ITTO Executive Director Mr Gerhard Dieterle and other senior members of the Secretariat.

The Chairperson welcomed the members of the IAG and expressed the hope that all participants in the meeting and their families were doing well during the pandemic. The IAG was informed of the vacancy of the post of Chairperson of the CRF following the resignation of Mr Bruno Enrique Rivas (Guatemala) and that Ms Aysha Ghadiali (USA), Vice-Chairperson of the CRF, would be assuming that position. Ms Ghadiali attended the meeting on 10 September. The IAG was informed on 21 October that Mr Freezailah Che Yeom stepped down as Vice-Chairperson for personal reasons. The IAG welcomed the nomination of Mr Kheiruddin Rani (Malaysia) as Vice-Chairperson of the Council.

The Chairperson referred to the meeting of the Ad Hoc Advisory Group (AHAG) in July 2020, convened under Decision 9(XXXI), which called for the IAG to discuss the provisional agenda for the 56th Session of the International Tropical Timber Council (ITTC56, document ITTC(LVI)/1).

In his introductory remarks, the Executive Director said that the ITTO Secretariat was continuing its COVID-19 work modalities, in which the majority of staff was working from home while monitoring the situation of the pandemic in Japan. He reported that no official missions requiring international travel had been undertaken since March; deadlines for the completion of some projects had been extended; and work related to the Biennial Work Programme (BWP), including activities on fundraising and the financing architecture of the Organization, had experienced delays. Mr Dieterle noted that the World Health Organization had advised that the pandemic would have a longer than expected effect, diminishing the possibility of holding a physical meeting of the Council in March 2021.

2. The IAG considered and adopted the following agenda for its meetings:

Meeting of 19 August 2020

- A. Brief background of the IAG:
 - Decision 2(LI)
 - Report of the IAG at its Thirty-third Meeting, 1 December 2019
- B. The format, modalities and draft agenda of the virtual segment of the 56th Session of the International Tropical Timber Council based on Decision 9(XXXI) and the AHAG report
- C. The introduction of the UN Silence Procedure (SP) (GA Decision 74/555 & 74/544) for discussion on the decision-making process during virtual meetings
- D. Status of contributions to the Administrative Account and members' voting eligibility
- E. Discussion related to Article 14 of the ITTA, 2006
- F. Filling positions of Council officers/bodies

Meeting of 10 September 2020

- G. Adoption of the draft IAG II Agenda and approval of the IAG I Report
- H. Recommendation to Council on using the Kudo system—Secretariat will briefly walk the IAG through a presentation from Kudo
- I. Recommendation to Council on the ITTC56 virtual session and confirmation of days/dates

- J. Discussion on the proposed ITTO SP and if agreed upon, recommendation to Council on its adoption accompanied by a letter from the Chair, a draft decision and flowchart of the process
- K. Approval of the ITTC56 Provisional Agenda (following incorporation of changes after the last IAG meeting)
- L. Proposal for a Decision 8(LV) Advisory Board meeting

Meeting of 21 October 2020

- M. Adoption of the draft IAG III Agenda
- N. Approval of the IAG I & II executive summary report
- O. Nomination of Vice-Chairperson of ITTC56 Mr. Kheiruddin Rani, Director-General Malaysian Timber Industry Board (MTIB)
- P. Update by Secretariat on ITTC56 preparations:
 - ITTC56 Provisional Agenda
 - Council documentation—schedule of meetings during ITTC56, Committees, Expert Panel, Fellowship Programme, Bali Partnership Fund (BPF), Credentials Committee procedures
 - Ascertainment of Quorum through the KUDO system
- Q. The need for and the timing of the next Decision 8(LV) Advisory Board meeting
- R. Update on Decision 2(LIV) Reconfirmation of further measures and mandating of legal actions regarding the financial impairment
- S. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII):
 - i. Projects, Pre-Projects and Activities [Decision 1(LVI)]
 - ii. ITTO Biennial Work Programme 2021-2022
 - iii. Further extension of the ITTO Strategic Action Plan 2013-2018
 - iv. Extension of the International Tropical Timber Agreement (ITTA), 2006
 - v. Implementation of ITTO's new Financing Architecture
 - vi. Matters related to article 14 of the ITTA, 2006, regarding the recruitment, selection, and term of the Executive Director
- T. Other matters

A. Brief background of the IAG

- 3. The IAG referred to Decision 2(LI) and the Report of the IAG at its Thirty-third Meeting held on 1 December 2019 in Lomé, Togo, as contained in document ITTC(LV)/2 dated 1 December 2019.
- 4. Due to the COVID-19 pandemic and the need for alternative planning for ITTC56, it was prudent to convene a meeting of the IAG well in advance of the Council session, rather than on the day before it (as per usual practice) to discuss the format, modalities and provisional agenda of the proposed virtual ITTC56. If necessary, the IAG could reconvene in October and November 2020. This report summarizes the key points raised in the IAG deliberations on both 19 August and 20 September 2020.

B. The format, modalities, and draft agenda of the virtual segment of the 56th Session of the International Tropical Timber Council based on the Decision 9(XXXI) Ad Hoc Advisory Group (AHAG) Report

- 5. The Chairperson introduced the report of the AHAG, which met virtually on 16 July 2020. In view of the continued COVID-19 pandemic, the AHAG recommended convening a virtual ITTC56 segment during the week of 9–13 November 2020, with sessions of 2–3 hours per day over 4–5 days to discuss non-controversial agenda items. The possibility of convening a follow-up hybrid or virtual ITTC56 segment at the end of March 2021 would remain open until the AHAG reconvened in October 2020 to reassess the situation and hence determine the viability or feasibility of doing so.
- 6. The IAG endorsed the AHAG recommendation of convening a virtual segment of the ITTC56 on 9-13 November 2020 as described above.

Format and modalities of the virtual ITTC56

- 7. The Secretariat had researched potential platforms for hosting the ITTC56 virtual segment. The Kudo platform, used by some UN agencies, was identified as the best and most cost-effective professional option. Kudo provides easy access to virtual meetings via web links, can run parallel sessions (not

recommended due to logistical limitations), supports simultaneous interpretation, and provides technical support. Kudo can provide information on who accessed (or logged into) meetings for ascertaining quorum. Zoom was another option, but it was not recommended due to reported problems with simultaneous interpretation.

8. The IAG agreed that Kudo was the most advantageous platform and requested the Secretariat to research further and run a trial (see agenda item H).

Council documents and reports

9. The Secretariat reported that Council documents and reports of working groups, including the Expert Panel for Technical Appraisal of Project Proposals, would be posted on the ITTO website at least 30 days before the virtual ITTC56 segment in accordance with usual practice. Project proposals that had received a category 1 rating from the Expert Panel would also be posted on the website under the online no-objection procedure.

Council's associated committees

10. The IAG deliberated on how to convene Council-associated committees. It was noted that the AHAG had recommended a condensed agenda for the virtual ITTC56 segment and therefore all committee-related documents would be posted on the ITTO website with the provision for members to raise issues, if appropriate, under specific agenda items in the provisional Council agenda. Urgent issues regarding projects and audits could be addressed under the Council agenda. The Secretariat reported on the potential complications of running parallel sessions, which may affect the duration of the virtual segments.

11. The IAG stressed the importance of facilitating consultations among Committee Chairs and Vice-chairs to enable decisions on items to be included in the Council's provisional agenda, including the adoption of the 2019 ITTO audit report (usually considered in the CFA) in the Council's provisional agenda.

C. The introduction of the UN SP (GA Decision 74/555 & 74/544) for discussion on the decision-making process during virtual meetings

12. The Chairperson requested the Secretariat to inform the IAG of the response received on 28 July 2020 from the Legal Advisor of the United Nations Convention on Trade and Development (UNCTAD) to questions raised by the Secretariat on procedural matters under the ITTA, 2006 in organizing the virtual ITTC56. In summary, the Council, as ITTO's highest authoritative body, has the prerogative to decide on interpretations of provisions in the ITTA, 2006. The UN, as repository, refrains from providing interpretations of provisions in such agreements. The Legal Advisor shared information on how similar issues had been dealt with at the UN General Assembly (UNGA) through Decision 74/555: "Procedure for taking decisions of the General Assembly during the Coronavirus disease 2019 pandemic" (circulated to IAG members), known as the Silence Procedure (SP), which clearly states that no substantive decision is to be made and no voting is to take place during virtual meetings. The Secretariat stated that an important aspect of the SP was that it is appropriate for non-controversial procedural matters.

13. The IAG deliberated on the necessity for ITTO to consider adopting the UNGA SP, given that ITTO has its own procedures, including for intersessional matters, and on how the SP would be implemented if considered appropriate. The IAG requested the Secretariat to analyze the steps based on the discussion to facilitate further consultation in the IAG (see agenda item J).

D. Status of contributions to the Administrative Account and members' voting eligibility

14. The IAG noted that a large number of producer countries had not paid their assessed contributions, which was negatively affecting the Organization's administrative budget and also had implications should voting arise.
15. The Producer Spokesperson observed that many countries were in a difficult position on payment of their assessed contributions to the administrative budget and suggested further discussions on how to deal with this in order to be more self-sufficient, noting that the administrative budget was for the functioning of the Secretariat and that voluntary contributions were also dwindling.

16. The Executive Director suggested that this issue should be discussed in the Finance Working Group because the programmatic approach had the potential to partially resolve the financing of the Organization. On the ability of members to pay their assessed contributions, the Executive Director stressed the importance of building consensus to enable all members to participate in Council decisions.
17. The Vice-Chairperson requested an update on current voluntary contributions to ITTO. The Chairperson requested the Secretariat to provide this in writing (see Annex B).

E. Discussion related to Article 14 of the ITTA, 2006

18. The IAG discussed the adoption of the Report of the Ad Hoc Working Group on Selection of the Candidates for the Position of Executive Director of the ITTO. The inclusion of this item was proposed by the Producer Spokesperson. The IAG inquired about the rationale for adoption of this report as usually, reports of working groups are welcomed and, when appropriate, their recommendations are reflected in Council decisions; such reports are usually not adopted separately. The Producer Spokesperson acknowledged that, although the term “adoption” might not be correct, the report dealt with an important subject and its acceptance was important for moving forward and for the institutional life of the Organization. The Spokespersons agreed to have further Caucus consultations on a possible decision on the matter, as per the Chairperson’s suggestion.
19. The IAG noted that the European Union (EU) had expressed its intention to initiate an intersessional process for the extension of the current Executive Director, to which the Producer Spokesperson responded that this non-agenda item was controversial and should be tabled at the next physical meeting.

F. Filling positions of Council officers/bodies

20. The Secretariat confirmed that it would circulate to the Spokespersons, in writing, information on the vacant positions of Council officers/bodies. The information was circulated to the Spokespersons on 20 August 2020.
21. The meeting of 19 August 2020 was adjourned at 9:50 p.m. (Japan Standard Time), with a vote of thanks to the Chairperson.

G. Adoption of the draft IAG II Agenda and approval of the IAG I Report

22. The Chairperson noted that a draft report of the IAG meeting held on 19 August 2020 had been prepared by the Secretariat and circulated to IAG members before the 10 September meeting.
23. The IAG suggested combining the report of the current meeting with the one on 19 August and circulating it to members as soon as possible.

H. Recommendation to the IAG on using the Kudo system—brief by Secretariat

24. The Secretariat reported that a live demonstration of Kudo had been held on 9 September 2020 and that the system could fulfil the needs of a virtual Council session. The Secretariat stated that Kudo would generate a report listing the email addresses of all those who had accessed the meeting for ascertainment of quorum and could differentiate between members and observers (but it would not record participants’ login and logout times). Kudo also has provisions to enable participants to request the floor and to select the desired language for simultaneous interpretation. The Secretariat reported that a manual would be prepared to help members use the system and suggested running a trial or two prior to the Council session.
25. The Secretariat confirmed contracting the services of the interpreters who usually assist at Council sessions for the virtual ITTC56.
26. Concern was expressed regarding technical requirements for the use of Kudo (router: 5 GHz of isolated capability), in particular for producer countries. The requirements will be circulated among members to ascertain their respective technical capacity or whether support from partners with proper facilities and a stable internet connection could be sought.

27. The use of the Kudo system remains the responsibility of the Secretariat in providing the most efficient service to convene a Council session. The Chairperson endorsed the use of Kudo on behalf of the IAG since there was no objection from the IAG members.

I. Recommendation to Council on the ITTC56 virtual session and confirmation of days/dates - whether 4 days or 5 days commencing on Monday 9 November and adhering to the duration each day of maximum 2 hours (which could be stretched until 3 hours if necessary, with simultaneous interpretation)

28. The IAG deliberated on the recommended duration of the virtual ITTC56, having considered consultations held among the Secretariat and Committee Chairs on the topics to be included in the various items under the Council's provisional agenda, the viability of holding Caucuses and Bureau meetings, and potential drafting groups.

29. The Producers spokesperson enquired if Caucus meetings during ITTC56 would be possible, to which Secretariat responded that this may be difficult to organise ad hoc due to the need for simultaneous interpretation and the complexities of running parallel sessions. Secretariat offered to assist with arranging regional consultations (as requested by the Producer spokesperson) prior to the ITTC56 through the Kudo system by utilising technical support from Kudo. The Secretariat highlighted that it could not be present in such meetings and suggested the other alternative would be to use a platform other than Kudo if the Kudo system would require some degree of technical oversight by the Secretariat. A similar inquiry on the availability of the Kudo system was raised for the EU coordination meetings. The Secretariat proposed that arrangements for EU coordination meetings are to be dealt with by EU members themselves. After further deliberations, the Secretariat was requested to research further the technical feasibility of using Kudo for Caucus meetings with simultaneous interpretation and without involving technical oversight by the Secretariat. Such information would be provided at the next IAG meeting.

30. With reference to Bureau meetings, it was estimated that such meetings would last for about 30 minutes following each daily virtual segment.

31. On draft decisions to be considered during the virtual ITTC56, the view was expressed that draft decisions on non-controversial matters or of a procedural nature such as the extension of the current BWP could be dealt with without a drafting group and such draft decisions would be submitted within the required timeline before the ITTC56 virtual session. The IAG endorsed an earlier timeline to submit draft decisions and hoped that members would adhere to it. Nonetheless, a drafting group could be arranged if needed.

32. The IAG was briefed on the provisions of Article 44 Paragraphs 1-3 of the ITTA, 2006 and the respective timelines within. The current agreement is due to expire on 6 December 2021, hence requiring a Council decision (if necessary by special vote) before that date to extend, renegotiate, or terminate the agreement. The IAG opined that negotiations on the ITTA, 2006 will be impossible in the current situation before the expiration date. Hence, the most appropriate and necessary action would be an extension of the current agreement. As there were no objections raised, a decision on the extension of the ITTA, 2006 was considered non-controversial and appropriate for consideration at the virtual Council Session under the circumstances. As such, the extension of the ITTA, 2006 will be included on the ITTC56 agenda and a draft decision be tabled for Council's consideration and approval.

33. After further deliberations, the IAG recommended a five-day agenda for a virtual ITTC56 from 9 to 13 November 2020, including the use of one day for the work of the Committees. The allocated time for each daily segment will be two hours, with some flexibility to increase to three hours if really necessary.

J. Discussion on the proposed ITTO Silence Procedure (SP) and if agreed upon, recommendation to Council on its adoption accompanied by a letter from the Chair, a draft decision and flowchart of the process

34. Before the 10 September IAG meeting, the Secretariat had circulated a draft flowchart of the proposed SP. The Executive Director said that there were two main considerations: i) approval of the SP; and ii) its application if approved.

35. The main deliberations were as follows:
- i. It was understood that there would be no voting during the virtual ITTC56 because its agenda would deal only with non-controversial items and would aim for consensus.
 - ii. There were questions from both producer and consumer members on the need to introduce the proposed SP when the ITTO clearly has its own well established decision-making procedures, including decision-making without meeting or intersessionally.
 - iii. The use of consistent terminology was important, being 'consensus' or 'non consensus', as per terms used under the ITTA, 2006. The introduction of new terms such as SP or no-objection could create confusion.
 - iv. The introduction of the SP is dependent on how beneficial it would be to the ITTO and only if agreed upon, will require rules on how to apply it.
 - v. There were questions on whether the proposed SP, and in particular the silence period after the virtual ITTC56, could imply the possibility of reopening items agreed during the virtual meeting and on how to deal with such items from that point onwards.
 - vi. The introduction of the SP is an issue linked to the governance and decision-making of the Organization, a process well-enshrined in the ITTA, 2006. The ITTO had functioned well following the principles of the ITTA, 2006; the introduction of new elements for decision-making should be done with extreme care because it could imply amendments to the ITTA, 2006 which would be considered a controversial issue.
 - vii. It was recognized that matters relating to the proposed SP require further deliberation.
 - viii. It was recommended that the SP should not be used at the upcoming virtual Session.
36. After lengthy deliberations, the IAG concluded not to introduce the SP at the upcoming virtual ITTC56 due to uncertainties in its proposed application and lack of clarity on advantages it offers when compared to ITTO's existing procedures. The IAG also recommended an assessment of consensus-building and decision-making in the virtual format after the virtual ITTC56.

K. Approval of the ITTC56 Provisional Agenda (following incorporation of changes after the last IAG meeting), which will be posted on ITTO's website following approval

37. A revised draft provisional agenda was circulated to the IAG on 4 September 2020, including agenda items relating to the work of the Committees (now agenda item 17), and a general heading on matters related to Article 14 of the ITTA, 2006 (agenda item 15). The main deliberations were:
- i. the need to re-insert an agenda item on the Ad-hoc Working Group on the New ITTO Financial Architecture (now agenda item 14 (d));
 - ii. the need for a detailed heading for agenda item 15 (now agenda item 18) on matters related to Article 14 of the ITTA, 2006. The revised heading would read: "Matters related to Article 14 of the ITTA, 2006 regarding the selection, election and recruitment of the Executive Director of ITTO";
 - iii. removal of the agenda item "Other business", on the basis that decisions and papers need to be provided in advance, and] the virtual format does not lend itself to matters of business being raised from the floor on the day;
 - iv. Timelines for the submission of draft decisions. The Secretariat recommended that draft decisions on procedural non-controversial items should be submitted **four weeks before the session** so that members would have enough time for their deliberations. Secretariat will also post a list of procedural draft decisions on the ITTO website. If needed, the IAG could reconvene to recommend to Council which draft decisions should be tabled at the virtual ITTC56;
 - v. the draft decision on the process to elect a new ITTO Executive Director would use text from the June intersession decision (not agreed) and the report of the Ad Hoc Working Group on Selection of the Candidates for the Position of Executive Director of the ITTO, without reference a starting date; and
 - vi. A daily allocation of time will be made for discussion on draft decisions.

L. Proposal for a Decision 8(LV) Advisory Board meeting

38. After deliberations, the IAG decided that the next meeting of the Advisory Board on Decision 8(LV) would be scheduled after the Financing Working Group completes its work so that its report could be used as an input to the meeting.

39. The IAG meeting on 10 September 2020 was adjourned at 10:05 p.m. (Japan Standard Time), with a vote of thanks to the Chairperson.

M. Adoption of the draft IAG III Agenda

40. The draft agenda was adopted.

N. Approval of the IAG I & II executive summary report

41. The Secretariat informed that comments received from members of the IAG to the IAG I & II executive summary report were incorporated as appropriate. The latest version of the report was circulated on 21 October 2020. The IAG agreed to adopt the report.

O. Nomination of Vice-Chairperson of ITTC56 Mr Kheiruddin Rani, Director-General Malaysian Timber Industry Board (MTIB)

42. The Producer Spokesperson put forward the nomination of Mr Kheiruddin Rani for the position of the Vice-Chairperson of the Council and thanked the Consumer Caucus for its acceptance. It was noted that Mr Rani has had close contact and experience in several ITTO matters and efforts over the years and is in contact with the Producer Caucus.
43. The Producer Spokesperson and the Chairperson expressed sadness and respect for Mr Freezailah's decision to step down as Vice-Chairperson for personal reasons.
44. It was noted that the Vice-Chairperson had intended to participate at the IAG III meeting but sent his sincere apologies at being unable to do so due to a prior engagement being unexpectedly extended.

P. Update by the Secretariat on ITTC56 preparations

45. The Secretariat informed that most Council documents have been posted on ITTO's website⁴ including Committees' documents and category 1 project and pre-project proposals recommended by the Fifty-fifth Expert Panel for Technical Appraisal of Project and Pre-project Proposals for members' consideration and approval, through the electronic time-bound no objection procedure⁵.
46. The progress report of the ITTO Fellowship Programme is also available on ITTO's website and the Fellowship selection panel is currently reviewing applications and expects to complete its work by 28 October 2020.
47. The document on the Resources of the Special Account and the Bali Partnership Fund (BPF) is available on the members' portal⁶. The BPF panel will be established with the recommendation not to meet due to low levels of funding and prepare its report for consideration of Council.
48. A Credentials Committee will be formed and convene prior to the Session. The Secretariat will send a reminder to the Spokespersons on their nominations for the Credentials Committee. **Delegations are to submit their credentials to Secretariat by 28 October 2020.**
49. Ascertainment of quorum will be done through a report generated by the Kudo system based on email addresses logged into the meeting on a daily basis.
50. The schedule of meetings during the ITTC56 is under preparation and a draft will be circulated to IAG members by 22 October 2020.
51. The Expert Panel report will be presented at Council by the Secretariat instead of the Chair of the Expert Panel. This is due to the Expert Panel being convened virtually due to the pandemic and did not elect a Chair. Revisions of project and pre-project proposals were done electronically between first and second reviewers only.

⁴ www.itto.int/council_committees/documents/

⁵ www.itto.int/council_committees/projects/

⁶ www.itto.int/members_only/upcoming_documents/

52. Council documents yet to be posted on the ITTO's website include the draft ITTO Biennial Work Programme 2021-2022, the Decision 8(LV) Ad-hoc Working Group report and the IAG report of its Thirty-fourth meeting. These documents and the text of draft decisions will be made available on 23 October where Secretariat will notify members.
53. The CEM-CFI Chair requested Secretariat to continue close contact with Committee Chairs and provide briefings for running sessions of the Committees. Secretariat replied that it was already doing so and informed that updated Committees' agendas will be available from 30 October 2020 to include category 1 project and pre-project proposals upon completion of the electronic time-bound no-objection procedure. Secretariat also stated that members have been informed on the possibility of raising concerns in writing, if appropriate, on Committees' agendas. None have been received to date. The Chairperson highlighted the importance of continued communication between Secretariat and Committees' Chairs.

Q. The need for and the timing of the next Decision 8(LV) Advisory Board meeting

54. The Secretariat reported that the report of the Financing Working Group under Decision 8(LV) is complete pending some ongoing communications and requested the IAG to decide on whether a meeting of the Advisory Board should be scheduled prior to the ITTC56. The representative of Japan requested holding such a meeting as soon as possible to address issues relating to visibility on ITTO engagement with multilateral organizations. The Secretariat noted that both subjects will be dealt with under item 15 of the Council's provisional agenda and under the Executive Director's Opening Statement. The IAG recommended scheduling the next meeting of the Advisory Board before ITTC56. Secretariat will submit tentative dates to the IAG for its consideration.

R. Update on Decision 2(LIV) Reconfirmation of further measures and mandating of legal actions regarding the financial impairment

55. The Secretariat circulated a brief on 20 October 2020 to the IAG members on recent developments related to its efforts on exhausting legal measures (as mandated under Decision 2(LIV)) against the responsible parties involved in the financial impairment, including Secretariat's inclination to file a notice of appeal to the Supreme Court of Japan against the financial advisor (DSK), which would be the last step in the legal process against this party. Secretariat reported that the stamp fee for the Supreme Court is estimated at US\$40,000 plus US\$20,000 in legal costs. Secretariat informed that the current balance of Council authorized funds for this matter is US\$97,630. Secretariat highlighted that chances of the Supreme Court accepting ITTO's notice of appeal is 50:50 based on whether the Supreme Court judges are suitably convinced that the points of law raised by the ITTO in the High Court warrants reconsidering.
56. The deadline to submit the notice of appeal to the Supreme Court is 23 October 2020 and payment of the stamp fee is to be completed by 30 October 2020. Following a one-month period, and if the Supreme Court accepts the ITTO appeal to review the case, it can take an additional 4 months prior to a decision being issued. Secretariat is inclined to submit a notice of appeal to the Supreme Court as any ultimate decision by the Supreme Court will indicate closure of all possible legal actions that can be taken against the financial advisor.
57. Third-party notices issued against two former staff members incriminated in the impairment are alive and ongoing, but proceedings will be stayed until the process described in the two paragraphs above is finalized.
58. The Secretariat consulted the Government of Japan separately to confirm whether their stand is still in accordance with Decision 2(LIV). The Government of Japan confirmed Secretariat's inclination and a clip of this consultation will be shared with members of the IAG on 22 October 2020.
59. The Secretariat inquired if there is any dissension amongst the IAG on Secretariat's inclination to file a notice of appeal to the Supreme Court of Japan despite the low probability of winning the case although in doing so, it demonstrates that the organization is carrying out its due diligence in fulfilling the mandate of Decision 2(LIV). Secretariat highlighted that if anything, the minimum ITTO could expect is a correction on points of law, in which case the Supreme Court will defer the case back to the High Court.

60. The IAG unanimously recommended proceeding with the filing of the notice of appeal to the Supreme Court of Japan, utilizing the funds already approved under Decision 2(LIV) to cover all related costs.

S. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII)

Projects, Pre-Projects and Activities [Decision 1(LVI)]:

61. Secretariat informed that as per normal practice, this decision details activities and projects approved and funded by Council where a draft will be ready before ITTC56.

ITTO Biennial Work Programme (BWP) 2021-2022:

62. The adoption of a new BWP is a standard decision taken normally every two years. Its appendix is the actual work programme as approved by Council. The CEM-CFI Chair inquired on the similarity with the current BWP in terms of activities and the way it is organized. The Secretariat replied that the approach in drafting the BWP for 2021-2022 was to keep it as close as possible to the current BWP; most of the activities being proposed were approved and funded under the previous BWP and are being carried forward under the new BWP. There are a few new activities, such as the Global Timber Tracking Network due to an expression of interest from a donor and others which Secretariat considers supportive of ITTO's continued work and could attract new funds from donors.

Further extension of the ITTO Strategic Action Plan 2013-2018 and Extension of the International Tropical Timber Agreement (ITTA), 2006:

63. These two draft decisions are considered non-controversial where similar decisions have been adopted previously. The text to be used will be based on previously adopted decisions and adapted accordingly for circulation to members prior to ITTC56.

Implementation of ITTO's new financing architecture:

64. This draft decision is currently a placeholder as further consultations may be needed. The Secretariat noted that there are a few recommendations in the report of the ad hoc Working Group, which could constitute the substance of a draft decision, if appropriate, for Council's deliberation.

65. The Executive Director mentioned that the ad hoc Working Group fulfilled its tasks and discussed 4 to 5 objectives of the Programme Lines and the Concept Note approach. On matters of substance, the Working Group did not discuss the Programmatic Approach and its integration within the new financing architecture. He reached out to the Vice-Chairs of the ad hoc Working Group for consideration of those matters and for continued guidance from the Working Group.

66. The Chairperson proposed that Secretariat prepares a draft decision to be further developed during the ITTC56 based on Council's deliberations. This was supported by the IAG.

Matters related to article 14 of the ITTA, 2006, regarding the recruitment, selection, and term of the Executive Director:

67. The Chairperson requested an update on the draft decision proposed by the Producer Caucus. The Producer Spokesperson noted that the subject has been largely discussed over the last two to three years. A working group was established at the ITTC54 in Yokohama to work on the terms of reference for the selection of a new Executive Director, taking into consideration decisions previously adopted. In 2019, the Working Group presented a well-elaborated report on a task that was not easy, with the purpose of setting the rules for future elections of the Executive Director and establish an institutional normality on this matter. Producers insist on the adoption/approval of the report of this Working Group to pave the way forward.

68. The Chairperson inquired if there were any consultations with the Consumers after the draft decision was submitted. The Producer Spokesperson indicated that before sending the draft decision to the Chairperson and the IAG, the text was shared with the Consumer Spokesperson. A few days later, an EU representative got in touch informing that they were preparing an alternative draft, which included a controversial aspect which had been largely discussed without agreement in Lomé, Togo and during the intersessional process - the possible extension of the current Executive Director. From the

standpoint of Producers, their position is very transparent, solid and unified.

69. The Consumer Spokesperson thanked the Producer Spokesperson for his outline and mentioned that there was little to add. The Consumer Caucus discussed the draft decision and some Consumer members could not accept it as they felt it might initiate the recruitment process. An alternative was put to the Producers, which she understood was rejected. In the Consumers' discussions, the EU noted the possibility that if the alternative draft decision put forward by them was not accepted, they may have to go back to their members. The Consumer Spokesperson noted that she had not heard further from the EU. She also informed that in the Consumers' discussion, there was support for institutionalization and adoption of the terms for the selection and recruitment of the Executive Director. A number of Consumer members wish this matter to be resolved so that the Organization can move forward.
70. The Chairperson encouraged the Spokespersons to continue close contact on this draft decision to ensure that no controversial issue is tabled at the ITTC56 agenda to enable its easy adoption.
71. The Producer Spokesperson remarked that there is only one draft decision for consideration on this matter - the one sent by the Producers. He noted that he has not seen any formal alternative or proposal coming to the IAG, and, therefore there should not be any more discussion. The deadline for submission of draft decisions was fixed as midnight JST 16 October 2020 and Producers sent their proposal before the deadline. The Producer Spokesperson inquired to the Chairperson and the Secretariat if a formal proposal was sent by the Consumers or the EU and the answer was very clear. No alternative proposal was submitted by the Consumers or the EU. Hence, from the Producers' standpoint, this matter should be considered as it is. There is just one draft decision on the table, which sets the rules to move forward with well-institutionalized governance for the organization.
72. The Chairperson noted the Producer Spokesperson was right that there is only one draft decision on the table and it is up to the IAG to recommend the draft decision for further consideration of Council. At the same time, it is important to find consensus, being the reason for his plea to the Spokespersons to continue consultations before ITTC56.
73. The IAG considered the possible list of decisions to be considered and adopted by the Council at its Fifty-sixth Session as follows:
- i. Projects, Pre-Projects and Activities [Decision 1(LVI)]
 - ii. ITTO Biennial Work Programme 2021-2022 – submitted by the Secretariat;
 - iii. Further extension of the ITTO Strategic Action Plan 2013-2018 – submitted by the Secretariat;
 - iv. Extension of the International Tropical Timber Agreement (ITTA), 2006 – submitted by the Secretariat;
 - v. Implementation of ITTO's new Financing Architecture;
 - vi. Matters related to article 14 of the ITTA, 2006, regarding the recruitment, selection, and term of the Executive Director – submitted by Producer Caucus;

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

T. Other matters

74. The Vice-Chair of the CRF inquired about translation of the ITTO guidelines into French and Spanish and the timing in which these would be translated. The Secretariat replied that all guidelines, with the exception of the "Guidelines for forest landscape restoration in the tropics" have been translated into French⁷ and Spanish⁸. Translation for the "Guidelines for forest landscape restoration in the tropics" is ongoing and Secretariat hopes it will be completed fairly soon.
75. The CEM-CFI Chair inquired when the IAG will meet again. The Secretariat replied that the IAG has now completed its work, in particular by recommending which decisions are to be considered by Council. If the IAG members feel the need for an additional meeting, this can easily be arranged. The body that will do the follow-up will be the Chairperson's Bureau.

⁷ www.itto.int/fr/guidelines/

⁸ [/www.itto.int/es/guidelines/](http://www.itto.int/es/guidelines/)

76. The IAG meeting on 21 October 2020 was adjourned at 8:43 p.m. (Japan Standard Time), with a vote of thanks to the Chairperson.

ANNEX A

Draft Decisions

Only text of draft Decisions is appended to this Report.

The full text of the draft BWP 2021-2022 can be found in document ITTC(LVI)/7.



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVI)/...
13 November 2020

Original: ENGLISH

FIFTY-SIXTH SESSION
9-13 November 2020
Virtual Session

DECISION ... (LVI)

ITTO BIENNIAL WORK PROGRAMME FOR THE YEARS 2021-2022

The International Tropical Timber Council,

Appreciating the work of the Secretariat in liaising with members, the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG) in preparing its proposal to Council on the Biennial Work Programme for the years 2021-2022;

Noting further that activities listed in the Annex to this decision are derived from the following: (a) ITTA, 2006; (b) the ITTO Strategic Action Plan 2013-2018; (c) the four ITTO Committee Reports to the Fifty-sixth Session of Council; and (d) previous Council decisions;

Decides to:

1. Adopt the Biennial Work Programme for the years 2021-2022 as contained in the Annex to this Decision;
2. Authorize the Executive Director to seek voluntary contributions from Member Countries and other funding sources to finance implementation of the activities listed in the Annex;
3. Request the Executive Director to implement and/or facilitate the implementation of activities in the approved Biennial Work Programme for the years 2021-2022, as contained in the Annex; and
4. Request the Executive Director to report to Council on the progress in implementing the Biennial Work Programme for 2021-2022 during the Fifty-seventh and Fifty-eighth sessions of the Council.

* * *

ANNEX

BIENNIAL WORK PROGRAMME FOR 2021-2022 TO BE INSERTED BELOW
IF COUNCIL AGREES TO DECISION



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVI)/...
13 November 2020

Original: ENGLISH

FIFTY-SIXTH SESSION
9-13 November 2020
Virtual Session

DECISION ... (LVI)

FURTHER EXTENSION OF THE ITTO STRATEGIC ACTION PLAN 2013-2018

The International Tropical Timber Council,

Noting that the implementation period of the ITTO Strategic Action Plan 2013-2018, extended to 2020 would expire at the end of 2020;

Acknowledging that the COVID-19 pandemic has caused delays in the work of ITTO during 2020, including the planned development of a new Strategic Action Plan;

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

Decides to:

1. Further extend the implementation period of the ITTO Strategic Action Plan 2013-2018 extended to 2020, for one additional year through 2021;
2. Request the Executive Director to implement in a timely manner the 2021-2022 Biennial Work Programme activity to develop the next ITTO Strategic Action Plan for consideration and approval by Council at its Fifty-seventh Session in 2021.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTTC(LVI)/...
13 November 2020

Original: ENGLISH

FIFTY-SIXTH SESSION
9-13 November 2020
Virtual Session

DECISION ... (LVI)

EXTENSION OF THE INTERNATIONAL TROPICAL TIMBER AGREEMENT, 2006 (ITTA)

Recalling Article 44 of the ITTA, 2006;

Noting that the ITTA, 2006 entered into force on 7 December 2011, with an initial duration of ten years;

Further noting the desire expressed by all Members to extend the ITTA, 2006;

Decides in accordance with Article 44(2) of the ITTA, 2006, that the Agreement be extended for a period of five years with effect from 7 December 2021 until 6 December 2026.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVI)/...
13 November 2020

Original: ENGLISH

FIFTY-SIXTH SESSION
9-13 November 2020
Virtual Session

DECISION ... (LVI)

IMPLEMENTING ITTO'S NEW FINANCING ARCHITECTURE – PHASE II

The IAG requested the Secretariat to include a placeholder for the above decision, with content to be developed by members through necessary consultations prior to and during the 56th ITTC session. Possible draft preambular text is included below to assist in discussions.

The International Tropical Timber Council,

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

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

Recalling Decision 9 (LIII), which established the Ad-hoc Working Group on Financing Infrastructure and Fundraising Strategies 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 convening of an ad hoc working group to consider refining the streamlined project cycle and the establishment of an advisory board;

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

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

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

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

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

Decides to:

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INTERNATIONAL TROPICAL TIMBER COUNCIL

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DECISION ... (LVI)

MATTERS RELATED TO ARTICLE 14 OF THE ITTA, 2006, REGARDING THE RECRUITMENT, SELECTION, AND TERM OF THE EXECUTIVE DIRECTOR

The International Tropical Timber Council,

Recalling Article 14 of the ITTA, 2006;

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

Recalling Decision 10(LIII) on the rotation in the framework of the selection of the Executive Director of the ITTO;

Recalling Decision 6(LIV) on the selection of candidates for the position of Executive Director of the International Tropical Timber Organization;

Also recalling that Decision 6(LIV) decided that the term of future Executive Directors is 4 years, with the option to extend up to another 2 years, upon approval by the Council;

Emphasizing that the paramount consideration in the appointment of the Executive Director shall be to secure the highest standard of efficiency, competence and integrity, as established in Decision 6(LIV);

Welcoming the report of the Ad Hoc Working Group on Selection of the Candidates for the Position of Executive Director of the ITTO;

Decides to:

1. Adopt the text in Annex I to this Decision as the vacancy announcement to advertise the position of Executive Director;
2. Adopt the process contained in Annex II to this Decision as the procedure for the Selection Panel and procedures for the selection of the candidates for the position of Executive Director of the ITTO; and that a selection process be initiated at least 9 months in advance of the Council Session prior to the position becoming vacant, or immediately upon the early vacancy of the position;
3. Adopt the process contained in Annex III for the extension of the term of the Executive Director;
4. The selection process, appointment of a candidate, and conduct of the selected Executive Director once hired is subject, but not limited, to: ITTA, 2006; most recent ITTO Staff Rules and Regulations; Decision 8(LII); Decision 6(LIV); Decision 10(LIV) and this Decision;

5. The Executive Director is subject to Regulation 7.4a and Rule 709 of the ITTO Staff Rules and Regulations, such that the retirement age prescribed by the United Nations applies to the Executive Director;

Any Council decision electing an Executive Director is to be accompanied by a decision on the appointment of the Executive Director detailing the terms of employment, including start date and end date, retirement age restrictions, adherence to the Standards of Conduct for Executive Director (Decision 8(LII)), adherence to the most recent Staff Rules and Regulations,

ANNEX I

TERMS OF REFERENCE FOR VACANCY ANNOUNCEMENT FOR EXECUTIVE DIRECTOR OF THE ITTO

The International Tropical Timber Organization (ITTO), a commodity organization headquartered in Yokohama, Japan is in the process of appointing a new Executive Director.

The ITTO mission is to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber producing forests. The Executive Director is the chief administrative officer of the International Tropical Timber Organization and is responsible to the International Tropical Timber Council for the administration and operation of the International Tropical Timber Agreement, 2006, in accordance with decisions of the Council. (Article 14.3, ITTA, 2006).

Functions:

- The Executive Director will strategically lead, oversee and direct the work and the performance of the ITTO Secretariat as mandated by the Council;
- Implement strategic priorities, policies and initiatives as decided by the Council;
- Lead the organization's finance, risk management, and corporate governance;
- Ensure efficient, effective and transparent management of existing structures and procedures for the administration and operation of the ITTA, 2006;
- Foster and enhance synergies and collaboration among members of the organization;
- Represent ITTO; strengthen and maintain close partnerships with high-level stakeholders, including the relevant Multilateral Agreements, International Organizations, representatives of government at relevant levels, civil society, including the private sector, and the UN to support of the delivery of the ITTA, 2006;
- Oversee and implement strategies for the mobilization of resources necessary for the implementation of the strategic priorities, policies and initiatives as decided by the Council, development of relations with donors other than ITTO members and strategies for partnership with stakeholders, including innovative modalities for the mobilization of resources;
- Create an environment in the Secretariat that fosters innovation and that empowers staff to translate vision into results.

The ITTO applies an equal opportunity recruitment policy and will consider all applications regardless of gender, religion, race or sexual orientation. Candidates must however be citizens of an ITTO member country.

1. Competencies

Demonstrates:

- i. Professionalism: Professional competence and mastery of subject matter, is conscientious and efficient in meeting commitments, observing deadlines and achieving results;
- ii. Accountability: Ability to operate in compliance with state-of-the-art organizational rules and regulations, to deliver high quality results within agreed timeframes, within projected cost and to agreed quality standards in a transparent manner;
- iii. Communication: Ability to communicate effectively orally and in writing to a wide range of audiences. Listens to others, correctly interprets messages from others and responds promptly and appropriately. Openness in sharing information and keeping people informed;
- iv. Leadership: Ability to motivate staff and to delegate the appropriate responsibility, accountability and decision-making authority to each staff member. Makes sure that roles, responsibilities and reporting lines are clear, and that progress is monitored against targets;
- v. Ethical standards: Committed to the highest ethical standards in furtherance of his/her mission and the objectives of the ITTO;
- vi. Diversity and gender balance: Committed to promoting equal opportunities and the implementation of the ITTO Guidelines on Gender Equality and Empowerment of Women;
- vii. Diplomatic and negotiation skills: experience in working with high-level representatives from government, international organizations, private sector/civil society, and engaging with donors.

2. Professional Experience

- i. Managerial experience: a proven track record and a minimum of 15 years of progressively responsible experience in managing complex programs, financial/human resources and strategic planning in areas relevant to forestry, trade, environment and other related fields;

- ii. Specific experience: demonstrated experience in the field of natural resource management, in particular sustainable forest management and related timber trade would be a distinct advantage;
- iii. International experience: demonstrated track record of professional experience of work in a leading capacity at the international level in and/or international organizations and of working in diverse, multicultural settings; Working experience in ITTO related fields in more than one region of ITTO membership would be an advantage;
- iv. Partnership building and fundraising experience: Demonstrated experience in creating strategic partnerships/networks and promoting initiatives with partner organizations. Demonstrated experience in mobilization of financial resources would be a distinct advantage.

3. Education

Master's or Ph.D. degree in forestry, natural resource management and conservation, economics, business administration, or other relevant field.

4. Language

Proven ability in both oral and written communication in one of the official languages of ITTO (English, French and Spanish) and preferably a working knowledge in the other two official languages of ITTO. Very good command of English orally and in writing is essential.

5. Salary and Emoluments

Salary is equivalent to that of an Assistant Secretary General (ASG) in the scale of the United Nations, including benefits such as removal expenses, home leave travel every 24 months, children's education grant, rental subsidies, etc.

6. Conflict of Interest

Candidates or any close relatives should have no financial interest in the timber industry or timber trade and related activities. Candidates must – in their application – identify any professional or personal ties – also those linked to previous, terminated employment, that could be perceived as conflict of interest. Candidates must provide clarifications and information on how they intend to proactively prevent and manage situations in which such ties or other personal interests may conflict or appear to conflict with the interests of the ITTO, should the individual be appointed to position of the Executive Director.

7. Criminal Record Clearance

Shortlisted candidates will be required to complete a self-attestation stating that they have not committed, been convicted or, nor prosecuted for any criminal offense. If there is information to the contrary, candidates should provide clarification and information in writing on these circumstances, for the consideration of the selection panel.

8. Terms of Service

The appointment is for a period of four years. There is an option to extend for up to another 2 years if approved by Council. Any appointment takes into account Regulation 7.4a of Staff Regulations and Rules of the ITTO, which sets the retirement age as prescribed by the United Nations⁹.

9. Applications

Written applications including a cover letter explaining how the candidate meets the required qualifications, a completed United Nations Personal History form (form P.11), a curriculum vitae and additional supporting materials related to the job qualifications and a recent photo must be received at ITTO headquarters by [date]¹⁰ by [23:59] hours (Japan Standard Time). Applications may be submitted electronically or by mail or fax and should be sent to:

Executive Director, International Tropical Timber Organization
International Organizations Center, 5th Floor Pacifico-Yokohama,
1-1-1, Minato-Mirai, Nishi-ku,
Yokohama, 220-0012 Japan
Tel: (81-45) 223-1110 Fax: (81-45) 223-1111
E-mail: itto@itto.int

⁹ Staff members shall normally not be retained in the service of the Organization beyond the retirement age prescribed by the United Nations and are expected to retire at that age. Earlier retirement consistent with the rules of the Provident Fund may be agreed between the Organization and the staff member.

¹⁰ Date to be inserted consistent with timeline spelled out in Annex II or as otherwise approved by Council.

ANNEX II

PROCEDURE OF THE SELECTION PANEL AND PROCEDURES FOR SELECTION OF THE CANDIDATES

Procedures for Application to the Vacancy Announcement and Establishing the Selection Panel:

1. The selection process is to be initiated at least 9 months in advance of the Council Session prior to the position becoming vacant, or immediately upon the early vacancy of the position
2. The vacancy announcement should be posted for 3 months, including in the ITTO Tropical Forest Update and websites of the ITTO, the Collaborative Partnership on Forests and other relevant international organizations and through notification to national governments and international organizations including the United Nations. The vacancy announcement should inform applicants to submit their applications to the Secretariat by 23:59 hours (Japan Standard Time) on a date at least 4 months prior to the session at which the election of the Executive Director will take place. The Secretariat will thereafter inform the focal point of the applicant's country of citizenship, and request the focal point to register any objection to the applicant's further consideration to the Secretariat within a period of 4 weeks;
3. Establish a Selection Panel composed of 6 producer members, and 6 consumer members, to examine the applications and verify the information therein, and agree on an indicative shortlist of no more than four names. The panel shall meet in Yokohama, or virtually, and finalize its work no less than 10 weeks before the beginning of the Council Session at which the election will take place and shall circulate its report to members within two weeks. The two caucuses shall indicate their respective nominations for the panel to the Secretariat at least 1 month prior to the Selection Panel meeting, taking into account gender balance and geographic representation;

Procedures for the Selection Panel:

1. The panel will take measures to ensure equitable evaluation of all applications;
2. The panel initially screens whether the applications submitted fulfill the requirements, in terms of information and documentation, as specified in the vacancy announcement and meet minimum objective criteria based on the Terms of Reference for the position of the Executive Director;
3. Disclosure of a potential conflict of interest is not necessarily grounds for disqualifying an applicant. The panel will carefully review any disclosures of conflict of interest or perception of conflict of interest and the accompanying mitigation strategy and assesses whether the proposed mitigation is sufficient. The criteria to be examined in order to determine the independence of a candidate and to prevent potential conflicts of interest, include the following:
 - Active management position and/or large share ownership of companies in the forest sector, in particular in timber trade;
 - Presence of close/family relationships with corporate officers of one or more companies in the forest and timber sector;
 - History of conviction and/or prosecution from any criminal offense.Shortlisted candidates must provide certified official documents to demonstrate their academic and professional qualifications for verification. If the claims of a candidate cannot be verified, the panel may choose to conduct additional reference checks for that candidate or elevate the next qualified candidate into the shortlist;
4. The panel scrutinizes in more detail professional experience, competencies, and overall suitability in order to select up to 4 candidates to be considered for a shortlist.
5. The Panel selects an indicative shortlist of up to 4 candidates, taking into due consideration Decision 6(LIV) in the process;
6. The panel provides the shortlist to Council, as well as a brief report outlining its process and key issues or concerns;
7. All applications will be treated with the strictest confidentiality throughout the entire process by all persons involved.
8. The Panel also will review and suggest edits to an initial draft decision, prepared by the Secretariat, detailing the terms of employment, including start date and end date, retirement age restrictions, adherence to the Standards of Conduct for Executive Director (Decision 8(LII)), adherence to the most recent Staff Rules and Regulations, including as amended and including the provisions for early dismissal (for poor performance, misconduct or other violations¹¹).

¹¹ In cases of gross negligence and serious misconduct as defined in Regulation 8.1 of the ITTO Staff Regulations and Rules, the appointment of the Executive Director may be terminated by Council. A Panel made up of the Chair of Council, the Vice-Chair of Council and three of the Committee Chairs acting on behalf of the Organization will convene to review relevant investigation findings and will recommend to Council whether or not to terminate the contract of the Executive Director. The panel may decide to suspend the Executive Director until Council takes a decision (Decision 8(LII), Annex, paragraph 6).

ANNEX III

PROCESS FOR THE EXTENSION OF THE TERM OF THE EXECUTIVE DIRECTOR OF ITTO

According to Decision 6(LIV), the term of future Executive Directors is 4 years, with the option to extend up to another 2 years, upon approval by the Council.

1. The Executive Director shall state his/her intentions whether or not he/she is seeking an extension:
 - a) If he/she is seeking an extension, he/she shall inform in writing to the members, his/her intention well in advance of the upcoming Council Session, providing also justification for this extension, including his/her achievements as the Executive Director of ITTO. Upon presentation of his/her rationale at Council, the Executive Director shall excuse him/herself from the room, at which point the plenary will open for discussion on that agenda item, including ways to proceed. Upon conclusion of discussion, the chair will then call for the Council to decide, aiming to reach consensus.
 - b) If he/she does not seek an extension of his/her term, the Chairperson of the Council will immediately invoke the process to advertise the vacancy, select and appoint a new Executive Director.
2. The Council shall decide on the extension of the Executive Director up to an additional 2 years, at the latest one year prior to the end of the Executive Director's term, via the inclusion of an agenda item at the relevant Council Session. Taking into consideration the procedure recommended by the AHWG on TOR for the selection, election and extension of the new ED.

* * *

ANNEX B

ITTO Voluntary Contributions Cash Receipts FY2020

Amount	Country/Organization	Comment
US\$2,210,526.32	Japan	PP-A/56-340 Emergency Assistance for Forest Fire Management pledged in FY2020
US\$500,000.00	USA	Pledges to be made in FY2020
US\$317,557.31	Korea	PD 712/13 Rev.2 (F) and PD 836/17 Rev.1 (F) pledged in FY2019
US\$110,172.00	Netherlands	Pledges to be made in FY2020
US\$107,237.00	CITES	PP-A/52-320C pledged in FY2018
US\$100,000.00	China	Pledges to be made in FY2020
US\$93,240.00	Soka Gakkai	PP-A/56-341 Support women's groups with FLR pledged in FY2020
US\$57,466.81	GIZ	PP-A/53-323A LSSC pledges made in FY2019
US\$723,029.56	Japan Forestry Agency	PP-A/56-342 Two proposals being formulated under the BWP LSSC Activity (Component 1: Strengthening SFM standards and timber legality framework in Myanmar / Component 2: Analysis of legality assurance systems and good practices in China, Myanmar and Viet Nam to support Japanese importers for the legal and sustainable timber trade)
US\$4,219,229.00	TOTAL VOLUNTARY CONTRIBUTIONS CASH RECEIVED TO DATE in FY2020	

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