



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(LVII)/9
11 October 2021

Original: ENGLISH

FIFTY-SEVENTH SESSION
29 November – 3 December 2021
Virtual Session

**Report of the Working Group on the
ITTO Strategic Action Plan (SAP) 2022-2026**

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A. Introduction

1. Consistent with Decision 4(LVI) and Activity 10 of the Biennial Work Programme (BWP) 2021-2022, the Working Group (WG) was tasked with developing a proposed new strategic action plan (SAP) as a successor to the SAP 2013-2018 (extended through 2021) for Council's consideration at its 57th session (ITTC57, 29 November – 3 December 2021). **In line with this mandate, the “Proposed ITTO Strategic Action Plan (SAP) 2022-2026” is contained in ITTC(LVII)/10.**

2. Annex 1 of this document lists the participants in the SAP WG, which met virtually four times between 9 September and 6 October 2021. Annex 2 outlines the extensive process that led to the development of the proposed ITTO SAP 2022-2026. This process included:

- Engagement of two consultants to assist the Secretariat (Ms. Stephanie Caswell, USA, and Mr. Jorge Malleux, Peru)
- Development of a survey circulated to all ITTO focal points in April 2021 to elicit initial views on the new SAP
- Development of a comprehensive Background Paper, circulated in July (see ITTC(LVII)/Info.8), which assessed implementation of the SAP 2013-2018 (extended to 2021), analyzed survey responses and proposed a framework for the new SAP¹. ITTO focal points were invited to comment on the proposed SAP framework.

3. On the basis of the Background Paper and subsequent comments from a small number of ITTO focal points on the proposed SAP framework (see Annex 2), the consultants developed, in close consultation with the Secretariat, a preliminary draft SAP 2022-2026 for consideration by the WG. The WG discussed and revised this initial draft, which resulted in the **Proposed ITTO Strategic Action Plan (SAP) 2022-2026 contained in ITTC(LVII)/10.**

B. Proposed ITTO Strategic Action Plan (SAP) 2022-2026: Overview

4. The Proposed ITTO Strategic Action Plan (SAP) 2022-2026 aims to be a concise, user-friendly modern document that functions both as an internal guidance document and operational tool for ITTO and as a communication and public relations document for external audiences who may not be well-acquainted with ITTO and its work and contributions. To this end, the proposed SAP seeks to:

- Be a clear, concise, attractive document that can be used and understood by a wide range of audiences within and beyond ITTO while clearly oriented toward advancing ITTO's twin overarching objectives set out in Article 1 of the ITTA, 2006.
- Be as concrete as possible while providing Council the flexibility to respond to new and emerging issues and challenges.

¹ Background Paper on “Development of the ITTO Strategic Plan 2022-2026” is contained in ITTC(LVII)/Info.8. The Executive Summary of the Background Paper is contained in Annex 5.

- Be realistic and commensurate with ITTO's projected capacity and Members' expectations. Council has taken vigorous steps to address the impairment and is piloting a new financial architecture, but it is unclear at this stage what the trend in voluntary contributions will be in the future.
- Take into account the significant work over the last four years toward a new ITTO financial architecture while not pre-judging Council's decision at the conclusion of the pilot phase.
- Highlight ITTO's contributions to the Global Forest Goals (GFGs), Sustainable Development Goals (SDGs) and the forest-related aims of the Paris Agreement and the post-2020 Global Biodiversity Framework, as well as ITTO's partnerships through the Collaborative Partnership on Forests (CPF) and with individual CPF member organizations.
- Recognize that recovery from the continuing disruptions and impacts of the unprecedented COVID-19 pandemic is uncertain and can be expected to preoccupy the tropical forest sector over the life of the SAP 2022-2026.
- Serve as a transitional guidance document between 2022 and the launch of a process to negotiate a successor agreement to the ITTA, 2006 which could begin as early as 2026.

5. Annex 3 provides "explanatory notes" on the structure and content of the proposed SAP, which has five sections:

Section I: Introduction to ITTO highlights the relevance of ITTO to broader global forest-related goals and commitments and introduces the reader to ITTO and its the unique role in the global forest context.

Section II: Trends and challenges in the tropical forest sector highlights forest and market trends and COVID impacts drawing on the UN Strategic Plan for Forests, FRA 2020 and recent reports by ITTO, the UN Forum on Forests and the Convention on Biological Diversity.

Section III is the heart of the SAP. It sets out:

- 4 Strategic Priorities (SPs) which streamline the six SPs under the SAP 2013-2018 and integrate the themes of the Programme Lines now being piloted together with a new streamlined project cycle;
- 4 Crosscutting Strategies (CSs) that apply across the SPs; and
- 38 associated targets to be achieved or accomplished by 2026

Section IV: Implementation framework directs Council to set an "indicative 5-year fund mobilization goal" based on costs estimates to implement the 38 targets, and addresses SAP implementation through the BWPs, project financing and Thematic Programmes, as well as the role of ITTO Members and partners.

Section V: Monitoring and review provides basic guidance on monitoring and reporting reflecting current procedures and calls for reviewing the effectiveness of the SAP in 2026 based on indicators/parameters decided by Council following adoption of the new financial architecture.

C. Proposed new ITTO Mission Statement

6. The proposed SAP 2022-2026 contains a proposed new ITTO Mission Statement based on the chapeau of Article 1 of the ITTA, 2006. This new statement (shown below) would replace the ITTO mission statement contained in the SAP 2013-2018 which dates from 1998 and is based on the ITTA, 1994².

Proposed new ITTO Mission Statement based on ITTA, 2006, Article 1

To facilitate discussion, consultation, international cooperation and policy development on the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and on the sustainable management of tropical forests

D. Voluntary contributions and the Administrative Account

7. Successful implementation of the SAP 2022-2026 will depend on sustainable funding from voluntary contributions through ITTO's Biennial Work Programmes and project financing to support the targets set out in the SAP to be achieved by 2026. All Members in a position to do so are urged to provide voluntary contributions for this purpose.

8. Implementation of the SAP 2022-2026 will also depend on timely payment of assessed contributions to the Administrative Account which are an obligation under Article 19 of the ITTA, 2006 and essential to support both the Secretariat and ITTO core operations. The WG urges ITTC 57 under Agenda Item 11 (Matters related to Article 19 of the ITTA, 2006 on the Administrative Account) to identify concrete ways to address the significant and increasing shortfall in the Administrative Account due to non-payment of Members' annual assessments. These arrears now amount to over US\$11 million and are having severe impacts on ITTO's basic operations.

E. Draft Council Decision on the ITTO SAP 2022-2023

9. The WG recommends that ITTC 57 adopt the ITTO SAP 2022-2026, following Council deliberations during the Council session. Annex 4 contains a draft decision for Council's consideration.

* * *

² The 1998 ITTO mission statement reads: "To facilitate discussion, consultation and international cooperation on issues relating to the international trade and utilization of tropical timber and the sustainable management of its resource base."

ANNEX 1
Participants in the SAP Working Group

Producer Members:

- Ms. Carmela Quintanilla Centenaro, Peru
- Mr. Ulysse Korogone, Benin
- Mr. Balamurugan a/I Nallamuthu, Malaysia

Consumer Members:

- Ms. Jennifer Conje, USA
- Ms. Yoshiko Motoyama, Japan
- Ms. Sara Federica Reho, EU

Civil Society Advisory Group (CSAG) Member:

- Ms. Fernanda Rodrigues

Trade Advisory Group (TAG) Member:

- Mr. Barney Chan

Secretariat Coordinator:

- Ms. Sheam Satkuru, assisted by Secretariat colleagues

Consultants:

- Ms. Stephanie Caswell (USA)
- Mr. Jorge Malleux (Peru)

ANNEX 2
ITTO SAP 2022-2026 development process since November 2020

Date	Milestone/activity
Nov 2020	ITTC 56 requests the Executive Director (ED) in Decision 4(LVI) to implement Activity 10 of the 2021-2022 Biennial Work Programme (BWP) on developing a new ITTO SAP for consideration and approval by Council at ITTC 57 in 2021.
20 April 2021	The Officer in Charge (OIC) circulates to ITTO Focal Points a 10-question survey prepared by the consultants in close consultation with the ITTO Secretariat to gather initial views on the usefulness of the SAP 2013-2018 (extended to 2020) and the way forward on the new SAP 2022-2026. OIC requests responses by <u>14 May</u> .
8 June	24 survey responses received from 13 producers ³ , 8 consumers ⁴ and the TAG focal point.
8 July	OIC circulates to ITTO Focal Points the English version of the Background Paper on “Development of the ITTO Strategic Action Plan 2022-2026” prepared by the consultants in close consultation with the ITTO Secretariat as a follow up to the survey. The Background Paper: <ul style="list-style-type: none"> • Assesses implementation of the SAP 2013-2018 (extended through 2021) through BWPs, Thematic Programmes (TPs) and projects; highlights ITTO measures to strengthen internal controls and develop a new financial architecture, and provides an overview of global trends in the tropical forest sector and COVID-19 impacts (<u>Chapter II</u>) • Analyzes responses to the survey circulated on 20 April (<u>Chapter III</u>) • Proposes a framework for the SAP 2022-2026 on the basis of Chapters II and III. (<u>Chapter IV</u>) OIC requests comments on <u>Chapter IV, Proposed SAP Framework</u> , by <u>9 August</u>
23 July	OIC circulates to ITTO Focal Points the Background Paper in French and Spanish with a reminder of the 9 August due date for comments
30 July	OIC circulates the Executive Summary of the Background Paper in all languages
19 August	6 comments received on Chapter IV of the Background Paper ⁵
22 August	OIC circulates to the SAP Working Group the Preliminary Draft ITTO Strategic Plan 2022-2026 prepared by the consultants based on responses to the April 20 survey and comments on the Proposed SAP Framework contained in Chapter IV of the Background Paper circulated in July
9 September	SAP Working Group virtual meeting 1
16 September	SAP Working Group virtual meeting 2
23 September	SAP Working Group virtual meeting 3
6 October	SAP Working Group virtual meeting 4
At least 30 days before the ITTC57	OIC posts the following ITTC57 documents: “Report of the Working Group on the ITTO Strategic Action Plan (SAP) 2022-2026” and “Proposed ITTO Strategic Action Plan 2022-2026” in three languages

³ Cambodia, Central African Republic, Colombia, Gabon, Honduras, Indonesia, Madagascar, Malaysia, Mali, Mexico, Mozambique, Peru, Philippines

⁴ Australia, China (2 responses from Chinese Academy of Forestry), Croatia, EU, Japan (responses from Foreign Affairs and Forestry Agency), Slovenia, Switzerland, USA

⁵ Ecuador, Honduras, Japan Forestry Agency, Mexico, Philippines and CSAG

ANNEX 3

Explanatory Note on the structure and content of the proposed ITTO SAP 2022-2026

Structure	Explanation of content
I. Introduction to ITTO	<ul style="list-style-type: none"> • Draws on concepts and language from the UNSPF 2017-2030 endorsed by all ITTO member countries • Highlights ITTO's relevance to the GFGs, SDGs, other global commitments • Informs the reader about ITTO while avoiding “insider” terminology • Presents ITTO’s comparative advantages as a narrative to better reflect their scope • Includes boxes/headliners to provide additional information or highlight key points
II. Trends and challenges in the tropical forest sector	<ul style="list-style-type: none"> • Expands on Chapter II.F of the Background Paper • Draws on the UNSPF, FRA 2020 and recent reports by ITTO, UNFF and CBD • Highlights COVID-related impacts and trends affecting tropical forests/ tropical forest sector
III. Strategic Priorities (SPs), Crosscutting Strategies (CSs) and Targets	<ul style="list-style-type: none"> • This is the heart of the SAP. It presents 4 SPs, 4 CSs and 38 specific associated targets to be achieved/accomplished by 2026 • The 4 SPs streamline the current 6 SPs in SAP 2013-28 and integrate the PLs • CS 1-3 reflect widespread interest in highlighting COVID-19, ITTO operational effectiveness and gender equality as crosscutting issues in SAP • CS 4 converts the current SP6 on building capacity into a crosscutting strategy • Most targets are based on proposals from the 20 April survey; a few reflect recent Council decisions and/or partially funded BWP activities • Due to the interrelated nature of ITTO’s twin overarching objectives, there are synergies between and among SPs and CSs. A given target may contribute to more than one SP/CS
IV. Implementation Framework	<ul style="list-style-type: none"> • Directs Council to set an “indicative 5-year fund mobilization goal” after adoption of the SAP based on cost estimates to implement the targets (total target costs = 5-year funding goal) • Addresses SAP implementation through ITTO’s BWPs and projects/project cycle without prejudging the outcome of the pilot phase • Also addresses Thematic Programmes since TPs are enshrined in the ITTA, 2006 (Article 20), with a focus on lessons learned from the TP experience and the future outlook for unearmarked contributions • Highlights important role of ITTO members/partners in contributing to SAP implementation (an important feature of early ITTO action plans)
V. Monitoring & Review	<ul style="list-style-type: none"> • Provides basic guidance on monitoring and reporting reflecting current procedures • Calls for a review of the effectiveness of the SAP in 2026. Since core elements of ITTO’s future work are still being piloted, review parameters or indicators would be identified by Council following adoption of ITTO’s new financial architecture

ANNEX 4
Draft
ITTTC 57 Decision on the ITTO SAP 2022-2026



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DECISION XX(LVII)

ADOPTION OF THE ITTO STRATEGIC ACTION PLAN 2022-2026

The International Tropical Timber Council,

Recalling Decision 3(LVI) on developing the next ITTO Strategic Action Plan for consideration and approval by Council at its Fifty-seventh Session in 2021;

Decides to:

1. Adopt the ITTO Strategic Action Plan (SAP) 2022-2026 contained in the annex to this Decision;
2. Establish at its Fifty-eighth Session in 2022 an “indicative five-year resource mobilization goal” for the SAP 2022-2026 taking into account estimated costs to carry out the targets contained in Tables 2 and 3 of the SAP annexed to this Decision;
3. Requests the Executive Director/Officer in Charge to: (a) publish and widely disseminate the ITTO SAP 2022-2026 and (b) develop proposed cost estimates referred to in paragraph 2 for the Council’s consideration at its Fifty-eighth session;
4. Authorize the Executive Director/Officer in Charge to utilize funds pledged to Activity 10 of the Biennial Work Programme 2021-2022 to cover the costs associated with paragraph 3.

* * *

ANNEX 5
Executive Summary of the Background Paper on
“Development of the ITTO Strategic Action Plan 2022-2026”

Prepared for the ITTO Secretariat by the Consultants
July 2021

Background Paper

Development of the ITTO Strategic Action Plan 2022-2026

Executive Summary

Prepared for the ITTO Secretariat by
Stephanie J. Caswell
and
Jorge Malleux

July 2021

Executive Summary

I. Introduction

1. ITTC 56 requested the Executive Director in Decision 4(LVI) to implement Activity 10 of the 2021-2022 Biennial Work Programme (BWP) on developing a new ITTO strategic action plan (SAP) for consideration and approval by Council at ITTC 57 in 2021. On 20 April 2021, the Officer in Charge circulated a survey to gather initial views on the new SAP 2022-2026.¹ This Background Paper has been prepared by the consultants in close consultation with the ITTO Secretariat as a follow up to the survey. The Background Paper is organized as follows:

- Chapter II assesses implementation of the SAP 2013-2018 through BWPs, Thematic Programmes (TPs) and projects/pre-projects, highlights ITTO measures to strengthen internal controls and develop a new financial architecture², and provides an overview of global trends in the tropical forest sector and COVID-19 impacts.
- Chapter III analyzes responses to the survey on the usefulness of the SAP 2013-2018 and the way forward for the SAP 2022-2026.
- Chapter IV contains a proposed framework for the SAP 2022-2026 on the basis of Chapters II and III. ITTO Members and focal points of Technical Advisory Group (TAG) and Civil Society Advisory Group (CSAG) are invited to provide comments on the proposed SAP framework to Breulmann@itto.int by 9 August 2021.

2. Based on comments received, the consultants in consultation with the Secretariat, will develop a preliminary draft text of the SAP 2022-2026 for consideration by the ad hoc Working Group referred to Activity 10 of the BWP 2021-2022. The Working Group will develop a revised draft SAP which will be circulated for review. Based on comments received, a final draft SAP will be prepared and circulated for consideration at ITTC 57.

II. Assessment of implementation of SAP 2013-2018 (extended through 2021)

3. At the heart of the current SAP are six “strategic priorities” (see Box 1), together with examples of actions and relevant TP activities for each SP, to guide ITTO’s work in advancing the objectives in Article 1 of the ITTA, 2006.

Box 1: Six Strategic Priorities in SAP 2013-2018 (and relevance to ITTA, 2006³.)

1. Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment (Article 1.i, 1.k, 1.n)

¹ See Annex 1 of the Background Paper

² As of 2016, ITTO had lost US\$18.2 million in investment funds. This led to significantly reduced voluntary contributions and concerted measures to improve the Organization’s internal controls.

³ The SAP 2013-2018 does not directly link the SPs to the 19 measures listed in Article 1 of the ITTA, 2006. The references in parentheses have been added to indicate SP relevance.

2. Increase the contribution of tropical forests to national and local economies, including through international trade (Article 1.i,1.k)
3. Enhance the conservation and sustainable use of biodiversity in tropical timber producing forests (Article 1.m)
4. Reduce tropical deforestation and forest degradation and enhance the provision of environmental services (Article 1.j, 1.q)
5. Improve the quality and availability of information on tropical forests, forest product markets and trade (Article 1.e, 1.h, 1.k, 1.l, 1.o; Articles 27 & 28)
6. Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably management forests (Article 1.d, 1.g, 1.q, 1.r)

4. As can be seen, the SPs vary in scope from very broad (SP1, SP2) to narrow (SP3). SP6 is essentially cross-cutting while SP2 may often be an outcome of implementing the other SPs.

5. The current SAP sets ambitious “fund mobilization targets” for each SP totaling US\$200 million in projected voluntary contributions (VCs) to BWPs, TPs and project financing, nearly half of which (US\$95million) is projected for TPs. Table 1 shows that these aspirations have not been realized:

- For 2013-2020, ITTO received US\$44 million in VCs, about 22% of the total funding target
- The sharp drop in 2015 and again in 2017 reflects the two financial impairments
- The figures for 2018-2020 suggest a positive return of donor confidence due to ITTO’s improved internal controls, although the amounts remain well below pre-impairment levels

Table 1: Total voluntary contributions 2013-2020 by year (US\$000)⁴

2013	2014	2015	2016	2017	2018	2019	2020	Total
10,103	8,709	3,295	4,982	1,212	3,793	4,976	6,858	43,928

II.A. SAP implementation through BWP activities

6. There have been three BWPs under the SAP 2013-2018: BWP 2013-2014, BWP 2015-2016 (extended through 2017) and BWP 2018-2019 (extended through 2020). Table 2 summarizes BWP funding for 2013-2020. As can be seen:

- BWP funding totaled nearly US\$30 million: 81% from VCs and 19% from the core budget
- VCs dipped in 2015-2017 due to the impairment but shot up in 2018-2020, reflecting large contributions from the EU (for IMM), Germany (for LSCCs) and Japan (for fire management)
- Core funding has remained relatively constant when pro-rated by year, with a modest decrease in 2018-2020
- The percent of proposed BWP activities funded has increased significantly, reaching 95% in 2018-2020 as compared to 68% in 2015-2017

⁴ Excludes funds from Bali Partnership Fund Sub-Account B, Unearmarked Fund or Working Capital Account

Table 2: Summary of BWP funding 2013-2020 (US\$000)

Activities funded in support of SP1-6	BWP 2013-2014		BWP 2015-2017		BWP 2018-2020		Totals	% Totals
	Total	Prorated by year	Total	Prorated by year	Total	Prorated by year		
Activities funded from VCs	6,668	3,334	5,595	1,865	12,034	4,011	24,296	81%
Activities funded from core budget	1,490	745	2,311	770	1,840	613	5,642	19%
Total	8,158		7,906		13,217		29,938	100%
% Activities funded	69%		68%		95%			

II.B. SAP implementation through Thematic Programmes (TPs)

7. Article 20 of the ITTA, 2006 established the TP Sub-Account to facilitate unearmarked contributions for financing approved projects/pre-projects and activities consistent with TPs established by the Council. In 2008 (Decisions 8, 9 and 10/XLIV), Council operationalized the TP Sub-Account and established detailed “operational procedures and guidelines” and TP Profiles (concept notes) for the following five TPs on a three-year pilot basis (2009-2012):

- Forest Law Enforcement, Governance and Trade (TFLET)
- Reducing Deforestation and Forest Degradation and Enhancing Environmental Services in Tropical Forests (REDDES)
- Community Forest Management and Enterprises (CFME)
- Trade and Market Transparency (TMT)
- Industry Development and Efficiency (IDE)

8. Table 3 shows total pledges to TPs for 2009-2014⁵. As can be seen:

- The TPs attracted nearly US\$22 million in unearmarked VCs, with the vast majority pledged during the pilot phase prior to the SAP 2013-2018
- Pledges under the current SAP were significantly smaller (US\$3.08 million)
- REDDES and TFLET accounted for 85% of the funding with two significant grants from Norway (US\$8.17m for REDDES) and the Netherlands (US\$3m for TFLET)
- IDE was not funded indicating lack of donor interest in supporting industrial development

Table 3: Total pledges to Thematic Programmes 2009-2014 (US\$000)

Timeframe	REDDES	TFLET	CFME	TMT	IDE	Total
Pilot Phase 2009-2012	9,233	6,887	1,100	1,620	0	18,839
SAP 2013-2018 (2013 & 2014)	300	2,192	0	591	0	3,082
Total pledges	9,533	9,079	1,100	2,211	0	21,922
Projects funded	31	29	5	14	0	79
% Total pledges	44%	41%	5%	10%	0%	100%

⁵ The last pledge to TPs was in 2014, which was also the last call for proposals. Consistent with Decision 6(LIII), funds remaining in the TP Sub-Account were used to address the funding shortfall caused by the impairment.

9. Conclusion: After a promising start, TPs lost momentum and were not a significant factor in ITTO funding as envisioned in the SAP 2013-2018. The attempt through the ITTA, 2006 to create an unearmarked funding stream for ITTO similar to other forest-related organizations and complementing ITTO's earmarked funding was unsuccessful. Contributing factors may have included:

- ITTO's long tradition of highly specific ad hoc earmarks to relatively small projects
- Inexperience with programmatic approaches, including within ITTO delegations
- Continued preference of major donors for the control offered by earmarking
- Growing donor dissatisfaction with TP implementation during the pilot phase
- Increased competition for donor funding from new tropical forest programmes

II.C. SAP implementation through projects/pre-projects

10. As shown in Tables 4, 5 and 6, from 2013 to 2020 Council approved 152 projects and pre-projects. Of these, only 39 projects (25%) were fully funded for a total of US\$15.6 million. As can be seen:

- Project funding dropped sharply in 2014 and again in 2017-2018 in response to the impairment with only modest gains in 2019-2020⁶
- 42 percent of the funding went to the Asia-Pacific region
- Largest beneficiary countries were Indonesia, Cote d'Ivoire, Peru, Guatemala and Cambodia

11. Total project financing (US\$15.6 million) is US\$8.7 million less than BWP funding for the same period. This may indicate increasing donor interest in supporting activities with wider benefits.

Table 4: Status of approved projects 2013-2020

Project status	No. projects	Budget US\$000	% Total budget
Funded	39	15,622	25%
Pending	25	10,810	17%
In Sunset ⁷	88	35,855	58%
Total	152	62,287	100%

Table 5: Total voluntary contributions for projects by year 2013-2020 (US\$000)⁸

2013	2014	2015	2016	2017	2018	2019	2020	Total
6,411	2,620	2,895	2,197	166	71	502	760	15,622

⁶ After peaking at US\$18.2 million in 2010, voluntary contributions to ITTO began a downward turn, perhaps reflecting decreasing donor interest in the Organization prior to the impairment.

⁷ According to the Manual for Standard Operating Procedures for the ITTO Project Cycle, an approved project which has not been funded for 20 months may be revised and resubmitted. Failing re-submission, the project will be "sunsetting" and lose its status as an approved project.

⁸ Table 5 is a summary of Table 17 in the Background Paper.

Table 6: Funded projects by region and country 2013-2020 (US\$000)

Africa		Asia Pacific		Latin America		ITTO
Benin	630	Cambodia	1,000	Brazil	557	1,400
Cameroon	568	Fiji	311	Ecuador	130	
Cote d'Ivoire	2,240	Indonesia	3,530	Guatemala	1,256	
Ghana	120	Malaysia	686	Guyana	250	
Mozambique	321	PNG	756	Honduras	196	
Togo	157	Myanmar	140	Peru	1,258	
		Vietnam	116			
Subtotal	4,036	Subtotal	6,539	Subtotal	3,647	1,400
Percent	26%	Percent	42%	Percent	23%	9%
					TOTAL	15,622

II.D. ITTO internal controls and new financial architecture

12. Since 2015, ITTO has taken a number of decisions to improve internal controls and attract new resources.⁹ In 2019 (Decision 8/LV), Council agreed to a three-year pilot (2020-2022) of an ITTO fundraising strategy and a new streamlined project cycle focused on the following four thematic “programme lines” (PLs):¹⁰

1. Legal and sustainable supply chains (LSSC)
2. Conservation of biodiversity and ecosystem services
3. Forest landscape restoration and resilient livelihoods
4. Emerging issues and innovation

13. In 2020 (Decision 4/LVI), Council approved PL goals and objectives for the pilot phase and a project concept note template; “acknowledged” four funding scenarios for the pilot project cycle; and requested the ED to, *inter alia*, issue a first open call for concept notes and small project proposals under funding scenario 4 and develop a concept note and project proposal database.

14. Since Council will not adopt a new project cycle until 2022, the SAP will be adopted prior to the conclusion of the pilot phase. References in the SAP to a new project cycle and related PLs may be considered provisional pending Council’s decision in 2022.

II.E Overview: Global trends in the tropical forest sector and COVID-19 impacts

15. According to FRA 2020, from 2015 to 2020 the annual rate of deforestation was estimated at 10 million hectares, a modest decrease from 12 million hectares/year for 2010–2015. Most of the deforestation was in the tropics.

16. Among the major drivers of tropical deforestation are policies which favor land uses that produce higher and more rapid financial returns, including agriculture, energy, mining and transportation. Global subsidies for agricultural commodities (soy beans, oil palm, cattle, etc.) are estimated at US\$200 billion per year.

⁹ See Annex 2 of the Background Paper for a summary of all such decisions with hyperlinks to the full decisions

¹⁰ Interestingly, the PLs do not reference SFM (e.g. sustainable and legal sources) or climate change, the largest source of forest financing.

17. Natural tropical forests are also under threat from unsustainable and illegal logging, unsustainable fuelwood collection and disturbances, such as insects, disease, severe weather events and wildfires. According to FRA 2020, in 2015 some 73 million hectares of tropical forests, primarily in Africa and South America, were affected by fire.

18. The rapid onset of COVID-19 in early 2020 has exacerbated the situation. An April 2020 survey by ITTO's Market Information Service correspondents showed that COVID-19 was having devastating impacts on the tropical timber sector due to global economic contractions; disruptions in international trade, domestic commerce, and supply chains; and government lock down measures.

19. Post-COVID recovery in the forest sector is difficult to predict. ITTO's modelling suggests that global timber production could reach pre-crisis levels by 2026. However, the outlook for tropical timber production is less clear and may vary significantly from region to region and country to country depending on national circumstances and the structure of the tropical timber economy.

III. Responses to the ITTO survey

20. The survey circulated on 20 April 2021 included 10 questions. Questions 1-3 focused on implementation of the current SAP. Questions 4-10 focused on the way forward for the new SAP 2022-2026. As of 8 June 2021, the Secretariat had received 24 responses from 13 producers¹¹, 8 consumers¹² and the TAG focal point.¹³ These responses are tabulated in Tables 7 and 8. Conclusions based on responses are as follows:

- Question 1: The current SAP was moderately or more useful to a majority of respondents. Respondents offered numerous suggestions on how to improve the SAP going forward.
- Question 2: The current SAP was generally useful as a reference for developing national policies and/or project proposals and as a communication tool within and beyond ITTO.
- Question 3: There is no consensus on how well each of the six SPs were implemented. Given the disparity in ratings, responses may be highly subjective, reflecting the specific experience of the respondent during the SAP timeframe. Figure 1 summarizes responses by group.
- Question 4: There was general agreement that the new SAP should highlight ITTO's relevance and contribution to global forest-related goals and commitments and have value as a reference framework for ITTO Members, partners and stakeholders and as a communication and fundraising tool.

¹¹ Cambodia, CAR, Colombia, Gabon, Honduras, Indonesia, Madagascar, Malaysia, Mali, Mexico, Mozambique, Peru, Philippines

¹² Australia, China (2 responses from Chinese Academy of Forestry), Croatia, EU, Japan (responses from Foreign Affairs and Forestry Agency), Slovenia, Switzerland, USA

¹³ Survey responses reflected a wide range of views and inputs. See Chapter II and Annexes 3 and 4 of the Background Paper for further analysis and a compilation of responses.

- **Question 5:** All respondents except the EU thought the current six SPs remained generally valid and a good basis for going forward. While views varied on which three SPs were more important for the new SAP, SP1 (governance and investment) and SP4 (deforestation, environmental services) were indicated most often, followed by SP3 (biodiversity). The EU proposed four new SPs which have elements in common with SP1, SP3 and SP4.

Table 7: Summary of survey responses to Questions 1-3 on SAP 2013-2018¹⁴

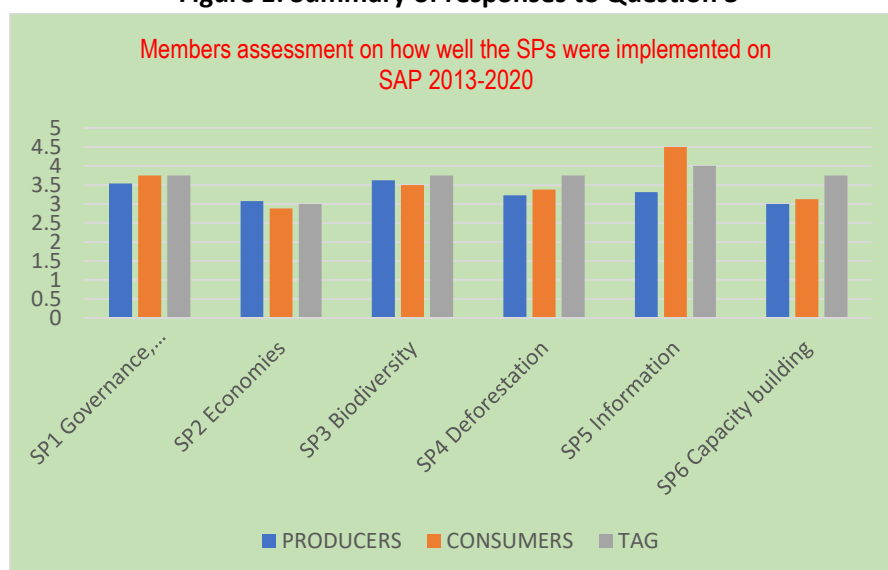
Question	Producers		Consumers		TAG ¹⁵
1. How useful was the SAP?					
1 (least useful)	x				
2	x		x		
3	xxx		xxx		3.5
4	xxx		xxxx		
5 (most useful)	xxx		x		
1. How can SAP be improved?	See para 63 Q1 ¹⁶		See para 63 Q1		See para 63 Q1
2. How did you use SAP?					
2.a Communication	xxxxxxxx		xxxx		xxxx
2.b Project reference	xxxxxxxx		xxxxxxx		xx
2.c Policy reference	xxxxxxxxxxx		xxxxxx		x
2.d Other uses	See para 63 Q2		See para 63 Q2		See para 63 Q2
3. How well were SPs implemented? (1 to 5, 5 is best)		Total		Total	
SP1 Governance, investment	4 3 2 4 2 4 5 2 3 5 5 3 4	46	4 4 4 4 3 - 5 2 4	30	3.75
SP2 Economies	4 2 3 4 5 4 - 3 2 4 5 2 2	40	3 3 3 2 3 - 4 2 3	23	3
SP3 Biodiversity	3 1 3 4 5 3 5 4 3 5 5 3 3	47	4 4 3 4 4 - 5 1 3	28	3.75
SP4 Deforestation	2 1 3 5 5 3 4 4 1 5 5 3 1	42	3 3 3 5 3 - 5 1 4	27	3.75
SP5 Information	4 2 4 3 1 3 3 4 4 5 4 3 3	43	4 4 4 5 4 5 5 1 4	36	4
SP6 Capacity building	4 2 3 3 2 3 3 2 2 4 5 4 2	39	4 3 3 2 3 - 4 1 5	25	3.75

¹⁴ Each “x” in producer and consumer columns corresponds to one respondent checking the entry.

¹⁵ For TAG: “Replies are collated from replies made by TAG members. X = a tick by one TAG member, more “x” indicates more popular choice. An average (in 1 to 5 scale) is used where members have different opinions.”

¹⁶ See paragraph 63 of the Background Paper for a list of all proposals for improvement (Question 1) and for other uses of the current SAP (Question 2)

Figure 1: Summary of responses to Question 3¹⁷



- **Question 6:** There was general agreement that the pilot PLs should be reflected in the new SAP, although views varied on how. The approaches in Question 6.a (incorporate PLs into SPs), 6.b (PLs as targets) and 6.c (PLs as implementation tools) are not mutually exclusive.

Table 8: Summary of survey responses to Questions 4-9 on the SAP 2022-2026¹⁸

Question	Producers	Consumers	TAG
4. Added SAP values?			
a. Communication/fundraising	xxxxxx	xxxxxxx	x
b. GFGs/SDGs/Paris/etc.	xxxxxxx	xxxxxxxxxxx	xx
c. Reference framework	xxxxx	xxxxxxxxxxx	xx
d. Other	See para 64 Q4 ¹⁹	See para 64 Q4	
5. Current SPs generally valid? Which?			
Yes	xxxxxxxxxxx	xxxxxxxxxxx	x
No		x	
Most important SPs over 5 years			
SP1 Governance, investment	xxxxxxx	xxxxxxx	x
SP2 Economies	xxxxx	xx	
SP3 Biodiversity	xxxxx	xxx	x
SP4 Deforestation	xxxxx	xxxxxx	x
SP5 Information	xxx	xxxx	
SP6 Capacity building	xx	xx	
6.b How to reflect PLs in SAP?	Producers	Consumers	TAG
a. Integrate PLs into SPs	xxxx	xxxx	xx
b. As targets/actions under SPs	xxx	xxx	xx
c. As SAP implementation tools	xxxxxxx	xxxxxxx	
7. Highlight crosscutting issues?			
a. COVID & tropical forest sector	xxxxxxx	xxxxxxx	x
b. Gender equality	xxxxxxx	xxxx	

¹⁷ Figure 1 is a modification of Figure 7 in the Background Paper.

¹⁸ See footnotes 14 and 15 for an explanation of “x” entries

¹⁹ See paragraph 64 of the Background Paper for other suggestions for: Values of the new SAP (Question 4); cross-cutting issues (Question 7); cross-cutting issues as SPs (Question 8); and targets for 2026 (Question 9)

c. ITTO effectiveness/capacity	xxxxx	xxxxxxx	xxx
d. Other	See para 64 Q7	See para 64 Q7	See para 64 Q7
8. Cross-cutting issues as SPs?			
a. COVID & tropical forest sector	xxx	xx	
b. Gender equality	xx	xxx	
c. ITTO effectiveness/capacity	x	xx	x
d. Other	See para 64 Q8	See para 64 Q8	
9. Targets to achieve in 5 years?			
a. Adopt fundraising strategy	xxxx	xxxxxxx	x
b. Fully operationalize 4 PLs	xxxxxxx	xxxxxxx	xxxx
c. Streamline project cycle	xxxxx	xxxx	
d. Revise project manuals	xxxxx	xxx	
e. Reinvigorate TPs	xxxx	x	x
f. Rationalize PLs & TPs	xx	xxxx	
g. Other	See para 64 Q9	See para 64 Q9	

- Question 7: There was widespread support for highlighting COVID-19, ITTO operational effectiveness and gender equality as cross-cutting issues in the new SAP. Additional suggestions included science, technology and innovation; climate change mitigation and adaptation; sustainable domestic wood in producer countries; and fair and effective tropical timber markets. Such topics could also be integrated into the SPs or formulated as targets.
- Question 8: There was mixed interest in formulating cross-cutting issues as SPs. This could reflect a hesitation to increase the number of SPs.
- Question 9: There was general interest in identifying targets to be achieved by 2026, especially for elements of the new financial architecture now being piloted (adopting a streamlined project cycle and associated PLs and a fundraising strategy). A number of respondents also supported other targets listed under Question 9.
- Question 10: Many respondents offered additional comments on the new SAP. These comments included a number of proposals which are summarized in [Box 2](#). Some recurring themes include COVID-19 recovery, climate change, and trade and market issues, including LSSCs.

Box 2: Summary of proposals contained in survey responses to Question 10

Producer proposals
<ul style="list-style-type: none"> • SAP should take into account proposals for improvement from Member countries. • Within the framework of SP2, promote mechanisms to make visible the contribution of SFM activities to generate employment within the framework of post-COVID economic reactivation. • SAP should prioritize capacity building for regional and local actors for developing and strengthening forestry extension. • Analyze desirability of supporting issues related to managing landscapes in an integrated manner in the context of climate change; basic forest products and by products of sustainable value chains; smart policies based on tropical forest management; and innovative instruments for financing, technology and research. • SAP should take into account the characteristics of each country and the poor who become instruments of large operators in illegal logging and illicit transport.

- SAP should take a forward-looking approach to the challenges faced by the tropical timber sector from COVID-19.
- SAP should be reviewed regularly to reflect the current situation (e.g. impairment and COVID-19).
- SAP should outline clear indicators with specific achievable targets, various strategies, action-oriented and enablers in achieving the SAP goal.
- ITTO should consider new SAP elements such as technology advancement and innovation, research on market conditions, human capital development, and resiliency in the tropical timber business.
- Focus the SAP on the international context and think about the difficulty of mobilizing funding in the COVID context.
- There is an urgent need to create a Working Group specializing in fundraising to amend the financial situation facing the Organization.
- Maintain constant communication with Members on the progress on the SAP and financing options for research projects in the forestry sector.
- SAP should include forest science, technology and innovation as a cross-cutting issue or new SP.
- In the context of SP4, the REDDES TP could include “Design of a Platform for projects and investment in the restoration of ecosystems and degraded areas through forest plantations”.

Consumer proposals

- Pay more attention to issues on sustainable supply of and demand for tropical timber.
- SAP should highlight relevance of ITTO’s work to the SDGs and other global goals.
- Capitalize on current high-level attention on sustainable commodity supply chains and trade (UN, G7) by including specific suggestions in new SAP on ITTO’s relevance to post-COVID economic recovery.
- SAP should include strategic use of ITTO’s statistical/market database to provide information on and promote sustainable and resilient supply chains.
- Consider targets/indicators for each SP to measure and report back.
- Fully operationalize PLs and move forward on a streamlined project cycle.
- More focus on interaction between agriculture (main driver of deforestation) and forestry/land use planning and the value of tropical timber.
- Address/recognize tropical forests in light of climate change, economic recovery (post COVID), and species extinction.

TAG proposals

- ITTO should build global demand for sustainable use of forest resources and make consumers aware of SFM and the part played by the trade in non-technical language.
- Establish a “Working Group on International Tropical Timber Trade: Obstacles & Challenges” comprised of TAG members and interested timber traders to understand why the tropical timber trade is losing market share despite adopting SFM, timber certification, FLEGT, and various Due Diligence processes.

IV. Proposed framework for SAP 2022-2026

21. Based on Chapters II and III, the following is a proposed framework for the SAP 2022-2026. ITTO Members and TAG and CSAG focal points are invited to provide comments on the proposed SAP framework to Breulmann@itto.int by 9 August 2021.

Proposed framework for the SAP 2022-2026

Premise/context

- The SAP will guide ITTO's work and priorities over five years, with a view to advancing the objectives in Article 1 of the ITTA, 2006. Five years is a relatively short planning horizon. The SAP should be as concrete as possible while also providing Council with the flexibility to respond to new and emerging issues and challenges.
- The SAP should be realistic and commensurate with ITTO's projected capacity. While Council has taken vigorous steps to address the impairment and is piloting a new financial architecture, it is unclear as to its efficacy and to what degree voluntary contributions will increase in the near future.
- Recovery from the disruptions and impacts of the unprecedented COVID-19 pandemic can be expected to preoccupy many sectors of the global economy for the next few years, including the tropical forest sector. The SAP should take this into account.
- The SAP will include strategic priorities (SPs), cross-cutting issues/strategies and associated targets to be reached/accomplished by 2026, taking into account work now being piloted (fundraising strategy, streamlined project cycle, PLs).
- Given the integrated nature of ITTO's objectives, there will likely be synergies across SPs and cross-cutting issues/strategies, as well as synergies among targets. A given target may contribute to more than one SP/cross-cutting issue.
- It is expected that in 2026 Council will extend the ITTA, 2006 for a final three years and decide the process for negotiating a successor agreement. The SAP may be viewed as a transitional guidance document between 2022 and initiating a review of the mandate and structure of the Organization.
- The SAP should be a clear, concise, attractive document that can be used and understood by a wide range of audiences within and beyond ITTO (while clearly oriented toward advancing ITTO's mandate).

Proposed structure and content of the SAP 2022-2026

1. Introduction. This section would highlight (in an appropriate order):

- The purpose of the SAP:
 - Guide ITTO's policy and project work and priorities over five years to advance the objectives in Article 1 of the ITTA, 2006
 - Serve as reference framework for ITTO Members, partners and stakeholders and communication tool with the wider forest community, including donors, who may not be familiar with ITTO's contributions to SFM and sustainable supply chains and trade

- The importance of tropical forest resources, products and services to people worldwide, including local livelihoods, and the role of international trade in supporting the sustainability of the forest resource
- ITTO's unique role and comparative advantages in promoting SFM and sustainable forest enterprises, supply chains and international trade and in providing up-to-date market information and statistics
- ITTO's relevance/contributions to internationally agreed goals and commitments (UNSPF/GFGs, 2030 Agenda/SDGs, Paris Agreement, Post-2020 Global Biodiversity Framework, etc.)
- ITTO's core partnerships which leverage its relevance/contributions: TAG & CSAG, CPF and its member organizations (e.g. CITES, CBD), regional organizations, etc.
- Major trends and challenges in the tropical forest sector, including the tropical timber trade: Market trends, FRA 2020, impacts of COVID and outlook for recovery

2. Strategic priorities, cross-cutting strategies, targets:

- This section would set out ITTO's SPs and crosscutting strategies for the next five years and associated targets to be achieved/accomplished by 2026.
- The SPs (and as appropriate cross-cutting strategies) would be clearly linked to the GFGs, SDGs, Paris Agreement and post-2020 Global Biodiversity Framework
- Box 3 contains three conceptual options for approaching the SPs and cross-cutting issues/strategies:
 1. Baseline option: Same six SPs as SAP 2013-2018 plus three crosscutting strategies
 2. SPs integrating thematic elements from the pilot PLs plus four cross-cutting strategies. (SP6 on capacity building becomes a cross-cutting strategy.)
 3. Prioritized strategies and crosscutting strategies reflecting the language in subparas 1.a to 1.s of Article 1 of the ITTA, 2006.
- Boxes 4 and 5 list potential targets for conceptual options 1-2 and associated crosscutting strategies based on survey responses, recent Council decisions and BWPs. Box 6 lists potential targets for conceptual option 3 based on survey responses, recent Council decisions and BWPs.

3. Implementation framework

- The SAP will be implemented through BWP activities and through projects financed largely from voluntary contributions earmarked to specific activities and projects.
- Core operational activities included in the BWPs (e.g. communication activities, expert meetings, studies, guidelines, manuals) may be funded from the Administrative Account (core budget) pursuant to Article 19.2 of the ITTA, 2006.

- Council will assess lessons learned from TP operations and explore the feasibility for reinvigorating the TP concept pursuant to Articles 20 and 24 of the ITTA, 2006.
- The SAP will recognize that final decisions on elements of the new financial architecture now being piloted (streamlined project cycle, PLs, fund raising strategy) will be taken by Council in 2022 and may reflect refinements/modifications based on the pilot operation. (The Council decision in 2022 may be added as addendum to the SAP.)
- Project proposals submitted after November 2022 will follow the new project cycle procedures as adopted by Council.
- Proposed BWP activities and project proposal documents (e.g. concepts notes) will indicate their relevance to the SPs and cross-cutting issues/strategies, GFGs and SDGs, as well as Article 1 of the ITTA, 2006. (Adjustments to the BWP format may be indicated.)
- ITTO Members, TAG and CSAG and international and regional partners have an important role to play in supporting the SAP and will be invited to share their contributions to SAP implementation during annual Council sessions (new agenda item)

4. Monitoring and review

- The ED/OIC will report annually to Council on progress (accomplishments, challenges) on SAP implementation through the BWPs and through the project cycle
- The ED/OIC will also report intersessionally as requested by Council
- Council will review and assess the effectiveness of the SAP in 2026 based on review parameters/indicators agreed in 2025.
- Council may also wish to undertake a mid-term review/assessment of the SAP in 2024 based on review parameters/indicators agreed in 2023.
- Based on its review and assessment in 2026, Council may wish to extend the SAP 2022-2026 through 2029 in line with a three-year final extension of the ITTA, 2006 (per Article 44), with refinements/amendments to the SAP as needed.

Box 3: Three conceptual options for approaching the SPs in the SAP 2022-2026²⁰

Conceptual option 1: Baseline option – Same SPs as SAP 2013-2018

Strategic Priorities

1. Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment (Art. 1.i, 1.k, 1.n)
2. Increase the contribution of tropical forests to national and local economies, including through international trade (Art. 1.i, 1.k)
3. Enhance the conservation and sustainable use of biodiversity in tropical timber producing forests (Art. 1.m)
4. Reduce tropical deforestation and forest degradation and enhance the provision of environmental services (Art. 1.c, 1.j, 1.q)
5. Improve the quality and availability of information on tropical forests, forest product markets and trade (Art. 1.e, 1.h, 1.k, 1.l, 1.o; Articles 27 & 28)
6. Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably management forests (Art. 1.d, 1.g, 1.q, 1.r)

Three cross-cutting strategies:

(1) Enhance ITTO operational effectiveness; (2) Mainstream the tropical forest sector in COVID-19 recovery plans, measures and investments; (3) Promote gender equality and the empowerment of women

Conceptual Option 2: SPs integrating thematic elements from the pilot PLs

Strategic Priorities

1. Promote good governance and policy frameworks to enhance financing and investment in sustainable tropical forest management, legal and sustainable supply chains and related trade (Art. 1.i, 1.k, 1.n)
2. Increase the contribution of the tropical forest sector, including trade in forest products, to national and local economies and resilient livelihoods (Art. 1.i, 1.k)
3. Reduce tropical deforestation and forest degradation, enhance forest landscape restoration and the resilience of forest ecosystems to climate change, and conserve forest biodiversity and ecosystem services (Art. 1.j, 1.m, 1.q)
7. Improve the quality, availability, timeliness of information on tropical forest product markets, supply chains and international trade (Art. 1.e, 1.h, 1.k, 1.l, 1.o; Articles 27 & 28)

Four cross-cutting issues:

(1) Build capacity in Member countries to advance the SAP; (2) Enhance ITTO operational effectiveness; (3) Mainstream the tropical forest sector in COVID-19 recovery plans, measures and investments; (4) Promote gender equality and the empowerment of women

²⁰ Notations in parentheses refer to relevant subparas of Article 1 of ITTA, 2006. All SPs contribute to Article 1.a, 1.c. and 1.s.

Conceptual option 3: Prioritized Strategies from subparas of Article 1 of ITTA, 2006²¹

Promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests (Art. 1 chapeau)

Prioritized Strategies:

- Providing an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy (Art. 1.a)
- Providing a forum for consultation to promote non-discriminatory timber trade practices (Art 1.b)
- Promoting a global forum for SFM, timber and NTFP market and environmental services (new)
- Promoting improved understanding of the structural conditions in international markets, including long-term trends in consumption and production, factors affecting market access, consumer preferences and prices, and conditions leading to prices which reflect the costs of SFM (Art 1.e)
- Promoting increased and further processing of tropical timber from sustainable sources in producer member countries, with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings (Art 1.i)
- Encouraging members to develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance, in the context of the tropical timber trade (Art 1.m)

Promote the sustainable management of tropical timber producing forests (Art. 1 chapeau)

Prioritized Strategies:

- Encouraging members to recognize the role of forest-dependent indigenous and local communities in achieving sustainable forest management and develop strategies to enhance the capacity of these communities to sustainably manage tropical timber producing forests (Art 1.r)
- Promoting mechanisms to make visible to make visible the contribution of SFM activities to post-COVID employment and economic reactivation (new, relates to Art 1.s)
- Promoting and supporting research and development with a view to improving forest management and efficiency of wood utilization and the competitiveness of wood products relative to other materials, as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests (Art 1.f)
- Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber (Art 1.n)
- Developing and contributing towards mechanisms for the provision of new and additional financial resources with a view to promoting the adequacy and predictability of funding and expertise needed to enhance the capacity of producer members to attain the objectives of this Agreement (Art 1.g)

²¹ Notations in parentheses indicate the subparas in Article 1 of the ITTA, 2006 where the text is a direct quote. "New" strategies are not contained in Article 1.

- Encouraging members to support and develop tropical timber reforestation, as well as rehabilitation and restoration of degraded forest land, with due regard for the interests of local communities dependent on forest resources (Art 1.j)
- Encouraging members to develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance, in the context of the tropical timber trade (Art 1.m)
- Focusing on interaction between agriculture (main driver of deforestation) and forestry/land use planning and the value of tropical timber (new)

Crosscutting

- Promoting access to, and transfer of, technologies and technical cooperation to implement the objectives of this Agreement, including on concessional and preferential terms and conditions, as mutually agreed (Art 1.p)
- Strengthening the capacity of members for the collection, processing and dissemination of statistics on their trade in timber and information on the sustainable management of their tropical forests (Art 1.l)
- Highlight the relevance of ITTO's work to the SDGs and other global goals (Art 1.c). And take into account the characteristics of each country and the poor who become instruments of large operators in illegal logging and illicit transport (new)

Box 4: Potential SP targets by 2026 for SP conceptual options 1 and 2

SP on governance and financing for SFM/LSSCs

- Develop a strategy/roadmap for meeting GEF and GCF requirements for accreditation as a partner agency
- Leverage financing through enhanced international partnerships and synergies
- Develop and promote tools and approaches to monitor and increase transparency and traceability in tropical timber product supply chains
- Promote ITTO as a platform for LSSC dialogue and cooperation
- Explore opportunities/constraints to investment in tropical timber processing industries and technologies

SP on contribution of the tropical forest sector to local and national economies/livelihoods

- Conduct a study on domestic wood production and supply chains in producer countries to better understand their role in local and national economies
- Establish a joint ITTO-TAG working group to look at market/trade issues, resiliency in the tropical timber business, and ways to build global demand for sustainably produced/supplied tropical timber
- Develop and promote business models for SMEs, including IPLC enterprises
- Promote full valuation of tropical forest resources and their contribution to formal and informal economies
- Explore opportunities for value creation in producer countries
- Assess the role of tropical plantations and agroforestry systems in local and national economies and opportunities to rehabilitate degraded land for these uses

SP on deforestation/degradation, restoration, biodiversity, ecosystem services

- Articulate/promote ITTO's role in reducing tropical deforestation and forest degradation and contributing to climate change mitigation and adaptation and forest landscape restoration
- Promote zero deforestation agriculture and related land use policies

<ul style="list-style-type: none"> • Establish an MOU with UNFCCC to promote collaboration/synergies, including on forest restoration and integration of SFM in climate mitigation/adaptation strategies • Refine the MOU with CBD as needed to reflect the Post-2020 Global Biodiversity Framework • Extend/renew the MOU with UNCCD through 2026 • Promote use of ITTO Guidelines for Tropical Forest Restoration in the Tropics (2020)
<p style="text-align: center;">SP on statistics and information</p> <ul style="list-style-type: none"> • Make strategic use of ITTO’s market/trade databases to inform LSSC discussions in international fora and within CPF • Prepare an updated SFM Tropics report based on ITTO’s C&I • Upgrade ITTO databases on projects and activities, taking into account the database developed as part of piloting a streamlined project cycle
<p style="text-align: center;">SP (or cross-cutting issue) to help build capacity in Member countries to advance the SPs</p> <ul style="list-style-type: none"> • Upscale best practices, tools, scientific/research applications and innovation • Enhance training, education and extension, including through the ITTO Fellowship Programme and a revitalized CEEP • Develop and adopt ITTO knowledge management guidelines

Box 5: Potential Cross-cutting targets by 2026 for SP conceptual options 1-3

<p style="text-align: center;">Enhance ITTO’s operational effectiveness</p> <ul style="list-style-type: none"> • Adopt and operationalize an ITTO fundraising strategy and a streamlined project cycle based on the results of the pilot phase • Revise/update ITTO’s project-related manuals accordingly • Adopt and implement a communication and outreach strategy, including to promote the SAP • Enhance partnerships with TAG and CSAG, including IPLCs • Assess lessons learned from TPs and explore opportunities to attract unearmarked funds to ITTO to complement earmarked contributions • Consider ways to address the continuing shortfall in the Administrative Account
<p style="text-align: center;">Mainstream the tropical forest sector in COVID-19 recovery plans, measures and investments</p> <ul style="list-style-type: none"> • Assess impacts of COVID on tropical forest sector, including impacts on trade and national and local economies • Identify post-COVID recovery challenges and opportunities, including through annual market discussions and biennial reviews of world timber situation • Promote post-COVID recovery investments in tropical forest-based enterprises and sustainable and resilient supply chains • Promote mechanisms that highlight the contribution of SFM, LSSC and trade to post-COVID employment and economic reactivation • Work with CPF to identify links between tropical forests and reducing risk of future pandemics
<p style="text-align: center;">Promote gender equality and the empowerment of women</p> <ul style="list-style-type: none"> • Enhance/accelerate application and operationalization of ITTO’s GEEW Policy Guidelines, including in the context of the new streamlined project cycle now being piloted • Conduct a study on how gender gaps accentuate the vulnerability of women to impacts of climate change and limit their adaptive capacity to face disaster risks

Box 6: Potential targets by 2026 for conceptual option 3

ITTA, 2006 Objective	Prioritized strategies for SAP 2022-2026	Potential Targets
Expansion and diversification of International trade in tropical timber from sustainably managed and legally harvested forests (Article 1 chapeau)	Providing an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy (Art 1.a)	Build global demand for sustainable use of forest resources and make consumers aware of SFM and the part played by the trade in non-technical language
	Providing a forum for consultation to promote non-discriminatory timber trade practices (Art 1.b)	Establish joint ITTO-TAG working group to look at market/trade issues, resiliency in the tropical timber business, and ways to build global demand for sustainably produced and supplied tropical timber
	Promoting a global forum for sustainable forest management, timber and NTFP market and forest environmental services (new)	<ul style="list-style-type: none"> - Develop a strategy/roadmap for achieving GEF and GCF accreditation and fundraising opportunities - Establish an MOU with UNFCCC to promote collaboration/synergies, including on forest restoration and integration of SFM in climate mitigation/adaptation strategies aiming to obtain funds for SFM and climate change projects
	Promoting improved understanding of the structural conditions in international markets, including long-term trends in consumption and production, factors affecting market access, consumer preferences and prices, and conditions leading to prices which reflect the costs of sustainable forest management (Art 1.e)	<ul style="list-style-type: none"> - Develop together with Members the full valuation of tropical timber and other forest resources and value creation and national forest accounts - Capitalize on current high-level attention on sustainable commodity supply chains and trade (UN, G7)
	Promoting increased and further processing of tropical timber from sustainable sources in producer member countries, with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings (Art 1.i)	Conduct a study on domestic wood production and supply chains in producer countries and identify opportunities to enhance sustainability and efficiency
	Encouraging members to develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance, in the context of the tropical timber trade (Art 1.m)	Develop regional and subregional workshops and dissemination activities among Members
Promote the sustainable management of tropical timber producing forests (Article 1 chapeau)	Encouraging members to recognize the role of forest dependent indigenous and local communities in achieving sustainable forest management and develop strategies to enhance the capacity of these communities to sustainably manage tropical timber producing forests (Art 1.r)	<ul style="list-style-type: none"> - Articulate/promote ITTO's role and participation in reducing tropical deforestation and forest degradation and contributing to climate change mitigation and adaptation - Assist countries to promote positive interactions between agriculture and forestry/land use policies
	Promoting mechanisms to make visible the contribution of SFM activities to post-COVID employment and economic reactivation (new based on Art 1.s)	Develop a strategic plan on ITTO's relevance to post-COVID economic recovery
	Promoting and supporting research and development with a view to improving forest management and efficiency of wood utilization and the competitiveness of wood products relative to other materials, as well as	Support national and regional program/projects on timber, non-timber and forest services markets (environmental services)

Promote the sustainable management of tropical timber producing forests (continued)	increasing the capacity to conserve and enhance other forest values in timber producing tropical forests (Art 1.f)	
	Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber (Art 1.n)	Develop and promote tools and approaches to monitor and increase transparency and traceability in tropical timber product supply chains
	Developing and contributing towards mechanisms for the provision of new and additional financial resources with a view to promoting the adequacy and predictability of funding and expertise needed to enhance the capacity of producer members to attain the objectives of this Agreement (Art 1.g)	<ul style="list-style-type: none"> - Operationalize PLs and move forward on streamlined project cycle - Working Group specializing in fundraising to improve the financial potential of the Organization - Design of a Platform for projects and investment in the restoration of ecosystems and degraded areas through forest plantations - Assess lessons learned from TPs and explore opportunities to attract unearmarked funds to ITTO
	Encouraging members to support and develop tropical timber reforestation, as well as rehabilitation and restoration of degraded forest land, with due regard for the interests of local communities dependent on forest resources (Art 1.j)	Analyze and promote approaches to managing landscapes in an integrated manner in the context of a changing climate
	Encouraging members to develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance, in the context of the tropical timber trade (Article 1.m)	Prepare an updated SFM Tropics report based on ITTO's C&I I and national and regional forest sector reviews
	Focus on interaction between agriculture (main driver of deforestation) and forestry/land use planning and the value of tropical timber	Assist producer members in the development and implementation of intersectoral working groups for deforestation control and reduction, using strategies of agroforestry systems and sustainable alternative income generation activities
Crosscutting strategies	Promoting access to, and transfer of, technologies and technical cooperation to implement the objectives of this Agreement, including on concessional and preferential terms and conditions, as mutually agreed (Art 1.p)	Enhance training, education and extension, including through ITTO Fellowship Programme and a revitalized CEEP
	Strengthening the capacity of members for the collection, processing and dissemination of statistics on their trade in timber and information on the sustainable management of their tropical forests (Art 1.l)	Upgrade ITTO databases on projects and activities
	Highlight relevance of ITTO's work to the SDGs and other global goals. And take into account the characteristics of each country and the poor who become instruments of large operators in illegal logging and illicit transport. (new based on Art. 1.c)	Active participation of UNFF, FAO, UNFCCC, CITES, CBD supporting their goals and exploring/negotiating special funds for common/ relevant programs