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29 November - 3 December 2021
Virtual Session

MINUTES OF THE ADVISORY BOARD TELECONFERENCES IMPLEMENTING ITTO'S NEW FINANCING ARCHITECTURE

Minutes Decision 8(LIV) IMPLEMENTING ITTO'S NEW FINANCING ARCHITECTURE – Phase 1**ADVISORY BOARD TELECONFERENCE****Thursday 23rd April 2020****PARTICIPANTS:****Advisory Board**

Mr. Bjorn Merckell (BM), Chairperson ITTO
 Ms. Anna Tyler (AT), Consumers Caucus Spokesperson
 Mr. Jorge Malleux (JM), Producers Caucus Spokesperson
 Ms. Katharina Kuehmeyer (KK), Chairperson CFA
 Ms. Cathy Karr-Colque (CKC), Chairperson CEM & CFI
 Mr. Bruno Arias (BA), Chairperson CRF
 Ms. Cecile Njebet (CN), Coordinator, Civil Society Advisory Group
 Mr. Barney Chan (BC), Coordinator, Trade Advisory Group
 Ms. Yoshiko Motoyama (YM), Representative of the host Government of Japan

ITTO Secretariat

Mr. Gerhard Dieterle, Executive Director (ED)
 Mr. Steve Johnson, Director/D1 Trade & Industry
 Ms. Sheam Satkuru, Director/D1 Operations
 Mr. Osamu Hashiramoto, Director/D1 RFM
 Mr. Gerhard Breulmann, Planning, Monitoring & Evaluation Officer

TENTATIVE AGENDA

10 minutes	Welcome by Executive Director & Introduction of Advisory Board members
10 minutes	Brief Situation Update (current exigencies, etc)
20 minutes	ITTO Presentation – Update on the ITTO Pilot Programmatic Approach Dr. Gerhard Dieterle, Executive Director ITTO - Efforts on the Implementation of Decision 8(LV)
15 minutes	Interactive Exchange with Advisory Board Members
5 minutes	Tentative Dates for next Advisory Board Teleconference & Closing

1. INTRODUCTION & ITTO UPDATE PRESENTATION

The virtual meeting was convened with the above participants and chaired by the Executive Director, Dr. Gerhard Dieterle. After a quick round of introductions, a quick update on the current COVID-19 situation was provided, as follows:

1.1 ITTC56

- The AB were informed of all the measures taken by ITTO in response to the COVID-19 relating to staff on the implementation of staggered working hours and working from home provisions in line with UN and ILO Guidelines.

- ITTO is in contact with the Japanese government and related authorities while monitoring the situation closely in seeking options relating to the organisation of the ITTC56.
- Travel restrictions enforced by the Government of Japan (GoJ) are currently very much in place, leaving much uncertainty on when they may be eased/lifted, all contingent upon the spread of the COVID-19 virus, not just in Japan but also globally.
- The Advisory Board (AB) was informed on all matters relating to the ITTC56 and they would be notified as soon as possible of confirmations from the Pacifico on deadlines for the decision-making process under ITTO Decision 9(XXXI). The current options which are available are 9-14 November 2020 and 24-30 March 2021.
- The decision to be made under Decision 9(XXXI) will be heavily reliant on the situation closer to the time (to be re-visited in early July 2020), especially on exigencies under COVID-19 at that time and travel restrictions still in place in Japan and elsewhere which are critical considerations on delegation travel and national budgets if ITTC56 were to go ahead in November 2020.

Secretariat: The ITTC Chair & Spokespersons were informed by e-mail on 26th May 2020 that the Pacifico Conference Centre has extended the deadline for ITTO's decision-making process until the 20th July 2020, allowing for the consideration then of the possibility of proceeding with the ITTC 56 in November 2020 or otherwise, depending on the situation then.

1.2 **ITTO Presentation - Update on the ITTO Pilot Programmatic Approach**

The ED proceeded to take the AB members through the PPT presentation distributed in advance. Key messages from the PPT presentation:

- ITTO succeeded to break the continued downward funding trend which could be observed since 2010-11 and which was aggravated during the impairment period. Willingness to fund the organisation appears to be more of a systemic issue, which was an important element in the consideration of ITTO's new Programmatic Approach.
- As a result of multiple efforts to increase funding into ITTO through the Programmatic Approach (PAs) from 2019, the Secretariat succeeded so far in securing over US\$6 million and with a potential to secure up to another US\$3 million in 2020.
- In an effort to support producer countries mitigating the negative impacts of the emerging economic crisis on rural livelihoods and on increased pressure on forests the Secretariat has been active in developing funding proposals focusing on creating income opportunities and increasing food security especially for rural communities (women) through engagement in forest restoration activities (PL FLR).
- The secretariat has been trying to integrate project proposals from the Regular Project Cycle into new funding proposals under the Programmatic Approach. This matching exercise should be further explored as it has a potential (presented in slides) to create an organic combination of proposals under the Regular Project Cycle with the Programmatic Approach.

- The Secretariat has continued to strengthen its successful pro-active collaboration with the Collaborative Partnership on Forests (CPF), CITES, the World Bank and others as the following examples illustrate:
 - Joint flagship activities with the CPF are the Sustainable Wood for Sustainable World (SW4SW) initiative and the German BMEL-funded Education project between the FAO-ITTO-IUFRO.
 - ITTO remains active with the UNFF & CPF following a CPF meeting in January 2020 and a CPF retreat being planned for later this year while forthcoming meetings during this period of uncertainty will be held virtually in April & May 2020.
 - It has been agreed with the CBD to renew the ITTO-CBD MoU with active ITTO participation in the upcoming CBD COP (signing postponed)
 - The ITTO-led Joint Initiative on Guidelines for Forest Landscape Restoration in the Tropics, adopted at the ITTC 55, has received final feedback and is on its way for publication.

2. FEEDBACK FROM THE AB ON THE PPT PRESENTATION & THE IMPLEMENTATION OF DECISION 8(LV)

As requested by the ED during the Interactive Exchange, the comments from and issues raised by AB members in response to the PPT presentation and later in writing are grouped under the following sub-headings for ease of reference:

Operational Matters

Role and Mandate of the AB

- The role and mandate of the AB needs to be further developed and confirmed for the operational work of the AB.
- As the AB composition is based on the composition of the IAG, it is supposed that the AB meetings should in future be chaired by the ITTC Chairman.
- If deemed necessary and with consensus of the AB, Terms of Reference (ToRs) for the AB are to be developed and are to be distributed at least 2 weeks before the next AB meeting.
- It would also be good if the AHWG under Decision 8(LV) para 15 could meet (virtually) before the next AB meeting.

Secretariat: Secretariat had advised in its 1st message on the Establishment of the Advisory Board under Decision 8(LV) sent on 15th April 2020 that the establishment and role of the Advisory Board was recommended by the CFA and approved by Council under 8(LV). Discussions during the CFA at ITTC55 had alluded to the ToRs for this Advisory Board to be largely based on the ToRs of the Informal Advisory Group, as stipulated in Decision 2(LI) as attached. This matter could perhaps be agreed by the AB prior to or during its 2nd virtual meeting.

The first meeting of the AHWG under Decision 8(LV) paragraph 15 will be contingent upon:

- Confirmed nominations being received from both Caucuses, TAG and CSAG.

- A synthesis of the comments and inputs received from the public consultation being completed with recommendations from the Secretariat for the AHWG's consideration is completed

3. GENERAL AB COMMENTS ON THE PPT

- The PPT was useful but this update should be on the entire Decision 8(LV), addressing steps taken by Secretariat on the implementation of the whole Decision.
- The AB would find it useful to have regular updates on the funding progress such as in Slide 6 of the PPT.
- It's less useful to have 'indicative' funding without formal notification having been received, among other reasons, because that information is often sensitive for funding agencies, is not confirmed or assured funding and can create confusion about what has been obtained and create expectations which may not be met.
- In doing so, there needs to be a clear separation in the funding tables between secured project funding versus proposals that have been submitted, prospects of which may be weakened due to the current COVID-19 crisis. A basic breakdown should be used to show which proposals have been submitted and which proposals have resulted in formal decisions, for e.g. a notice of award or a signed contract.
- Secretariat needs to be clear on what funding is secured and what funding will be received so that other donor agencies will clearly understand what funding is needed.

Secretariat: The Secretariat will reflect the comments in future updates to AB.

- As the AB meets more regularly and has a chance for more substantive discussion there may be opportunities to provide more ideas on what opportunities are most valuable to pursue and what aspects can be highlighted in proposals.
- Available public links for proposals and/or awards should be included in future updates to the AB.
- Japan's forest fire emergency support project proposals should make explicit reference to the relevant BWP activity and the ITTO Guidelines on which they are based. Although there is an encouraging upward trend on Slide 5 and the \$6 million received on Slide 6, there is also a noticeable downward trend in assessed contribution being paid. Has Secretariat conducted an analysis on why this is so? Slide 5 also shows a declining readiness of donors on voluntary contributions towards the Regular Project Cycle (RPC).

Secretariat: There has been a marked decline in assessed contributions, especially from members who do not receive support for their projects where they don't see any benefit of paying their contributions. The ED gave the recent example of Thailand who has seen quite a significant hike in their assessed contributions for 2020 due to the calculation formula, which is inequitable as it focuses only on primary products and does not include secondary/tertiary products. Some members are reluctant to pay while some have real difficulties in paying. The late payment schedule of some members, e.g. China (funds received on June 15), exacerbates the situation.

4. IMPLEMENTATION OF DECISION 8 (LV)

- Decision 8 (LV) enumerates several tasks to be executed by the ED, mainly on ITTO's engagement with major financing institutions. The AB requires more detailed and accurate information to be presented on such engagement as well as results obtained so far (please also refer to para X on Slide 15 ITTO in the International Arena).
- How is the Secretariat implementing the '*virtual informed feedback loop*' under the new funding architecture under decision 8(LV) paragraph 10?

Secretariat: briefed on how this requirement was recently fulfilled through the establishment of the "virtual informed feedback loop" by circulating to all members for their feedback, the Draft Letter of Agreement (relating to the German BMEL-funded tripartite project between the FAO-ITTO-IUFRO) between FAO & ITTO for "Regional Assessment of Forest Education in the Asia and Pacific Region and Online Learning Course for Legal and Sustainable Supply Chains (LSSC)".

- No information has been provided to the AB on the requirements in Decision 8(LV) paragraph 13 (requesting the Secretariat to develop a project concept note template and post it on the website for members use when responding to calls) and paragraph 14, (requesting the Secretariat to issue a call for project concept notes etc.).

Secretariat: The tasks under both paragraphs fall under the purview of the ad hoc working group under Decision 8(LV) paragraph 15 where Secretariat is awaiting nominations from members, TAG & CSAG. Secretariat sent out a call for nominations on 15th April 2020 and 2 reminders have been sent subsequently. The establishment of this AHWG was postponed to Q2 2020 due to the public consultation process on the Draft Programmatic Approach and Programme Lines undertaken in Q1 2020.

- The preamble to Decision 8 (LV) acknowledges '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'. Is the Secretariat already working or elaborating some ideas on this? In implementing an ambitious thematic programme, it is necessary for Secretariat in parallel to ensure an adequate institutional structure, which was also strongly emphasized by the consultant AKG in their report of 2018.

Secretariat: The Secretariat believes that the Programmatic Approach can be accommodated in principle and with limited adjustments within the current institutional framework. Secretariat staff are testing optimized ways in which new funds under the Programmatic Approach can be received in an unbureaucratic and transparent manner by using existing financial instruments and tools, subject to discussions and review by the AHWG on Finance.

Status of the Decision 8 (LV) AHWG and Expert Panel on Projects work schedule

- Does the Secretariat have a deadline by which decisions will be taken on whether physical meetings would be held or not? If a member does not feel safe attending in person, would there be a route for them to provide inputs virtually?

Secretariat: The current situation is being monitored very closely and frankly, there is almost no opportunity to hold both meetings physically where a decision can only possibly be made only in Q4 of 2020. The Secretariat is of course pursuing other options of consulting both the Expert Panel and the AHWG (when established) on most work elements of both groups to be conducted electronically and organizing short sessions virtually for the most important elements to be discussed, as appropriate and necessary. It is clear that the physical meeting for the Expert Panel can NOT be held by end June 2020 as proposed and there is no obligation under Decision 8 (LV) to hold a physical meeting for the AHWG's work, where most of it can be conducted electronically.

- The AB would appreciate more information from the Secretariat on the current deficit of +\$0.5 million which will require members' approval to transfer these funds from the Working Capital Reserve to the Administrative Account. The AB would suggest it to be prudent to request a larger amount to be prepared, in case dues for 2020 are not received by a certain date to cover immediate needs such as salaries.
- The suggestion is for Secretariat to submit a proposal for an Intersessional decision on this for members' attention at the same time as the other (separate) decisions for votes such as on the recruitment of the new ED.

Secretariat: Provided the AB with a verbal explanation on the budget shortfall for 2019 and the predicted shortfall for 2020, confirming that a decision relating to this matter will be submitted for members consideration through an intersessional process soon in order to secure approval prior to the publication of the ITTO's Financial Statements and to ensure unhampered operations for 2020.

5. MANAGEMENT OF PROPOSALS & CONTRACTS

- Percentage of staff time devoted to its implementation or management, including any subcontracting, financial accounting, recruiting of experts, travel logistics, etc. should not swamp core member business especially in the technical arena. This is especially true if assessed contributions are paying for the overheads.
- The ED had informed earlier in the call that the full team of the Secretariat have been working very hard in the preparation of concept notes and project proposals. etc. One of the AB members stated that it would be preferable to hire consultants with ample experience in these tasks and to commit the secretariat staff on the implementation of their numerous other tasks which are still pending implementation where they have excellent expertise on the latter. Note: *It is imperative to adapt the operations of the Secretariat in order to more effectively carry out its mandate of the ITTA;*"
- Has the Secretariat engaged a fundraising consultant as authorized under Decision 8 paragraph 12? If yes, this could help with the concern mentioned above.

Secretariat: So far, external consultants have been used to support the work of the Secretariat in specific tasks. We believe, that as a matter of priority, professional staff in ITTO has to adjust to a new culture of work requiring everybody's pro-active engagement in identifying, conceptualizing and formulating funding proposals under the Programmatic Approach because they are best positioned to match them with the needs and priorities of producer

countries. In addition, as the number of projects under implementation is getting smaller, staff at ITTO can and should invest more time in strategic activities including fundraising, strategic dialogue with member countries, quality assessments, monitoring activities etc.

6. AB ADVICE on PILOTING OF THE PROGRAMMATIC APPROACH (PA) AND THE PROGRAMMATIC LINES (PLs)

- Both the PA and PLs are still under **the piloting phase** (*"Pilot the programmatic approach and the four programme lines for the period of 2020-2022 "*) based on a draft (*"Taking into consideration the draft for discussion "The new Programmatic Approach and the four new Programme Lines"*). In that context, it is necessary to explain how the Secretariat is managing this Piloting process. We can't announce the PA & PLs as 'approved'. It can be released after incorporating members' national and regional needs and advice on the draft. A general survey is necessary to have an updated scenario on members' priorities, perspectives and potentials, bearing in mind the main objectives of the ITTO.
- It seemed premature to use the full PLs description document drafted by the ED in funding proposals (e.g., to the EU) until it has been revised according to member comments and vetted by the Ad Hoc Working Group as outlined in Decision 8. One suggestion is to use more basic titles and descriptions in proposals and other materials.
- What will happen to the approved projects which are pending funding? This matter was raised during the two AHWG's on Finance in 2018 and 2019 and is awaiting an answer.
- Members' and stakeholders' inputs and feedback through the public consultation process should be reflected in the report that Secretariat will circulate and projects/proposals should be adjusted accordingly.
- It will be important for ITTO to be aware of and navigate sensitivities related to trade/trade policy that might be triggered by bilateral/subregional proposals.
- There will perhaps be a need to build in flexibility to adapt to pending economic depression, which may make "scaling up" toward large programs very difficult over smaller projects. The ITTO may need to take a bar-bell approach to benefit as many member states as possible.

Secretariat: These types of questions will be subject to intense discussions with the AHWG on Finance based on the results of the comments and suggestions received from member countries, TAG, CSAG and external partners. This input is currently being analyzed and a synopsis will be prepared for such discussions.

7. COMMENTS ON SLIDE 15 - ITTO IN THE INTERNATIONAL ARENA

- The update has not provided any information on multilateral fundraising efforts. What is the current progress in talks with CITES, GEF & GCF?
- Can the ED clarify the information on the CITES work with the current funding of \$4 million from the EU? Isn't that funding going through the CITES Secretariat?
- With GCF and the GEF, both are explicitly mentioned as tasks for the ED under Decision 8 (LV) paragraphs 3-8. Approaching these multilateral organisations would be more

predictable and stable compared to individual donors. Both are also funding the current pandemic crisis due to GCF and GEF membership who have already pledged or have multi-year funding programmes.

Secretariat: So far, the Secretariat has informally consulted GEF and GCF on how they see opportunities for access to their funding sources and for accreditation. Access to multilateral funding is a difficult task, especially with bodies such as the GEF and GCF which have complicated accreditation requirements. We will largely depend on the assistance of our member countries represented in the governing bodies of GEF and GCF to facilitate accessibility requirements, which may take some time.

- ITTO FLR Guidelines (GLs) - it should not be referred to as having been 'adopted at ITTC55' due to Decision 7 (LV) calling for a revision and an intersessional approval process of the GLs.

Secretariat: Clarified that the GLs were very much in the process of being finalized prior to being circulated to members under the no objection procedure, as stipulated under Decision 7(LV). Revisions will be incorporated and the document (plus translations) is expected to be circulated by mid-June 2020 at the latest.

- The IKI proposals did not make explicit reference to the FLR GLs although it was included in the proposal to the EU. Secretariat should make efforts to include them in all proposals.

Secretariat: We will ensure this is done in all future proposals.

- Furthermore, can the Secretariat clarify/address to members whether the shortage in funding to implement CBD/ITTO cooperation as mandated in CBD COP14/30 para 28 has been resolved or not. Some members hear from CBD that the shortfall is about \$15,000.

Secretariat: This is more a matter for the CBD Secretariat to pursue, not ITTO. Parties are welcome to contact the CBD Secretariat directly if they have an interest in the matter or inform ITTO directly if there is interest to assist with this funding shortfall.

- Member states should be able to review what has been sent into the CBD Post 2020 from ITTO unless it came from already adopted documents (but this should also be reported).

Secretariat: Secretariat is willing to share its submission to the CBD post 2020 if members deem this useful. Additionally, all parties' and observers' submissions are available on CBD's website (under subheading post-2020).

8. HOW CAN ITTO BE MORE RELEVANT DURING THE PANDEMIC CRISIS

This matter was discussed in the context of how ITTO should respond to the pandemic as part of the Programmatic Approach i.e. a new approach in how to position ITTO in the current crisis). Suggestions received are as follows:

- When markets are broken and trade activity is blocked, the value of international organizations like ITTO rise, in “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” (ITTA Article 1 e and h).
- The ITTO should be focusing on information delivery (Improving the market information product and its marketing) that benefits ALL member states (e.g. pricing, volume trends, success cases, etc.), as information does not get stopped like physical projects during the pandemic crisis (for example all GEF projects are at a standstill) and the Secretariat can conduct this task remotely online. Focus here is on ITTO’s mission statement as stated clearly in the Strategic Action Plan: The ITTO facilitates 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.
- The ITTO Tropical Timber Market (TTM) Report is one of the good examples of how ITTO can become more relevant in this environment. This could be further strengthened during the pandemic period (such as the Survey – impact of pandemic, published on 16 April 2020). The information herein should address member countries’ needs.
- The above should include “improving market intelligence and encouraging information sharing on the international timber market with a view to ensuring greater transparency and better information on markets and market trends, including the gathering, compilation and dissemination of trade related data, including data related to species being traded;”(ITTA Article 1(h)). This is part of the core regular work of the Secretariat and should be strengthened.

Secretariat: All the above core regular work is already being done by Secretariat under the TTM/MIS and enhanced information exchange is being developed under the LSSC Programme (Business Information Exchange Platform which is in the process of being established). The EU funded Independent Market Monitoring (IMM) project also contributes to ITTO’s mandate to monitor and report on issues of importance to the tropical timber trade.

- Data is power/authority for an institution and providing information when visibility is poorest, outlook darkest whilst aiding economic decision making during these times will entice more stakeholder involvement which will be acknowledged by various kinds of donors, including multilateral organizations like the GEF and GCF. The above should be backed by a powerful and effective outreach/communication strategy, the development of which was approved and funded at the last Council session. The ITTO should not merely stand in the shadows of FAO for the data that it collects.

Secretariat: Secretariat will be developing its new Outreach and Communications Strategy in H2 of 2020. ITTO far from stays in the shadows of the FAO where real-time data is collected on a regular basis by its market correspondents and through the EU Independent Market Monitors (IMM) project.

- All the existing ITTO indicators from the 1990s could be reviewed for relevance at some point (they don't appear to be updated per the website; these are useful for GEF/GCF projects).
- As for impact on projects, ITTO may acknowledge the big change in the financing landscape (which is currently becoming evident caused by both a global sovereign liquidity and solvency crisis) - these issues are to be more explicitly addressed as an agenda item under the new AHWG.

Secretariat: We thank the AB for the suggestions above and will incorporate this matter as an item under the AHWG's agenda.

Miscellaneous

- The core objective (mandate) of ITTO is *"to promote the expansion and diversification of the international trade in tropical timber from sustainable management and legal had to harvested forest and to promote the sustainable management of tropical timber producing forest"*. This objective must remain in focus and the main target of ITTO, strongly reasserted by the Producer members of the Finance AHWG.

9. NEXT STEPS:

- The **Advisory Group under Decision 9(XXXI)** will be convened in the first week of July 2020. Proposed dates: **Thursday 2nd July 2020 or Tuesday 7th July 2020**
- 2nd AB telecall – There was a suggestion for the 2nd AB telecall to be scheduled at the end of June/early July 2020. However, Decision 8(LV) para 16 states that the AB meets via conference call every 4 months to receive an update on the implementation of the pilot programmatic approach etc. Seeing that Secretariat provided a comprehensive update on the implementation of the pilot programmatic approach towards the end of April 2020, and taking into account that no significant changes in terms or fundraising or significant new PA developments have occurred since the last AB call, Secretariat proposes the next conference call to be held on **either Thursday 3rd September 2020 or Tuesday 8th September 2020**, following completion of the analysis on Inputs received from the public consultation on the Programmatic Approach & PLs and a first exchange with the Decision 8(LV) AHWG.
- **Decision 8(LV) AHWG** – The AHWG will be established as soon as confirmed nominations are received from both Caucuses (where TAG and CSAG have confirmed their respective nominations). A 3rd reminder has been sent to both Spokespersons.

Minutes Decision 8(LIV) IMPLEMENTING ITTO'S NEW FINANCING ARCHITECTURE – Phase 1**ADVISORY BOARD TELECONFERENCE II
27th October 2020****PARTICIPANTS:****Advisory Board**

Mr. Bjorn Merckell, Chairperson ITTC
 Mr. Kheiruddin Md. Rani, Vice-Chairperson ITTC
 Ms. Anna Tyler, Consumers Caucus Spokesperson
 Mr. Jorge Malleux, Producers Caucus Spokesperson
 Ms. Katharina Kuehmeyer, Chairperson CFA
 Ms. Cathy Karr-Colque, Chairperson CEM & CFI
 Ms. Aysha Ghadiali, Chairperson CRF
 Ms. Cecile Njebet, Coordinator, Civil Society Advisory Group
 Mr. Barney Chan, Coordinator, Trade Advisory Group
 Mr. Koh Morishita, Representative of the host Government of Japan
 Ms. Yoshiko Motoyama, Representative of the host Government of Japan
 Ms. Jennifer Conje, Co-chairperson of the Ad hoc Working Group on Implementation of ITTO's New Financing Architecture – Phase I (AHWG)
 Mr. John Leigh, Co-chairperson of the AHWG

ITTO Secretariat

Mr. Gerhard Dieterle, Executive Director (ED)
 Ms. Sheam Satkuru, Director/D1 Operations
 Mr. Steve Johnson, Director/D1 Trade & Industry
 Mr. Osamu Hashiramoto, Director/D1 FM
 Mr. Gerhard Breulmann, Planning, Monitoring & Evaluation Officer
 Mr. Simon Kawaguchi, Finance Officer

TENTATIVE AGENDA

5 minutes	Welcome by ITTC Chairperson
5 minutes	1. Brief Situation Update by the Executive Director: <ul style="list-style-type: none"> • COVID-19 exigencies • ITTC 56
15 minutes	2. Update on the Implementation of Decision 8(LV) ITTO PILOT Programmatic Approach: <ul style="list-style-type: none"> • Outcome of Decision 8 (LV) Financing Architecture Ad Hoc Working Group (AHWG) • ITTO Engagement with international partners
20 minutes	3. Interactive Exchange with Advisory Board Members
10 minutes	4. Other Matters & tentative date for next AB call & Closing

1. INTRODUCTION & BRIEF SITUATION UPDATE

The virtual meeting was convened with the above participants and chaired by the Chairperson of the ITTC, Mr. Bjorn Merckell. The co-chairpersons of the AHWG were also invited to provide feedback on the outcome of Decision 8 (LV) Financing Architecture Ad Hoc Working Group. After welcoming the new Vice-chairperson of the ITTC, Mr. Kheiruddin Md. Rani, a quick update on the current COVID-19 situation was provided by the Secretariat, as follows:

1.1 COVID-19 Exigencies & Preparation for the ITTC56

- The Advisory Board (AB) B was updated on the continued application of measures already in place taken by ITTO in response to the COVID-19 relating to staff, especially on the working from home provisions and maintaining a minimum presence of staff in the office in adherence to on the UN and ILO Guidelines on a safe working environment.
- ITTO continues to maintain close contact with the Japanese government and related authorities while monitoring the situation closely.
- On preparations for the ITTC56, the AB was informed that all ITTC56-related documentation is available on the ITTO website with the exception of documents relating to the Expert Panel, which will be made available on Thursday this week. T

1.2 ITTC56

- The AB was briefed on preparatory steps being taken by Secretariat, including test-runs involving Secretariat, the KUDO team and ITTO interpreters with ITTO membership to facilitate connection & participation. In this respect, instruction manuals had been prepared and disseminated to enable familiarization with the KUDO system.
- The regional consultations for the Producers caucus are also being arranged and conducted.
- All ITTC56 documentation in English and some translated versions are already available on the ITTO website with the exception of the Expert Panel (EP) report, which will be posted this Thursday following finalization of the EP Report.

2.0 ITTO Presentation - Update on the Implementation of the ITTO Pilot Programmatic Approach

The Chairperson invited the ED to take the AB members through the PPT presentation distributed in advance. The Chairperson also informed the AB that both C-Chairpersons of the Decision 8(LV) Financing Architecture AHWG were invited to join the AB meeting to brief the AB on the outcome of the work completed by the AHWG.

The ED focused his presentation on 2 points: An update on the implementation of the pilot Programmatic Approach (PA) including the outcome of the Decision 8(LV) Financing Architecture AHWG and reported on the engagement with international bodies as stated in Decision 8(LV).

2.1 **Outcome of Decision 8 (LV) Financing Architecture Ad Hoc Working Group**

- The ED recalled the basic idea behind the PA to establish a more hierarchical integration between the ITTA objectives, the Strategic Action Plan (SAP) and the Biennial Work Programme (BWP) with ITTO activities on the ground through a mechanism that feeds both bottom-up with guidance from top-bottom. The ED stated there is confusion between the BWP and the regular work programme and the Thematic Programme. He further stated that the BWP should be free from field activities, the number of which in the BWP had shown an increasing trend in recent years.
- Update on funding situation - following a slight increase in funding in 2019, 2020 saw a downward trend again. While there could be many reasons for this, the ED felt one of the reasons is due to donor hesitancy in providing funding to ITTO while the open question of leadership at ITTO persists. From his point of view, he felt that his position had weakened dramatically since last year. He lamented it was difficult to approach donors as the issue of leadership apparently supersedes the current discussion on the financing architecture (please see paragraph 3, 2nd bullet). The COVID-19 situation had also hampered fundraising due to travel restrictions in place and the inability to hold face-to-face meetings, impacting on interaction with donors.
- Despite the above, Secretariat has been active on fundraising efforts and was quite successful in securing close to US\$7 million for the years 2019 and 2020. The new grant from the government of Japan for 2 projects in Peru and Indonesia respectively has made a big difference, also the projects being funded by the German government (BMEL) has been helpful in alleviating the funding situation at the ITTO. The pilot funding received from Soka Gakkai, a Bhuddism-based political and development-orientated organization for an FLR project in Togo focused on the role of women. He also thanked the Forest Agency of Japan for the US\$700,000 voluntary contribution to ITTO.
- Several large proposals had been submitted to the EU and the German IKI, all of which are awaiting an outcome/decision due to heavy competition.
- He then took the AB through the work of the Decision 8(LV) Financing Architecture AHWG, providing a synopsis of the 4 programmatic lines agreed upon by the AHWG (Ref Report of the Decision 8(LV) Financing Architecture AHWG). He thanked the AHWG for their hard work and dedication on completing the tasks of the AHWG. He pointed out that Funding Scenario 4 as per the AHWG work was the most discussed as it reflects the integration of the regular project cycle into the PA. This scenario foresees an annual/biannual open call for concept notes (CNs) or full proposals, as agreed by the AHWG, will be evaluated by an Expert Panel and all proposals will be

integrated into a CN database or a matching database. All the above work would allow for the project cycle to be streamlined, making the PA more coherent in meeting the needs of both members and donors.

- The secretariat has been trying to integrate project proposals from the Regular Project Cycle into new funding scenarios in the PA, serving more to match donor interests with that of members. This matching exercise should be further explored as it has a potential (presented in slides) to create an organic combination of proposals under the Regular Project Cycle with the Programmatic Approach.

2.2 **ITTO Engagement with international partners**

- The Secretariat has continued to strengthen its successful pro-active collaboration with the Collaborative Partnership on Forests (CPF), CITES, the World Bank and others.
- GEF - The ED had been in contact with the GEF several times and highlighted ITTO priorities which may be of interest to the GEF. However, securing any funding from the GEF would be challenging due to the ITTO not being an accredited implementing organization/agency under the GEF. Other implementing organizations themselves are struggling to secure funds and are hesitant to share their income with organization like the ITTO and gave a few examples of interactive exchanges held.
- CBD - Contact with the CBD Secretariat has shown the CBD's willingness to renew collaborative efforts with the ITTO through a new MoU and a draft was submitted to the CBD today for its consideration.
- UNFCCC - Collaboration with the UNFCCC is more challenging due to a change in direction by the UNFCCC and ITTO not being a direct member of the organization although ITTO has actively contributed to UNFCCC activities.
- Green Climate Fund (GCF) - Activities with the GCF are slow moving and ITTO will step up its efforts. The GCF's new forest & climate change strategy is building very much on ITTO priorities, focusing on trade, the private sector and the role of productive forests but we are not an accredited or implementing organization.
- Work with the organizations above need to be supported by ITTO members countries who are engaged with them.
- ITTO continues its work with CITES, the World Bank on Incentives and with the FAO-IUFRO-ITTOP Education Project. Active work with the CPF reported at the last AB meeting is ongoing where some tasks have been completed with ITTO's contribution and participation.

The Chairperson invited the Co-chairs of the AHWG to provide their comments on the outcomes of the AHWG

2.3 **Co-chairs comments on the Outcome of Decision 8 (LV) Financing Architecture** **Ad Hoc Working Group**

- Following the ED's presentation on the work of the AHWG, the Co-Chairs asserted that the outcome and recommendations of the AHWG can only be approved by the ITTC. The work involved in the development of the approved PLs were conducted in adherence with Council's decision on the matter.
- The ultimate aim of the entire financing exercise was to help frame and provide guidance to the Secretariat in the marketing messages for the respective PLs based on consistent descriptions, goals and objectives, the mandates of which were carefully negotiated by Council.
- The AHWG was mindful in ensuring that the AHWG work is realistically implementable by the Secretariat in the 4-year pilot phase of this programme. Council may wish to consider whether to move forward with this PA and if so, in a few years going forward, whether these goals and objectives under each PL is still applicable then.
- Whilst every effort was made to keep the language simple to enable effective communication, the priority was to add transparency on how funds will be received, managed and utilized by the organization, reflecting the slight changes taking place compared to previous practices.
- Considering the very short space of time between now and Council, Secretariat is urged to ensure that translations of the AHWG report is made available to members as soon as possible if any meaningful considerations are to be made at the ITTC56.
- The Co-Chairs opined that the PLs are ready to be operationalized, recommending maintaining the existing regular project cycle for a year whilst transitioning to the PA, if Council so desires.
- The funding scenarios resulting from the AHWG are to be presented to members, even as a non-paper, along with clarification on the database being developed and how current funding efforts fit into the funding scenarios or how the funding scenarios could potentially work for the future.

Secretariat reported that translations was work in progress due to the duration of the AHWG meetings and will be disseminated to members this week. Secretariat further confirmed that all the funding scenarios and information on the PLs are contained within the AHWG report.

3. INTERACTIVE EXCHANGE WITH ADVISORY BOARD MEMBERS

Following the above, the Chairperson opened the floor to members to seek ways forward, especially in what comes next in relation to the PA and the PLs.

- The PA is important to better understand the mission and main objectives of ITTO. ITTO is a commodity organization and the first objective is to promote sustainable and

competitive markets of tropical timber coming from sustainable forest management. This corresponds to program line 1. Conservation of biodiversity (line 2) and landscape restoration (line 3) are also important. When talking about restoration, agroforestry activities must be emphasized since this is a social approach that can incorporate millions of families in the tropical areas. Having the option to handle emerging issues (line 4) is very important as there were funds that came in through this mechanism from Japan. The funding flowcharts are useful for identifying potential funding. The concept note approach will make it easier to submit proposals which would open more opportunities for different executing agencies to participate. The EP is a core part of ITTO established 30 years ago, so it should continue until the new architecture is fully implemented. At the same time, the financial sustainability of the organization is very concerning where voluntary contributions have been decreasing since 15 years ago. Therefore, it is necessary to look for ways to improve the organization and its finances, including the implementation of regional offices in Latin America and Africa, as ITTO grows again with the new architecture.

- In response to the ED's views expressed under para 2.1 ,2nd bullet, it was asserted that what is most critical for donors is information on the organization resurrecting its reputation and credibility whilst enhancing the organization's visibility on the importance of its mandate and related work. This is not about internal organizational matters. As such, the information in the PPT could be included in a council document as the AHWG report only addresses operative paragraph 15 of Decision 8(LV). In particular, activities with international organizations that emphasize the importance of ITTO's mandate should be included in a council document similar to the practice of other international organizations. The MOU with CBD, which was mentioned in the PPT is an example of information that should have more visibility. The information on fundraising efforts should also be included.

Secretariat: The information in the PPT will be presented to Council during Council agenda item 15 a, b, c and d during Council. At this time, it is advisable not to include this content in other Council documents to avoid the Secretariat from repeating the same content across different documents and agendas. The PPT will be made available online for Council members. As for the MOU with CBD, it is still an early draft and once a more complete draft MOU is available, it will be shared with the AB to seek advice. This will be the same with any other MoU. Activities included in operative paragraphs 5&6 relating to UNFCCC and GEF will be undertaken in 2021 as no specific date has been fixed and these activities were difficult to undertake in 2020 due to COVID.

- It would be good to continue the mandate of the AB into next year, and discussions should be held at Council regarding this including defining its terms of reference. The AB may be able to facilitate collaborations with other organizations including GCF and GEF. For example, with GEF, ITTO is probably well-placed going forward due to a development called the multi-stakeholder platform where ITTO could potentially be involved in discussions.

- This AB has proven to be very important, especially in the intersessional period for discussing financial issues of the Organization. Perhaps it could be considered to become a permanent body.

Co-chair of AHWG: The role of the AHWG is finished with the delivery of the report. Continuing the AHWG would require deliberations at Council. With the AB, it was set up to provide advice to the ED relating to the implementation of the PA and it is clear that the AB exists together as long as the PA is being implemented. The work of the AB should include monitoring the implementation of the PA and provide advice to the secretariat, especially since there are several points in the financing flows where feedback needs to be given to the secretariat that cannot wait for Council. The AB will not be able to take controversial policy decisions, which would be the role of Council, but would add a level of transparency, knowing that there will be decisions that need to be made intersessionally on some financing situations.

- The secretariat together with the co-chairs of the AHWG could prepare a skeletal draft Decision to proceed Decision 8(LV) with inputs from the AB.
- The specific tasks that were carried out by the AHWG should be made clear to the Council and discussion should be held on whether to continue its mandate. There should also be further discussion at Council on whether to define the terms of reference for the AB.

Secretariat: A draft decision to continue the piloting of the PA is not needed since a decision in 2018 specifies its duration until the end of 2022. The AB is also in place until the end of the pilot, hence does not require a decision to extend until next year. The roles of the AHWG and the AB are different: the former providing more technical input on substance related to finance. With that in mind, a skeletal draft relating to agenda item 15 will be prepared beforehand as suggested for the consideration of the AB based on input received.

4. OTHER MATTERS & TENTATIVE DATE FOR NEXT AB CALL & CLOSING

- The secretariat proposed that the advisory board meet again early next year (2021)
- There should be no need to hold an IAG meeting before Council, as all issues have been discussed and exhausted. The IAG report as well as the draft decisions have already been posted on the website.

Annex



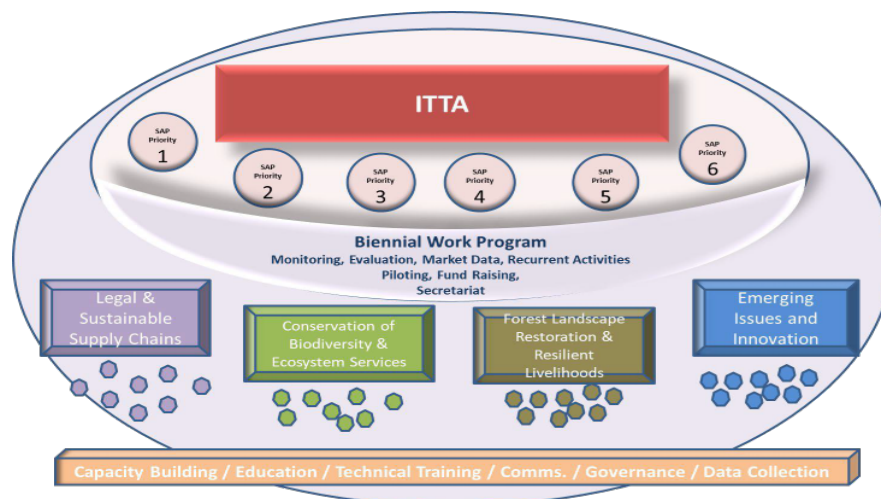
Update on the ITTO Pilot Programmatic Approach

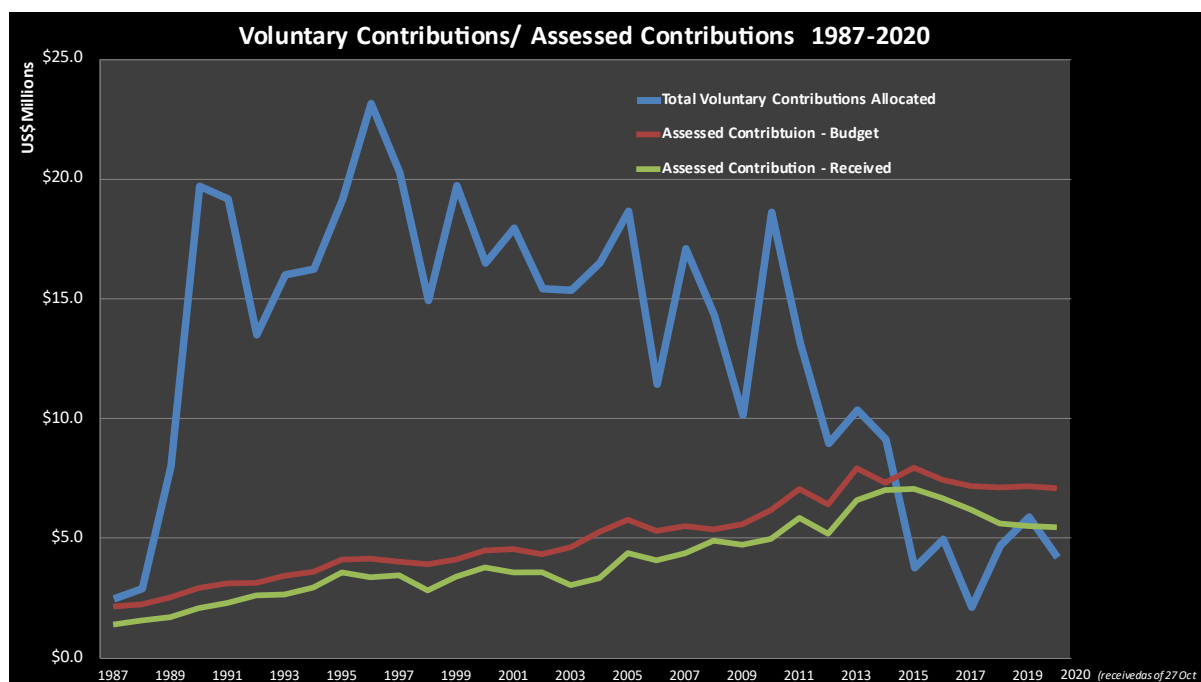
Item 15(a)&(b) of the Council Agenda



INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

ITTO new Programmatic Approach





Current fundraising efforts under the Programmatic Approach for 2019 & 2020



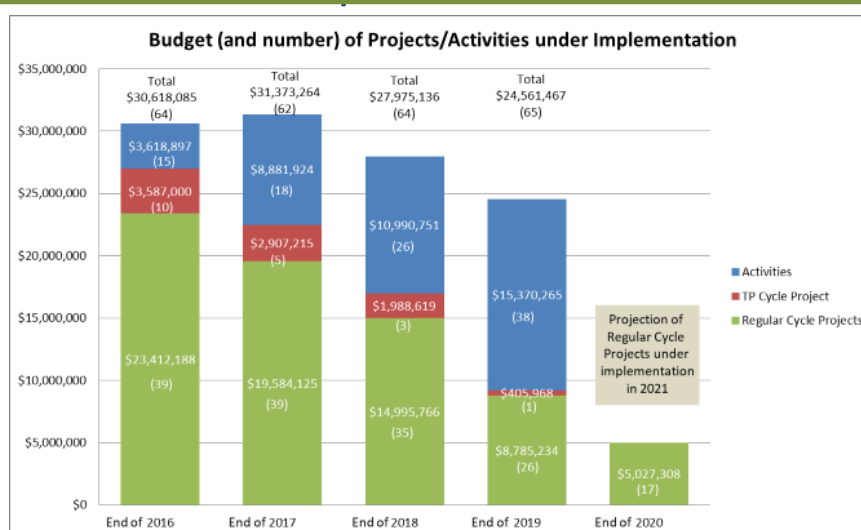
Fundraising efforts	Program Line	Tentative Budget	Status
2019			
Japan Forestry Agency/ LSSC-related training modules in Congo Basin countries	PL 1: LSSC	USD 316,000	Approved, Operational since 1 April 2020
German BMEL – Regional Teak Program – Mekong Region	PL 1: LSSC	USD 1.24 million	Approved, Operational
German BMEL- Programme on Legal and Sustainable Supply Chains (LSSC) for Tropical Wood and Forest Products	PL 1: LSSC	USD 2.39 million	Approved, Operational
2020			
German BMEL funding agreement for Global Forest Education Survey/Platform; Consortium FAO (lead)-IUFRO-ITTO	PL 4: Emerging Issues	USD 124,000	Approved Funds will be transferred to ITTO
Japan Emergency Forest Fire Project (Peru, Indonesia)	PL 4: Emerging Issues	USD 2.2 million	Approved; Funds received
Soko Gakkai/Japan Local community and climate adaptation	PL 2: FLR + Livelihoods	USD 90,000	Approved, Funds received
Japan Forestry Agency/LSSC-related activities in China, Myanmar and Viet Nam	PL 1: LSSC	USD 723,000	Approved, Funds received
Totals: Secured			
a) 2019		~USD 3.95 million	Matching effort with regular project cycle proposals:
b) 2020		~USD 3.14 million	



Proposals submitted pending finance

Fundraising efforts	Program Line	Tentative Budget	Status
Request from German BMEL to submit proposal for transfer of the Global Timber Tracking Network from EFI to ITTO	PL 1: LSSC	TBC (pending future donors' interest)	Invitation to submit Proposal Submission forthcoming 2021
EU Draft Proposal under the EU Action Plan to Protect and Restore the World's Forests – submitted January 2020	PL 1: LSSC	TBC	Submitted: January 31, 2020 Indicative support: TBC
German BMU-ICI Call for Proposals - Thematic Program – West Africa: Forest landscape restoration by local communities/women; DL 06 April 2020	PL 3: FLR	EUR 16 million	Submitted: April 6, 2020
German BMU-ICI Call for Proposals - Indonesia Social Forestry: Development of Bamboo Economy; DL 30 April 2020	PL 1: LSSC	EUR 15 million	Submitted: April 29, 2020
Building LSSC capacities for tropical enterprises; trade associations, governments; MoU with SAR Macau under preparation	PL 1: LSSC	Dialogue started
Totals: Indicative but not secured Applied no response yet		TBC ~USD 40.0 million	Matching effort with regular project cycle proposals:

Regular Project Cycle: Projects/Activities under Implementation



Status of completion of the pilot Programmatic Approach (PA)



Action point	Status
Develop brief description and objectives for each of the Program lines - Decision 8 (LV)/15a) - AHWG	Done
Refine elements for a streamlined Project Cycle Process – Decision 8 (LV)/15b) - AHWG	Done
Review template for Project CN - Decision 8 (LV)/15c) - AHWG	Done
Developing overarching description for operationalization of PA	Missing
Integration of PA in ITTO Financing Architecture (ITTA-SAP-BWP-PA)	Missing
Develop a hierarchical set of criteria and outcome measurement indicators	Missing
Develop fundraising toolbox	Missing
Integration of PA into ITTO financial management and accounting system	Missing

Implementation of Decision 8(LV)



Corresponding operative paragraph in Decision 8(LV)	Status
Para 1 & 2 - Piloting the PA and 4 PLS	all implemented.
Para 3 Engage with GEF	engagement with the GEF & related conventions – ITTO will endeavour to continue its engagement directly with the GEF, seeking opportunities as either an accredited or non-accredited partner. ITTO members will be encouraged to facilitate this effort where appropriate.
Para 4 Extend and renew the MoU with CBD	on the MoU with the CBD – a draft MoU to renew joint ITTO-CBD collaborative efforts has been sent to the CBD Secretariat – ITTO is awaiting feedback. MoU expected to be finalized by the end of 2020.
Para 5 Explore MoU with UNFCCC	UNFCCC – We were unable to explore any opportunities yet due to the COVID19 pandemic.
Para 6 Conveying ITTO priorities to the GEF	conveying ITTO priorities to the GEF – Same reasons as above.
Para 7 Formal accreditation with GCF	Efforts to become formally accredited to the GCF is ongoing, last contact in October 2020 - ITTO in regular contact with the GCF Secretariat.

Implementation of Decision 8(LV) (Continued)



Corresponding operative paragraph in Decision 8(LV)	Status
Para 8 Allocate time in future Sessions to invite new potential partners and donors	this was planned for the ITTC56 but due to it being a virtual session, it will be undertaken at the ITTC57 (refers to donors' presentations on funding opportunities).
Para 9 – authorize ED to explore additional financial arrangements	already executed, examples in this presentation.
Para 10 – “Establish a virtual informed feedback loop”	Operationalised with the FAO-ITTO-IUFRO Education project the first - it will be done with other future draft agreements.
Para 11 - Engage a consultant for support on fundraising	the 4 PLs Goals & Objectives have recently been finalized by the Decision 8(LV) Financing AHWG Report. This will be explored after the ITTC56.
Para 13-17 Streamlined Project Cycle and ad hoc Working Group	All implemented.

Update: ITTO in the international arena



ITTO is a founding and active member of the Collaborative Partnership on Forests (CPF):

- Work with **FAO-WB-CIFOR-WWF: SW4SW**: Ongoing collaboration relating to the World Forestry Congress and beyond
- Work with **FAO and IUFRO: Forest Education Initiative**: Project operational; to be completed mid-2021
- Work with **CBD: Joint ITTO/CBD Collaborative Initiative for Tropical Forest Biodiversity in productive forests**: ITTO Draft MoU sent to CBD for consideration; Side event at CBD COP planned
- **Work with CITES: CITES Tree Species Programme**: ongoing longstanding collaboration
- **Joint initiative with World Bank: Incentives and Fiscal Mechanisms for a Sustainable Forest Sector**: collaboration in the Mekong region and Ivory Coast
- **Joint initiative ITTO (lead) with CIFOR, FAO, GEF/JUCN, IUFRO, UN-Environment, AFOCO, WeForest and WRI: Guidelines for Forest Landscape Restoration in the Tropics**: Approved at ITTC 55; being operationalized in ITTO work
- **All CPF members**: Wangari Maathai 'Forest Champions' Award



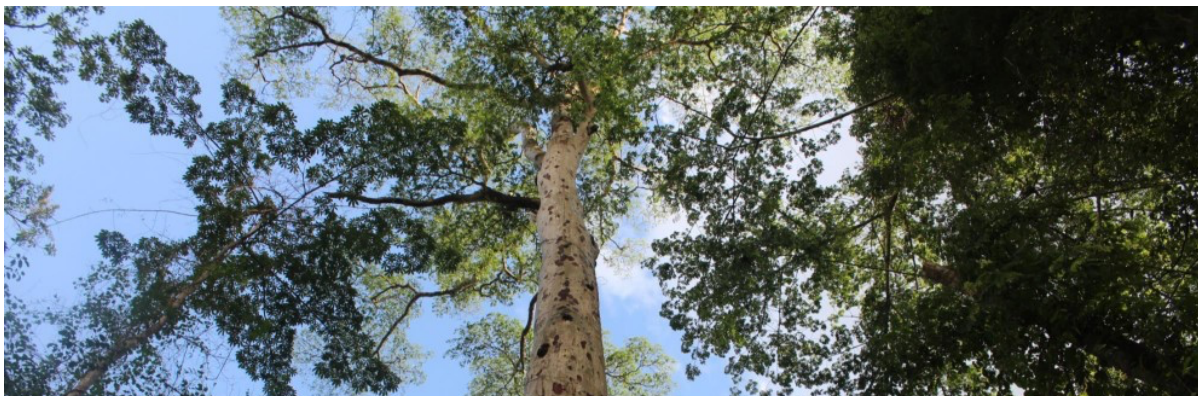


ITTO and the CPF



ITTO is a founding and active member of the Collaborative Partnership on Forests (CPF):

- CPF approved a new **vision statement 2030**:
“To support countries to achieve these aims, CPF will effectively enhance coherence and synergy on forest-related issues and values among its member organizations and help move from deforestation to restoration.”
- **CPF Workplan 2021-2024** is under preparation: 1st Working Group meeting Thursday 29th Oct 2020
- **CPF Information Note** on Implementation of the United Nations Strategic Plan for Forests: Activities of the Collaborative Partnership on Forests will also include the many bilateral and multilateral CPF activities
- Contributed to **CPF Joint Statement presented at COFO** October 2020



<http://www.youtube.com/user/itt>



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International Tropical Timber Organization

Thank you very much!

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**Minutes Decision 4(LVI) IMPLEMENTING ITTO'S
NEW FINANCING ARCHITECTURE – Phase 2**

**ADVISORY BOARD TELECONFERENCE III
6 April 2021**

PARTICIPANTS:

Advisory Board

Mr. Kheiruddin Md. Rani, Chairperson, ITTC
 Mr. Jesse Mahoney, Vice-Chairperson, ITTC
 Ms. Luke Thompson, Consumers Caucus Spokesperson
 Mr. Jorge Malleux, Producers Caucus Spokesperson
 Ms. Teresa Guila Nube, Chairperson, CFA
 Ms. Aysha Ghadiali, Chairperson, CRF
 Ms. Cecile Bibiane Ndjebet, Coordinator, Civil Society Advisory Group
 Mr. Barney Chan, Coordinator, Trade Advisory Group
 Ms. Yoshiko Motoyama, Representative of the host Government of Japan
 Mr. Taku Sakaguchi, Representative of the host Government of Japan
 Ms. Akiko Tabata, Representative of the host Government of Japan
 Mr. Takeshi Aihara, Representative of the host Government of Japan

ITTO Secretariat

Mr. Steve Johnson, Officer-in-Charge (OIC)
 Ms. Sheam Satkuru, Director, Operations
 Mr. Gerhard Breulmann, Planning, Monitoring & Evaluation Officer
 Mr. Simon Kawaguchi, Finance/Administrative Officer
 Ms. Naho Tamura, Programme Assistant

TENTATIVE AGENDA

5 minutes	Welcome by ITTC Chairperson
5 minutes	1. Brief Situation Update by the Officer-in-charge: <ul style="list-style-type: none"> • COVID-19 exigencies • ITTC 57
15 minutes	2. Update on the Implementation of Decision 4(LVI) ITTO's New Financing Architecture – Phase 2 <ul style="list-style-type: none"> • Streamlined project cycle (Operative paragraphs 1-3) • Open call for concept notes (Operative paragraph 4) • New roles and responsibilities in the streamlined project cycle (Operative paragraph 5) • Activities outside core budget to be formulated as CNs (Operative paragraphs 6,7) • Virtual Informed Feedback Loop (Operative paragraph 8) • Decision 8(LV) – Advisory board, engaging with fund mechanisms, including the GEF (Operative paragraph 9) • Advisory Board to develop formal terms of reference for its work (Operative paragraph 10) • Structure and approach for the review of the implementation of Decision 5(LIV) in 2022. Progress report on the implementation of Decision 4(LVI) at ITTC57 (Operational paragraphs 11-13)
25 minutes	3. Interactive Exchange with Advisory Board Members
5 minutes	4. Other Matters & tentative date for next AB call & Closing

1. INTRODUCTION & BRIEF SITUATION UPDATE

The virtual meeting was convened on Tuesday, 6 April 2021 from 19:00 (Japan Standard Time) with the above participants and chaired by the Chairperson of the ITTC, Mr. Kheiruddin Md. Rani. The Chairperson welcomed Advisory Board (AB) members and informed them that while Mr. Malleux's tenure as Producer Spokesperson had ended last year, upon consultation with him and after sending an e-mail to all Producer members conveying the proposal to extend his tenure until at least the upcoming Council Session, most of the replies received so far agreed for Mr. Malleux to continue serving as the Producer Spokesperson. After welcoming members of the AB, a quick update on the current COVID-19 situation and preparation for the ITTC 57 was provided by the Secretariat, as follows:

1.1 COVID-19 Exigencies

The AB was updated and informed on the following matters by the Officer-in-Charge (OIC):

- The continued application of measures already in place taken by ITTO in response to the COVID-19 relating to staff, especially on the working from home provisions and maintaining minimum presence of staff in the office to ensure a safe working environment. A whole scale return to the office is not foreseen soon. There has been no official travel and only a few staff travel to home countries, particularly those staff that do not have family in Japan or for compelling personal reasons, have been approved and they continue to work from their home countries.
- The OIC informed that Dr. Dieterle returned briefly after the ITTC56 Virtual Session and left Japan for Germany in mid-December 2020. The OIC has been OIC since then, officially taking over as OIC on 1st April. A staff meeting had already been convened the week prior to brief staff on management transition. Staff consult regularly and work well from home.
- He further informed that as the previous Executive Director had taken the decision not to renew the contract of the Director of Reforestation and Forest Management, Mr. Osamu Hashiramoto, the position is currently vacant.
- The slow progress of the COVID vaccine rollout in Japan compared to almost all other developed countries. Through a circular received from the Protocol Office of the Japanese Ministry of Foreign Affairs, the Secretariat had been informed that vaccinations of those over 64 will begin on 12 April. There are nearly 40 million people in Japan over the threshold age of elderly. In addition, those with pre-existing conditions will be vaccinated to be followed by the general population. ITTO has been informed that international organizations and embassies will be vaccinated along the same guidelines applied for the general population, so there will be no exceptional prioritization (unless the age threshold and medical pre-conditions apply to certain staff). There is no idea when staff will be vaccinated, which poses a serious problem in terms of when and if travel will become possible again to conduct short term monitoring missions or for staff to go on Home Leave. An anonymous survey within the Secretariat showed that all of the professional staff and a vast majority of the general service staff want to be vaccinated at the earliest possible opportunity. The best estimate is that it will take until the end of June for the elderly population to be vaccinated but this depends on the amount of vaccines made available. If there are delays or impediments to the shipments, it may be some time before ITTO staff members are vaccinated.
- The OIC observed that the Government of Japan, in consultation with the International Olympic Committee, decided that no spectators will be allowed into Japan for the Olympics so the situation afterwards and whether foreigners will be allowed into Japan in the following few months needs to be monitored. The ability to host physical panels in the lead up to ITTC57 may also be impacted.

- As no official travel is allowed, the Secretariat had sent out letters to donors to inform them of the schedule of virtual PSC meetings up to June for those projects requiring oversight. The Secretariat has provided a list up to only June in the hope that some physical meetings might be possible during the second half of the year but another list of virtual PSCs for the second half of the year will be sent out if physical meetings are still not possible. The ITTO auditors are also scheduling virtual meetings on a few projects that have not submitted annual audit reports.

1.2 **Preparation for the ITTC57**

- While bearing in mind that it remains uncertain whether it will be possible to hold a physical meeting in November, the slot for 2-7 November 2021 remains confirmed with Pacifico-Yokohama.
- The report of the previous Council Session is currently being finalized and will be made available soon.
- The vacancy announcement for the ED position was posted on 10 December 2020 and circulated to Members with a deadline for applications to be received at the Secretariat by Thursday, 15 April 2021 at 23:59 (Japan Standard Time). To date, 41 applications have been received, of which 9 are from nationals of Producer countries, 8 from nationals of Consumer countries, 6 from non-member countries and 18 applications without indications of nationality.
- On the pending nominations of Council officers and other panels that are vacant, the Secretariat informed that there had been some indications of nominations from the Spokespersons during the previous Council Session. However, these indications came in after the Committees had presented their reports. The Consumer Spokesperson had indicated that New Zealand had expressed interest in nominating one (1) person as Vice-Chairperson for both the CEM and CFI but the Secretariat has not received a name for that nomination yet. Also, it is unclear if New Zealand is still interested. Furthermore, the Consumer Spokesperson had indicated that the EU expressed interest to nominate a Vice-Chairperson for the CFA.
- From the Producer group, there had been an expression of interest from Costa Rica for Vice-Chairperson of CEM and the nomination of Mr. Zahrul Muttaqin from Indonesia as the Vice-Chairperson of CFI. However, firstly, the Secretariat has not received a confirmation from Costa Rica yet for a name and secondly, the Producer group is supposed to nominate Chairpersons for the CEM and CFI as the last Chairperson, Dr. Cathy Karr-Colque, was from the Consumer group. The Secretariat sought confirmation from the Producer Spokesperson on these two nominations because that would also be relevant for the composition of this AB. In addition, the AB was informed that the nomination of a Vice-Chairperson for CRF from the Producer group was pending.
- Such nominations normally have to be endorsed by the Committees but that has not happened because the nominations came in after the Committees had presented their reports. The Secretariat sought the advice of the AB on how to proceed on this. One option would be to do an intersessional no-objection procedure after the Spokespersons have confirmed the nominations. The Secretariat would inform Members on the nominations and ask them for any objections within a normal time period for such processes.
- For the Expert Panel, there is one (1) position vacant and pending nomination from the Consumer group, which normally in the past had been covered by Switzerland, Finland, Sweden or someone from the EU but is not limited to those countries.
- For the Fellowship Panel, there are two (2) nominations pending from the Producer group. One (1) nomination from Panama had been received during Council. There are also three (3) nominations from the Consumer group pending.

- For the ED Selection Panel, all twelve (12) members, six (6) each from the Producer and Consumer groups, respectively, are pending nomination.
- For the Working Group on the development of the next Strategic Action Plan, three (3) nominations each from the Producer and Consumer groups, respectively and one (1) nomination each from the TAG and CSAG are pending.
- The OIC requested the Spokespersons to provide nominations for the vacant positions reasonably soon. The list of vacancies will be attached to the report of this meeting.
- The OIC mentioned that all of the panels had previously been done through physical meetings but, if necessary, virtual meetings are possible. He then drew the attention of the AB to the ED Selection Panel, which in his view may benefit from a physical meeting because of the political aspect and the need for physical interaction/hallway discussions. The Council decision on the ED selection has a defined timeline so if the need to deviate from it arises, support from the IAG may become necessary particularly if a physical meeting was deemed necessary. A suggestion was made to consider holding the physical meeting outside of Japan. The OIC informed that it had been considered and anything is possible to the extent that there is a place where people can go and will be allowed into. It was an option that the Secretariat could further explore but the budgetary considerations may also need to be considered. The OIC sought clarification from the AB if this applied to all panels or only the ED Selection Panel. An AB member noted that, considering the timeframe in which it needs to meet, holding a physical meeting of the ED Selection Panel may not be a viable option when many countries were aiming for an eradication strategy and were unlikely to open their borders before October, so the timeframe may not be realistic for a physical meeting with twelve (12) people from twelve (12) different countries. The Chairperson agreed and noted that those travelling may also need to be vaccinated to enable their participation in the meeting. The OIC agreed and recalled the complex negotiations over the number of people on the selection panel and would hesitate to suggest any reduction in the number of people on the panel. Japan also cited the recent example from the Global Environment Facility (GEF) which carried out full virtual selection procedures (including holding intermissions during meetings to allow individuals/ groups to have informal hallway chats) for selecting the next CEO, and that this went well, leading to a consensus decision on the next CEO, both at the panel and at the full council. It was suggested that there may be no alternative but to hold this panel virtually. Perhaps what could be agreed now is that the Secretariat will continue to look at options in this evolving situation, bearing in mind that it would be extremely difficult if not impossible to conduct physical meetings amid the expanding global pandemic. Any possibility will be brought to the attention of the IAG/AB and maybe to the whole membership.
- In terms of bringing things to the attention of the whole membership, the OIC proposed to send, if the AB agrees, the minutes of this meeting with a message to the membership including advising them of the nominations for the vacant Council positions and asking for their forbearance of approving those in *absentia*. The OIC was of the view that Japan for example may not be opening its borders any time before the autumn. Japan agreed that the situation was unpredictable and commented that ITTO would not at all be isolated in this type of decision making to basically take the option of conducting things virtually, as physical meetings remain unsafe and provide more inequities in terms of travel and vaccine availability, under the current circumstances. Japan noted that there are no international processes planning to hold physical meetings at least before October (with many being reformatted as virtual meetings or rescheduled for 2022).
- The AB came to the conclusion that, unless something radically changes, all of the panels would convene virtually in the run-up to ITTC 57 while it is hoped that the ITTC57 can be held physically to elect an ED.

2. ITTO PRESENTATION - UPDATE ON THE IMPLEMENTATION OF DECISION 4(LVI) ITTO'S NEW FINANCING ARCHITECTURE – PHASE 2

The Chairperson invited the OIC to take the AB members through the PPT presentation distributed in advance and attached to these minutes. The OIC informed the AB that:

- According to a Summary of funding pledged to the pilot Programmatic Approach for 2019 and 2020, ITTO had received funding of approximately US\$7 million and all of these projects and activities were underway now. These activities and projects can be categorized under the Programmatic Lines mostly under the LSSC and some under the FLR and Emerging Issues.
- The OIC recalled the request from Germany's BMEL to submit a proposal to transfer the Global Timber Tracking Network, which had been pending for a couple of years. The AB was informed that ITTO is continuing its discussion with BMEL, who had told ITTO that they will be willing to proceed if other donors express interest. During the virtual Council Session in November, there was not much discussion on that and unfortunately nobody from the German BMEL participated at the ITTC56 to raise this. The discussion of this item took place under the BWP but not substantively and there were no expressions of interest in funding from other donors. Through a recent communication from BMEL, they indicated that they are still interested in possibly moving this forward with ITTO in some form so the Secretariat is liaising with them actively now.
- The OIC further recalled that the previous ED had informed on ITTO's submission to EU of a €10 million proposal at the invitation of the EU. In February 2020, there was a communication from the EU indicating that the proposal was too ambitious and they might consider €2 million, primarily for the ongoing IMM project. However, that offer evaporated with the COVID pandemic and also some internal disagreements about whether to provide funding to ITTO at that stage. Through consultations with the previous Chair of Council, the OIC had heard that there was a recent meeting of the EU on their future engagement with ITTO but ITTO has not heard from the EU on that matter. ITTO will continue its efforts with the EU/EC but unfortunately at this stage, in the OIC's view, ITTO's attempt to receive funding from the EU through the previous ED has been unsuccessful.
- With regards to the two open calls for proposals to Germany International Climate Initiative (IKI), ITTO had submitted one in West Africa (€16 million) and one in Indonesia (€15 million). Both of those attempts were unsuccessful.
- The last funding opportunity that emerged from an initiative and travel by the previous ED to Macao has basically been stalled for the last year and a half since that travel to Macao. According to our Chinese colleague in the ITTO Secretariat, Macao is still interested in doing something with ITTO but probably not for as much money as they had originally indicated to the previous ED. Secretariat will continue to follow up on this.
- The AB was informed that there are currently 26 projects with a total budget of US\$12,554,424 and 20 BWP activities with a total budget of US\$3,598,480 pending finance of which 12 projects totaling US\$4,949,595 will sunset by end of 2021, 12 projects totaling US\$5,453,840 will sunset by end of 2022, and 2 projects totaling US\$2,150,989 are due to sunset after 2022. Many of the countries are writing to the ITTO Secretariat to postpone the sunset provision, but some of them may be sunset.
- The OIC reported on the following funding prospects that had emerged:
 - (i) The Japan Forestry Agency was likely to provide a small increase in funding over 2020 and plans to fund at least 2 projects including one from the Government of Vietnam to promote sustainable domestic timber use which has been submitted through the new financing architecture scenario 4 CN approach.
 - (ii) There had been discussions with the new team responsible for ITTO and natural resources/agriculture at the US embassy in Tokyo, which indicated possible funds

for ITTO projects linked to climate change mitigation under President Biden's new administration and policy. They are eager to work with Japan and others to co-fund relevant projects/activities. The list of pending finance projects and activities was presented and they showed interest in the Costa Rica project to which the US has already pledged US\$100,000. This information together with the details of the contacts had been shared with Japan and the Secretariat looked forward to continue interactions including meeting physically when that becomes possible;

- (iii) There are plans to convene a workshop in Central Africa on the topic of incentives for SFM with the EU who is active in Central Africa. This will probably be done together with DG International Cooperation and Development (DG DEVCO) of the EU as opposed to DG ENV that covers ITTO. ITTO has also completed and passed the EU Pillar Assessment audit process, enhancing ITTO's eligibility for direct implementation of projects funded by EU;
- (iv) The Secretariat has been continuing the GCF accreditation process. ITTO's response to the questions that the GCF asked about ITTO's procedures have been finalized and the EU Pillar Assessment has been quite useful for the GCF accreditation process because it is recognized by the GCF;
- (v) The MOU with the CBD was renewed in February 2021 and a letter will be sent to GEF/CBD contact points in Producer countries (and would like feedback on whether it should also be sent to Consumer countries) requesting their assistance to ensure ITTO's priorities are addressed in the GEF 8th replenishment cycle and drawing their attention to many relevant ITTO projects pending financing, of which approximately 60 to 80% are directly related to biodiversity in one way or another. The OIC also highlighted to the AB that many of ITTO's projects have given rise to big projects funded by GEF, World Bank and served as the seeds for such funding and ITTO had just received a letter from Peru informing that a project on dry forests in the northern part of the country enabled them to produce a GEF and GCF project, where they hope to receive a total of over US\$20 million arising out of this ITTO project. ITTO often gets no recognition for such "seed projects" from larger donors, but the Producer member countries recognize this and appreciate it.

2.1 **Streamlined Project Cycle (Operative paragraphs 1-3)**

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

- Decision 4(LVI) adopted the goals and objectives of the Programmatic Lines (PL) and they have been posted on the ITTO website.

Paragraph 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;
 - The annual call for CNs was launched and the deadline for receipt of CNs is 15 April 2021.
- c. Requesting the ITTO Secretariat to develop a CN and project proposal database as soon as possible;
 - An online submission system for the CNs has been developed and the first CN was received on 6 April 2021. While a project proposal database exists already, the

development of a CN database will be considered after we receive more CNs that would justify such development.

- d. Encouraging Members and the Executive Director to submit project ideas utilizing the new project CN, as appropriate;
 - Members have been informed about the new structure and encouraged to submit CNs.
- e. Recognizing the role of the Expert Panel may now entail virtual reviews, as needed, in between their annual meeting;
 - Expert Panel members are ready to assist in whatever way requested including virtually.
- 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.
 - Acknowledged that these are being/will be applied.

Paragraph 3 Acknowledge the different funding scenarios under the Programmatic Approach as outlined in Annex B (Financing Flows under the Pilot Programmatic Approach);

- Acknowledged.

2.2 **Open Call for Concept Notes (Operative paragraph 4)**

Paragraph 4 Request the Executive Director to issue a first open call for CNs 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;

- The first open call for CNs under financing scenario 4 was launched in December 2020. There may potentially be more calls under the additional 3 financing scenarios based on emerging funding opportunities.

2.3 **New Roles and Responsibilities in the Streamlined Project Cycle (Operative paragraph 5)**

Paragraph 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;

- Acknowledged.

2.4 **Activities Outside Core Budget to be Formulated as CNs (Operative paragraphs 6, 7)**

Paragraph 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;

Paragraph 7 Request the Secretariat to continue to indicate in the Biennial Work Programme (BWP) how each activity aligns with the Programmatic Line(s);

- How the BWP aligns with the PL has been indicated in the BWP 2021-2022 and the Secretariat will continue to do that.

2.5 **Virtual Informed Feedback Loop (Operative paragraph 8)**

Paragraph 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;

- The Secretariat will continue to inform Members.

2.6 **Decision 8(LV) – Advisory Board, Engaging with Fund Mechanisms, Including the GEF (operative paragraph 9)**

Paragraph 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;

- The AB is being convened as required and the Secretariat plans to write to all of the GEF contact points in Producer member countries and to copy one of those letters to the GEF Secretariat. The OIC informed that the GCF accreditation process is ongoing and hoped to submit the final application by end of April.

2.7 **Advisory Board to Develop Formal Terms of Reference for its Work (operative paragraph 10)**

Paragraph 10 Request the Advisory Board to develop formal terms of reference (TORs) for its work, to be considered by the Council at its 57th Session;

- Noted that the AB had been requested to develop TORs for the ITTC57.

2.8 **Structure and Approach for the Review of the Implementation of Decision 5(LIV) in 2022. Progress Report on the Implementation of Decision 4(LVI) at ITTC57 (operational paragraphs 11-13)**

Paragraph 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 57th Session;

Paragraph 12 Request the Executive Director to report on the progress made and challenges encountered in the implementation of this Decision at its 57th Session;

Paragraph 13 Authorize the Executive Director to utilize up to US\$200,000 from the Working Capital Account to implement this Decision.

- The OIC suggested that the review of the implementation of Decision 5 (LIV) in 2022 could be through a detailed survey of Members and noted that it was unfortunate that ITTO would not have had much experience implementing projects and activities under

the new financing architecture and suggested that a draft for a more detailed discussion on this could be made available for the next AB meeting.

- Reporting on the implementation of Decision 4 (LVI) to be made at ITTC57.
- Utilization of Working Capital as necessary up to US\$200,000.
- Upon concluding the presentation, the OIC suggested that if one of the metrics for assessing the performance of any future ED is to be their performance at fundraising or for assessing whether to extend a future ED, Council may wish to consider having an independent report on fundraising or a process of independent review. In addition, it was brought to the attention and for the consideration of the AB that in preparation for this meeting, the Secretariat found that all the contact points for GEF, CBD, CITES and most other international organizations have this information posted on their website, which ITTO has never done.

3. INTERACTIVE EXCHANGE WITH ADVISORY BOARD MEMBERS

Following the above, the Chairperson opened the floor to members.

- The Secretariat was asked if the sunset duration had been extended for projects pending finance and how many CNs had been received. He also commented that all proposed activities should prepare CNs. The OIC responded by informing that so far, only one CN had been received. The sunset provision has been extended for some projects and suggested that the Producer Spokesperson could draw the attention of Producer members to the fact that there is a provision to extend the life of their projects if they so desire. Also, if things had changed substantially since the project was submitted, the proponent may wish to resubmit it for the consideration of the Expert Panel. The OIC confirmed that Decision 4(LVI) states that anything that is not in the core budget that now goes into the BWP has to be formulated as a CN under the new financing architecture so all proposed activities should be prepared as a CN.
- Japan stressed the importance of publishing the list of focal points on the ITTO website and noted that it is a standard practice at international organizations. The OIC thanked Ms. Motoyama for her feedback and explained that ITTO's focal point list is not very rigorously defined so there are some countries with 10 to 12 contacts on the focal point list. Therefore, it may be necessary to write to those countries that have more than one on the list and ask which ones they wish to include. The AB was asked if they thought the Secretariat could publish the list as it is. There were no comments or objections.
- The status of projects that have been ranked Category 1 and were waiting for funding was enquired upon. The OIC explained that those projects pending funding remained in the queue, while there were a few projects where donors had expressed interest or pledged partial funding. There is an internal rule that only projects with over 75-80% funding of the approved budget can begin implementation. In the case of the Costa Rica project, the US had pledged US\$100,000 which is only 30% of the approved budget so it cannot begin implementation. Upon requests from the donor, the Secretariat consults the implementing agencies whether they wish to downscale a project to use the existing funds. In the past, if one country pledged to a project, usually one or more countries would also pledge and the project would get fully funded but that is not always happening now. All approved projects will remain on the list of projects pending finance and will be brought to the attention of donors until they are funded or until they expire due to the sunset provision. Unless the Secretariat receives

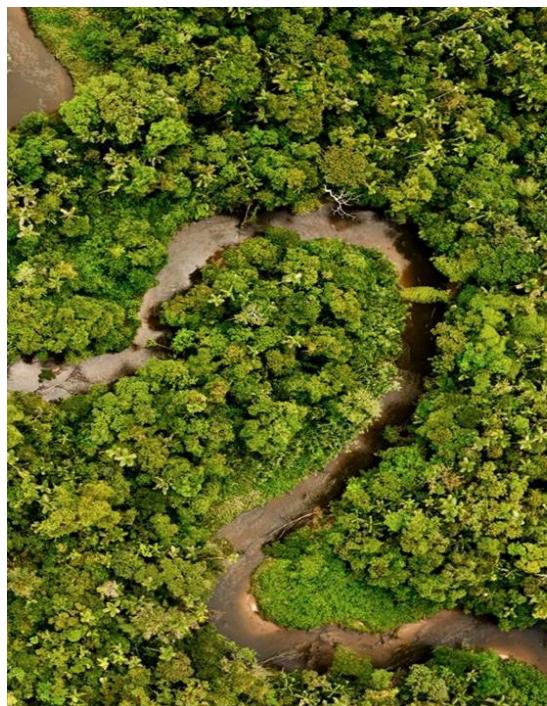
a letter from the countries asking to extend, or donors pledge funds, most of the projects will likely lapse under the sunset provision.

- The OIC informed that the one (1) CN submitted by Vietnam had been submitted prior to the April 15 deadline; the same deadline applies to new projects under the regular project cycle. So far there have been five (5) proposals submitted that will be considered by the next Expert Panel on the Appraisal of Project Proposals. These proposals were originally submitted before the deadline in December 2020 when we thought there might be two Expert Panels this year. Since only one Expert Panel will be held in 2021, probably virtually at the end of June, these proposals will be considered then. There seems to be fewer and fewer project proposals submitted through the regular Project Cycle.
- An AB member asked about the implementation of the CN process, including how submissions are being tracked, how donors are being made aware of submissions and how they can express interest. He requested information on how the Secretariat would be managing the co-development process and expressed interest in a read out - perhaps at the next AB - of how the co-development process has gone as an example. Finally, he suggested that Council may want to consider of moving the deadline to evaluate the effectiveness of the pilot phase as it may be premature to do it in 2022.
- The OIC informed that the Japan Forestry Agency had consulted the Secretariat on their plans for funding for 2021 and had indicated that they strongly wanted to fund a project on promoting sustainable domestic timber consumption in one or more Asian countries and requested the Secretariat to assist them in finding a host country to submit a CN. There was some consideration of which country and consultations on how it should be done. Vietnam was chosen both in terms of having paid its contributions to the Administrative Budget and in terms of its large domestic market for wood and the focus so far in that country on exporting wood rather than any focus on their own internal domestic market. Vietnam submitted a CN so this was a unique case because it emerged from a donor coming to ITTO asking to help get a CN on a topic that they were interested in funding. The OIC reaffirmed that after the deadline of 15 April 2021, all donors will be informed of the list of CNs received to enable consultation between donors and proponents. On pushing back the date of the review, the OIC agreed that undertaking a review to assess whether to go ahead with the new financial architecture or not in 2022 would be too early. However, it may be good to have a preliminary review but there needs to be more guidance given to the Secretariat on how to proceed. The OIC recalled that the co-development process had already been mentioned. In the case of Vietnam, it was noted that while the Secretariat provided input to Vietnam on the contents of the CN and what should eventually go into the project proposal, greater efforts were required to assist them to adhere to the CN format and the word limit.
- The AB was notified that Peru will prepare a CN for its domestic market and that it is an excellent issue to be funded by ITTO where it is important to support national market studies. He also requested an update on member countries' annual contributions. The OIC responded that the information is posted on the website under Council and Committees, Status of Administrative Account. The assessed contributions become due on 1 January and there are a few thresholds where various triggers are passed and things happen like losing votes but none of this has happened yet. The Secretariat has sent one reminder to member countries and will send another reminder in mid-May to all the Members that are in arrears. The information on the website is updated every time the Secretariat receives a payment.

- It was suggested that if the Council decides on a preliminary review in 2022 on the new CN structure, input on the CN template could be one of the focus of the review. It was agreed that decisions regarding the overall process will need more time, especially given the pandemic situation. The OIC noted that Council had already decided to undertake a review in 2022 through a Decision so the issue of changing when to undertake the preliminary review would need to be discussed during ITTC57 and decided then.
- The OIC pointed out that there had not been any discussion on the TOR of the AB during the meeting and suggested that it did not need to be too detailed at this stage. Any TOR should indicate that because of the early stage that ITTO is at with this process, the TOR needs to be updated regularly as discussions progress on the review process, which could involve a detailed look at what the AB should be doing.
- As there was not much time remaining to enter into discussion, the Chairperson suggested that AB members send their proposals to the Secretariat by e-mail. He agreed that the Secretariat could also submit their proposals and prepare a draft for the AB's consideration. The OIC suggested AB members send their comments to the Secretariat by 20 April after which it would endeavor to send out the draft minutes of the meeting together with a draft TOR.
- Japan requested an update on the prospects of renewing the MOUs with UNFCCC and UNCCD which may be useful for the accreditation process for GCF (undergoing) and some other multinational development banks. On the focal point list issue, she noted that it is customary to just have a maximum of two, one political focal point and one technical focal point and suggested ITTO to follow this standard international practice if the list is going to be posted on the website, to ease viewers' confusion about who to contact. She stressed the importance of having the list on the website as a means of generating more synergies across some of these organizations and synergies internally within the Consumer and Producer groups of ITTO. The OIC replied that, for those countries that have several people on the contact point list, Secretariat will endeavor to identify one political contact point and one technical contact point, label them as such and send the updated list to Members asking them if they agree that those people are the ones to post on the website as the ITTO contact. Also, at some stage in the first half of the year, the Secretariat will send a letter to all Members to inform them of current developments and to provide a synopsis of the discussions of the AB. On the renewal of the MOUs with UNFCCC and UNCCD, Secretariat members had raised these as actions to be taken during internal meetings at ITTO under the previous ED, as per ITTC Decision 8 (LV), but he personally decided to take no action on the matter. However, the OIC said that the Secretariat intends to send letters to both UNCCD and UNFCCC and will keep Members informed of any developments.

4. OTHER MATTERS & TENTATIVE DATE FOR NEXT AB CALL & CLOSING

- The AB agreed to meet again on Thursday, 1 July 2021.
- The meeting was adjourned at 20:55 hours (Japan Standard Time).

ANNEXE I

Update on the ITTO Pilot Programmatic Approach: Decisions 8(LV) & 4(LVI)

Advisory Board Meeting III

Tuesday, April 6th, 2021



INTERNATIONAL TROPICAL TIMBER ORGANIZATION (ITTO)

Funding pledged or sought related to the pilot Programmatic Approach for 2019 & 2020

Fundraising efforts	Program Line	Tentative Budget	Status	Actual results to date
2019: Japan Forestry Agency / LSSC-related training modules in Congo Basin countries	PL 1: LSSC	USD 316,000	Operational	USD 316,000
2019: German BMEL – Regional Teak Program – Mekong Region	PL 1: LSSC	USD 1.24 million	Operational	USD 1.24 million
2019: German BMEL - Programme on Legal and Sustainable Supply Chains (LSSC) for Tropical Wood and Forest Products	PL 1: LSSC	USD 2.39 million	Operational	USD 2.39 million
2020: German BMEL funding agreement for Global Forest Education Survey/Platform; Consortium FAO (lead)-IUFRO-ITTO	PL 4: Emerging	USD 124,000	Operational	USD 124,000
2020: Japan Emergency Forest Fire Project (Peru, Indonesia)	PL 4: Emerging	USD 2.2 million	Operational	USD 2.2 million
2020: Soko Gakkai/Japan Local community and climate adaptation	PL 2: FLR	USD 90,000	Operational	USD 90,000
2020: Japan Forestry Agency/LSSC-related activities in China, Myanmar and Viet Nam	PL 1: LSSC	USD 723,000	Operational	USD 723,000
Request from German BMEL to submit proposal for transfer of the Global Timber Tracking Network from EFI to ITTO	PL 1: LSSC	TBC	Discussions with BMEL ongoing	USD 0
EU Draft Proposal under the EU Action Plan to Protect and Restore the World's Forests – submitted January 2020	PL 1: LSSC	TBC	Submitted: January 31, 2020 - unsuccessful	USD 0
German BMU-ICI Call for Proposals - Thematic Program – West Africa: Forest landscape restoration by local communities/women; DL 06 April 2020	PL 3: FLR	EUR 16 million	Submitted: April 6, 2020 - unsuccessful	USD 0
German BMU-ICI Call for Proposals - Indonesia Social Forestry: Development of Bamboo Economy; DL 30 April 2020	PL1: LSSC	EUR 15 million	Submitted: April 29, 2020 - unsuccessful	USD 0
Building LSSC capacities for tropical enterprises; trade associations, governments; MoU with SAR Macau under discussion	PL 1: LSSC	Dialogue started but stalled due to COVID 19	USD 0
Totals: 1. Secured a) 2019		~USD 3.95 mil.		~USD 3.95 million
b) 2020		~USD 3.14 mil.		~USD 3.14 million

Projects/activities pending finance



Pending finance	Total budget	No.
Projects	\$12,554,424	26
BWP activities	\$3,598,480	20
Total	\$16,152,904	46
<i>Projects Sunset by the end of 2021</i>	<i>\$4,949,595</i>	<i>12</i>
<i>Projects Sunset by the end of 2022</i>	<i>\$5,453,840</i>	<i>12</i>
<i>Projects Sunset after 2022</i>	<i>\$2,150,989</i>	<i>2</i>

Funding prospects 2021



- Japan Forestry Agency likely to provide small increase in funding over 2020, plans to fund at least 2 projects including one from government of Vietnam to promote sustainable domestic timber use via concept note approach
- Discussions with new team at US embassy, possible funds for ITTO projects linked to climate change mitigation under policy of new administration, eager to work with Japan and others to co-fund relevant projects/activities
- Completed and passed EU Pillar Assessment, maintaining ITTO's eligibility for direct implementation of projects funded by EU
- Continuing GCF accreditation process
- MOU renewed with CBD, letter to be sent to GEF/CBD contact points in producer countries requesting their assistance to ensure ITTO's priorities are addressed in GEF 8th replenishment cycle and drawing their attention to many relevant ITTO projects pending financing

Implementation of Decision 4(LVI)

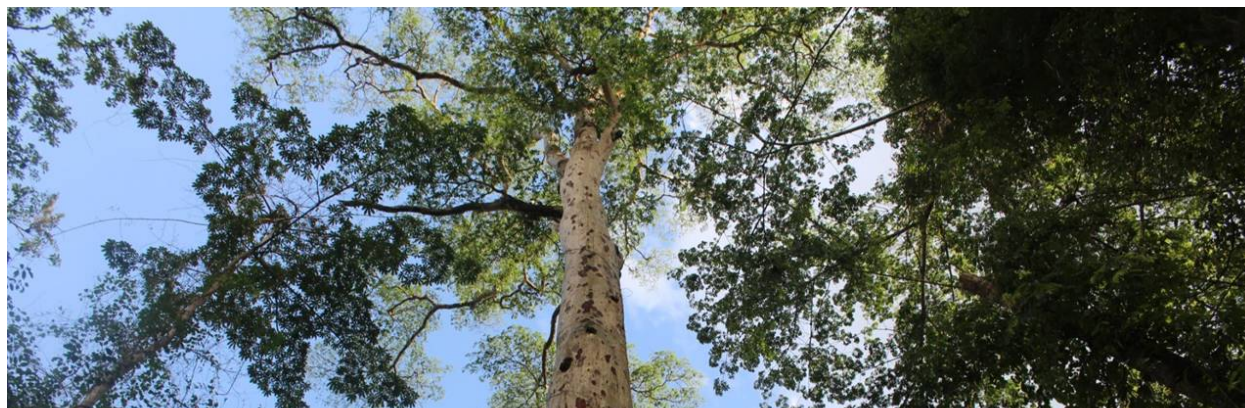


- **Para 1: Adopt PLs** - adopted
- **Para 2: Streamlined project cycle** – online concept note form launched
- **Para 3: Funding scenarios** – acknowledged
- **Para 4: 1st open call for concept notes** – launched in December 2020
- **Para 5: New roles and responsibilities in streamlined project cycle**- acknowledged
- **Para 6: Activities outside core budget to be CNs** – will be included in CN DB
- **Para 7: Indicate how BWP aligns with PL** – already indicated in BWP'21-22
- **Para 8: Virtual informed feedback loop** – will continue to be utilized where applicable
- **Para 9: Decision 8(LV) Advisory Board, engaging with funding mechanisms including GEF** – Convened advisory board, engaged with GEF, GCF, CBD, etc.

Implementation of Decision 4(LVI) (Continued)



- **Para 10: Formal TORs for Advisory Board:** request Advisory Board to develop for C57
- **Para 11: Propose structure and approach for review of Decision 5(LIV) in 2022** – draft to be developed by next Advisory Board call
- **Para 12: Report on implementation of Decision 4(LVI)** – to be made at C57
- **Para 13: Utilization of Working Capital** – will be utilized as necessary up to \$200k



<http://www.youtube.com/user/itto>



@itto_sfm



itto_sfm



International Tropical Timber Organization

www.itto.int

ANNEXE II

Pending Nominations	
Producer Group	Consumer Group
Council Officers	
CEM Chairperson (<i>Costa Rica?</i>)*	CEM Vice-Chairperson (<i>New Zealand?</i>)***
CFI Chairperson (<i>Indonesia – Mr. Zahrul Muttaqin</i>)**	CFI Vice-Chairperson (<i>New Zealand?</i>)***
CRF Vice-Chairperson	CFA Vice-Chairperson (<i>EU?</i>)****
Expert Panel	
	1 nomination
Fellowship Panel	
2 nominations	3 nominations
ED Selection Panel	
6 nominations (2/region)	6 nominations
Working Group for SAP Development*****	
3 nominations (1/region)	3 nominations

* At ITTC 56 the Producer Spokesperson informed that Costa Rica expressed interest to nominate a Vice-Chairperson but the nominee would be CEM Chairperson at ITTC 57

** At ITTC 56 the Producer Spokesperson nominated Mr. Muttaqin as Vice-Chairperson, but Mr. Muttaqin would be CFI Chairperson at ITTC 57

*** At ITTC 56 the Consumer Spokesperson informed that New Zealand expressed interest to nominate a Vice-Chairperson for CEM & CFI

**** At ITTC 56 the Consumer Spokesperson informed that the EU expressed interest to nominate a Vice-Chairperson for CFA

***** TAG & CSAG also to nominate 1 person each

**Minutes Decision 4(LVI) IMPLEMENTING ITTO'S
NEW FINANCING ARCHITECTURE – Phase 2**

**ADVISORY BOARD TELECONFERENCE IV
1 July 2021**

PARTICIPANTS:

Advisory Board

Mr. Kheiruddin Md. Rani, Chairperson, ITTC
 Mr. Jesse Mahoney, Vice-Chairperson, ITTC
 Ms. Luke Thompson, Consumers Caucus Spokesperson
 Mr. Jorge Malleux, Producers Caucus Spokesperson
 Ms. Aysha Ghadiali, Chairperson, CRF
 Ms. Cecile Bibiane Ndjebet, Coordinator, Civil Society Advisory Group
 Mr. Barney Chan, Coordinator, Trade Advisory Group
 Ms. Yoshiko Motoyama, Representative of the host Government of Japan
 Mr. Taku Sakaguchi, Representative of the host Government of Japan
 Ms. Akiko Tabata, Representative of the host Government of Japan
 Mr. Jun Fukuda, Representative of the host Government of Japan

ITTO Secretariat

Mr. Steve Johnson, Officer-in-Charge (OIC)
 Ms. Sheam Satkuru, Director, Operations
 Mr. Gerhard Breulmann, Planning, Monitoring & Evaluation Officer
 Mr. Simon Kawaguchi, Finance/Administrative Officer
 Ms. Naho Tamura, Programme Assistant

TENTATIVE AGENDA

5 minutes	Welcome by ITTC Chairperson
5 minutes	1. Review and adoption of the AB III Meeting Minutes 2. Brief Situation Update by the Officer-in-charge: <ul style="list-style-type: none"> • COVID-19 exigencies • Preparations for ITTC 57 – Decision 9(XXXI) ad hoc Advisory Group?
20 minutes	3. Outcome of 1 st Open Call for Concept Notes (CNs) under Funding Scenario 4 4. Update on the Expert Panel Schedule of Work 5. Review and adoption of the Advisory Board's formal terms of reference for its work - Decision 4(LVI) Operative paragraph 10 6. Proposals and discussion on the review of the implementation of Decision 5(LIV) in 2022 7. Additional Matters: <ul style="list-style-type: none"> • Focal Points List for the ITTO website
25 minutes	8. Interactive Exchange with Advisory Board Members
5 minutes	9. Other Matters & tentative date for next AB call & Closing

1. Welcome by ITTC Chairperson and Review and Adoption of the AB III Minutes

The virtual meeting was convened on Thursday, 1 July 2021 from 19:00 JST with the above participants and chaired by the Chairperson of the ITTC, Mr. Kheiruddin Md. Rani. Before opening the meeting, the Chairperson gave the floor to the Officer-in-Charge (OIC) to make suggestions to the *modus operandi* of the meeting. The OIC informed the AB that there had been some inputs that led to the opinion that it would be desirable to keep the role of the AB and the Informal Advisory Group (IAG) distinct as Council had intended and made a proposal to discuss agenda items 1, 3, 4, 5, 6, 7, 8 and 9 under the AB first, after which the CSAG and TAG representatives would log off the meeting. The meeting would then continue as the IAG to discuss items 2 and parts of 7 and 9, to be recorded in the Report of the IAG, which will also meet prior to the next Council.

The Chairperson welcomed Advisory Board (AB) members and as there were no comments from the AB members on the suggestion made by the Secretariat, opened the floor for comments on the Review and Adoption of the AB III Minutes. The OIC informed the AB that in the reporting to Council at ITTC57, the Secretariat will prepare a report on the implementation of the decisions which will include a consolidated version of the minutes of the AB. The Producer Spokesperson sought clarification on the paragraph "The AB came to the conclusion that, unless something radically changes, all of the panels would convene virtually in the run-up to ITTC57 while it is hoped that the ITTC57 can be held physically to elect an ED". He recalled that the AB had insisted that one of the meetings for the ED Selection Panel should be held physically. The OIC recalled that the Producer Spokesperson had raised that point at the previous meeting and suggested to insert the text "Some members of the Advisory Board felt that it would be necessary and/or desirable to have at least one physical meeting of the members of the Selection Panel". The Vice-Chairperson commented that he recalled the Producer Spokesperson making that comment at the previous meeting followed by his own comment on the tempering of expectations element because there is a realistic situation where many members will not be allowed to travel. The situation remains as such and there are many countries that have borders that will be closed for at least (another) 12 months. A request was made for the minutes to be tempered, considering the levels of expectation around which it was proposed whilst bearing in mind the broader consideration for equity.

The OIC reassured the AB that the amended minutes would be nuanced to reflect these points the way in which they were raised in the last meeting. He explained to the AB that the issue of the arrangements for the Selection Panel for a new ED and the next Council Session are matters outside of the mandate of the AB but were discussed at the last AB meeting and included in the minutes in the hope of conducting meetings efficiently though it may not have been the most correct way. For the meeting in progress, after finishing the AB agenda items, the IAG would convene to have another discussion on the topic of the arrangements for the Selection Panel for a new ED and the next Council Sessions because it is within the mandate of the IAG to deal with such issues inter-sessionally and the Secretariat has some points to raise on that issue. It was suggested that, if the AB agreed, the comments that were made on the previous minutes would be reflected in an appropriate manner in the final minutes of the previous meeting and going forward, the work of the AB and the IAG will be kept separate so that the AB minutes focus on the AB work and the IAG minutes, which are also presented to Council, focus on the work of the IAG. The Chairperson concurred with this proposal.

The Producer Spokesperson sought clarification and asked if the proposal for the AB to focus on the mandate of Decision 4(LIV) and to switch when they discussed matters that are not within their mandate, whether those participants that were not members of the IAG would remain quiet. The OIC responded by saying that the proposal he had made was for those that

do not participate in the IAG to log off the meeting when the AB had finished its work and the meeting would continue work as the IAG. He further proposed that the items that would be taken up under the mandate of the IAG are:

1. An update on the situation in Japan with regard to the COVID and the work of the Secretariat;
2. A report on the Decision without meeting process that we just went through and the situation of the Administrative Budget
3. A brief update on the implementation of projects and activities that are funded; and
4. A review of the preparations for ITTC 57 including the various working groups including the selection panel of the new ED.

He explained that part of the reason he made the proposal to split the work was because they may spend almost as much time or maybe more time on these items that he had just listed as they would be doing on the items that are specifically related to the mandate of the AB looking at the implementation of Decision 4(LVI). From the Secretariat's side, there was no problem on how to proceed because only the TAG and CSAG representatives are on the AB but not on the IAG. There is a reason why Council established two advisory bodies - one advisory board to look at the implementation of Decision 4(LVI) and another informal advisory group to help advise the Council Chairperson and the Secretariat in the preparation for Council Sessions and on relevant matters inter-sessionally. That was the reason for the proposal to split the meeting into two parts and when the work of the AB is completed, the representatives of TAG and CSAG will log off the meeting while the remaining members will continue discussion on the agenda items that are relevant to the mandate of the IAG.

The Producer Spokesperson understood the way in which the meeting would be conducted but felt that the issue of how to integrate the work of different advisory groups and whether the mandate of the AB could be redefined in order to become a clearer and permanent body for intersessional work needed to be discussed later. The OIC suggested that the appropriate timing for that discussion would be under agenda item 5 on the TOR of the AB.

The Producer Spokesperson asked if his understanding of the IAG only meeting once a year or just before the Council Session was correct. The OIC explained that there is nothing in the TOR of the IAG that limits it from meeting more often and in previous years when the Organization faced difficulties or problems, it sometimes met inter-sessionally. The practice had been that the IAG convenes before the Council Session primarily to review draft decisions presented by Members for consideration at that Session and to help guide the Chairperson and the Secretariat to ensure the smooth implementation of the Council Session. Sometimes it may be necessary to convene the IAG earlier than immediately before the Council Session in order to ensure a smooth Council Session, which is the current situation with COVID-19. For the Secretariat, it would be easier if some of these advisory groups could be merged but at this stage where Council has defined two different groups, it would be correct to keep the mandates of the two groups separate until such time that Council decides to merge the different advisory groups or otherwise.

2. Outcome of 1st Open Call for Concept Notes (CNs) under Funding Scenario 4

Under this agenda item, the OIC gave a presentation on the implementation of Decisions 8(LIV) and 4(LVI) as attached in Annex I. The presentation did not include charts on fundraising efforts and the results of those fundraising efforts presented at previous AB meetings because there was no change. The AB was informed that an NGO in Switzerland planned to contribute US\$200,000 to an ITTO project in Sarawak in the Upper Baram forest area, which is a peace park where a lot of Penan people live that this NGO has been working

with for a long time. The Secretariat expected to receive a formal confirmation of this pledge on 5 July or shortly after from Switzerland. There had also been an indication that there may be an additional US\$200,000 from other Swiss sources but the identity of this source was not yet confirmed. After the Secretariat receives a formal confirmation on the contribution, the AB will be informed and the clearing mechanism prior to entering into such agreements will be consulted. In addition, there had been indications from the US and Japan that if the Swiss contribution materializes, there could be additional funding coming from their side towards this project, which has a total budget of over US\$800,000, leading to a significant part of that being covered by donors and the project would be able to start. The OIC mentioned that those familiar with the history of ITTO may remember the history with Sarawak, the Sarawak Mission, and the issues with the Penan people. This project could allow ITTO to show its capability and strengths. In addition, the OIC reported that there had also been a couple of small-scale funding agreements with FAO and CITES for activities that had already been approved under the BWP such as statistics work and a forest education project. The increased interest from other organizations to work with ITTO was a positive sign that he hoped could continue. A full report on these activities will be provided to Council at its next Session.

Update on implementation of Decision 8(LV)

Operative Paragraph 3 – Engage with Secretariat of GEF

On the implementation of Decisions, starting with 8(LV), which was the first phase of implementing the new financial architecture, the AB was informed that a letter to the Secretariat of GEF was sent in May 2021 and Ms. Chizuru Aoki replied informing that they would certainly keep ITTO's priorities and objectives in mind in their eighth replenishment cycle, urging us to continue liaising especially with our producer member countries for them to include their ITTO priority projects in possible proposals to GEF for funding. This has been done and will be covered under another operative paragraph.

Operative Paragraph 4 – Extending MOUs with CBD and UNCCD

The AB was informed that the MOU with CBD was finalized in February and is now operational. The Secretariat is now looking for ways to work with the CBD Secretariat to hopefully raise funds to make activities under that MOU functional.

The AB was informed that the Secretariat had written to UNCCD in April 2021 and Ms. Satkuru and Dr. Ma will be in a meeting with Ms. Miriam Medel Garcia, Chief, External Relations, Policy and Advocacy and Mr. Marcos Montoiro, NGO and Civil Society Liaison Officer, from UNCCD on Friday, 2 July 2021. In this meeting to explore mutual interests that could potentially be included in the renewed MOU with UNCCD, ITTO had identified two areas of interest – the UNCCD Land Degradation Neutrality Programme, which is currently operational and the Peace Forest Initiative for which the Korean Forest Service had offered funding. The Secretariat reassured the AB that the coverage of areas to work together would only apply to ITTO member countries. It was hoped that the meeting could also identify other areas of interest. It is unclear how long it will take to finalize an MOU but the Secretariat will keep the AB updated. The OIC pointed out that the Secretariat would report on any progress made on these MOUs to Council and to relevant bodies in the run-up to Council.

A member suggested to focus on getting involved in areas that are directly linked to the COP decisions instead of the ones that are like a side event done through these conventions because that is the way to get access to Multi-lateral Development Bank funds. The OIC noted that ITTO's engagement with CITES had benefitted from its perceived ability to help CITES deliver their COP resolutions regarding trees and the Secretariat will ask the UNCCD Secretariat to propose activities and possible areas of collaboration with that idea in mind. The Vice-Chairperson suggested that it would be useful if there was some discussion on cooperation within the CPF as well to manage this approach to ensure activities are interlinked

amongst CPF members. The OIC informed that Ms. Satkuru would be participating in a CPF meeting immediately after the AB meeting. Ms. Satkuru informed the AB that the Secretariat would continue to be actively involved in CPF coordination and cooperation with other members of the CPF and will also pursue that with the UNCCD in terms of the content of the MOU. She agreed with the comment made by the representative of Japan that COP- related decisions are important but noted that organizational priorities would also play a strong role to ensure the ITTO membership's interests are served.

Operative Paragraph 5 - Establish MOU with UNFCCC

The AB was informed that a letter had been sent to the Executive Secretary of UNFCCC in April 2021 but there has been no reply. ITTO plans to participate in the Glasgow COP and has registered for a side event and an exhibit. Based on contacts with colleagues from inside the UNFCCC Secretariat, UNFCCC would like to see clear financial and/or political benefits in signing MOUs with any other organizations. The Secretariat will continue to pursue a reply to the letter sent in April and if there is no reply by the time of the COP26 in November, the Secretariat will endeavor to undertake in person consultations at the COP26 if feasible.

In reiterating the comments made by the AB members from Australia and Japan, the CRF Chairperson from the US agreed about coordinating with CPF members and stressed the need to consider priorities of member states regarding new MOUs, because not all member states of ITTO are in complete alignment on all issues. She looked forward to future updates on what is decided. The OIC commented that there has not been any formal review process of MOUs that ITTO enters with other organizations but going forward, it may be prudent to have these matters reviewed in a preliminary way, for example under the AB, and suggested to include a review of any future MOUs with other organizations in the draft TORs of the AB if it is not there already.

Operative Paragraph 6 – Convey ITTO's Priorities for GEF 7

The AB was informed that a letter sent to the GEF Secretariat included an enquiry on ITTO participation in its Steering Committees, which from the information received, are reserved for members of the GEF. ITTO continues to seek observer status but there has not been any clear response. ITTO's priorities, its mandate and relevant projects requiring funds which Producer member countries could consider in their approaches to GEF for funding packages have been conveyed in the letter that was sent to the GEF Secretariat and the letter sent to all GEF focal points and CBD focal points in member countries. There are many projects pending funding related to conserving and sustainably managing biodiversity in tropical forests. Encouragingly, there were quite a few responses from various member countries, both on the consumer and producer sides after that letter was sent. Several of the consumer responses noted that although they are the GEF or CBD focal point, they are not the decision makers of where the GEF money goes and the recipient countries need to apply through their own channels. On the producer side, mainly it was encouraging because many of them were not so familiar with what projects were submitted to ITTO and they said they would consult with the ITTO focal point, whose details were provided, with a view to hopefully considering whether their requests to GEF for assistance could incorporate at least some of the elements of the matters for which they are seeking support from the ITTO for.

The representative of Japan added that with regard to GEF 7, 85% of the funds have already been programmed and suggested to seek guidance at the upcoming Council Session on how to approach GEF 8 through country driven programmes where ITTO could provide a lot of value in helping ITTO priorities being realized in some of the smaller pilot projects which could be upscaled later on in the GEF.

The OIC noted that there were several cases where ITTO projects had been the genesis of larger GEF or other larger funded projects because the larger funding bodies can see the results of the ITTO project if it is well implemented. The OIC recalled mentioning at the previous meeting that there were several cases where small projects that ITTO had funded gave rise to much bigger programs and projects. This needs to be highlighted more and communicated more clearly to a wider audience through ITTO's own PR, including the GEF and other funding bodies. The representative of Japan suggested to inform the membership of these valuable examples through a Council document on this agenda item. The OIC took note of the suggestion and added that in addition to highlighting the cases that were known, producer member countries could be asked to inform about other examples that the Secretariat was not aware of. Under the agenda item reporting on the implementation of these decisions, there should be an option to propose items and perhaps follow-up decisions taking us in new directions of what we can do under this new financing architecture.

Regarding focal points, the Producer Spokesperson requested the Secretariat to copy the letters sent to the focal points to the Spokespersons because some members had been requesting information that he was not aware of. The OIC regretted any oversight for not sending the information to the Producer Spokesperson and promised to send all such communications from now on.

Operative Paragraph 7 – Accreditation to the GCF

The OIC recalled that the Secretariat had gone through several rounds of the accreditation process with the GCF Secretariat in Korea, providing detailed comments on each round of the additional information submitted. The long process, which had been interrupted by the impairment of funds in ITTO, required the application process to start again but led to some strong improvements in the Organization's governance system. The last version of ITTO's application was submitted in April and based on the previous reviews, it usually took several months to receive feedback from the GCF Secretariat. It was hoped that there could be an update made to the Council.

Update on implementation of Decision 4(LVI)

Operative Paragraph 2 – Implement a Streamlined Project Cycle Incorporating the Concept Notes

Moving to an update on the latest decision, Decision 4(LVI), that has several operative paragraphs. The AB was informed that on the implementation of a streamlined project cycle incorporating the concept notes, an online form was used successfully and a database, which is not live yet but will be soon, had been developed. There is a need to consider how the database should function, which will be an extension to the Project Search function. The thinking is basically to allow members to easily view any concept notes or projects that are pending financing and Secretariat hopes to have it ready to announce to Council at ITTC57.

Operative Paragraph 4 – First open call for concept notes

In terms of the operative paragraph requesting the Secretariat to issue an open call for concept notes under financing scenario 4 of the decision, the AB was informed that an open call was launched in December 2020 and closed in April 2021 where the Secretariat received 12 valid submissions.

Operative Paragraph 9 – Implementing Decision 8(LV) Advisory Board, engaging with funding mechanisms including GEF

Both these matters had been reported on earlier in this meeting during the review of Decision 4(LVI) where the AB has convened twice this year. Secretariat will propose convening the next meeting before the upcoming ITTC57.

Operative Paragraph 10 – Formal TORs for Advisory Board

It was noted that a draft TOR, which had been circulated and reviewed by members, would be considered and discussed under another agenda item. It was hoped that the proposal could be finalized at this meeting for possible inclusion in the Council document on the implementation of Council decisions to be prepared and forwarded to the Council with a request for Council members to review, provide inputs and hopefully approve at the next Session.

Operative Paragraph 11 – Propose structure and approach for review of Decision 5(LIV) in 2022

On the operative paragraph to propose a structure and approach for the review of Decision 5(LIV) in 2022, it was noted that due to having very few projects approved and implemented under the pilot implementation of the programmatic approach, the Secretariat would propose to Council and the AB that the review be postponed at least until 2023. When the review is undertaken, it would consist of a two-person team of one consultant each from consumers and producers to undertake a review of the implementation of the decision and the implementation of the pilot programmatic approach through member surveys and selected visits to members countries, especially countries that hopefully already have benefitted from concept notes being implemented as projects. A detailed discussion of the TOR for the review at ITTC 57 was also needed. If the AB members felt that the review should go ahead as called for in the decision in 2022, then there needs to be some more thought into the TOR now including possible ideas to put forward.

Operative Paragraph 13 – Utilization of Working Capital

On the utilization of up to US\$200,000 of the Working Capital which is authorized under this Phase 2 decision, only a fraction has been utilized for the development of the online system referred to in the first bullet. If a review under the terms of this decision is undertaken, there will be further expenditures within the approved budget above but if Council decides that they would like to convene an Expert Group as part of the review, then there may be larger budgetary implications but still within US\$200,000.

The OIC's presentation included a final slide showing the results of the 2021 call for concept notes under funding scenario 4 of Decision 4(LVI) that showed that there were 20 submissions, including 8 from countries that for various reasons were not eligible to submit concept notes. It was recalled that the decision stated that submitting countries had to be in good standing in terms of their contributions to the Administrative Budget. Additionally, there was one submission from a non-member country. Out of the 20 submissions, 12 submissions were screened by the Secretariat as meeting the criteria specified in the decision and were published, meaning they were posted on the website. Out of those 12 concept notes, which are still posted on the website and available to anyone that wishes to review them, 2 received donor interest. There is no deadline for donors to express interest. Out of those 2, at this stage, 1 of them has gone ahead to be developed into a project that is now being reviewed by the Expert Panel. That project was a project on promoting sustainable consumption of timber in the Vietnam domestic market and it was a good collaborative effort between the Secretariat, the Vietnamese private sector entity that introduced it, the Vietnamese government and the government of Japan who in this case was the donor who expressed interest in funding it. The other concept note was one from Indonesia which the US expressed interest in and the Secretariat was waiting to hear final confirmation on. The US had also showed interest in the Vietnam project.

The Chairperson thanked the OIC for the presentation and opened the floor for further comments. The Consumer Spokesperson noted that the US is in communication with Indonesia on one of their concept notes, and sought clarification if every concept note must

go to the Expert Panel. The OIC commented that the Secretariat interprets the decision as allowing review by the Expert Panel 'upon request', ideally from both parties - the prospective donor and the project proponent. The AB was informed that the Expert Panel is being convened virtually over the next two weeks. The decision makes provision for ad hoc review of project development from concept notes by the Expert Panel but the Secretariat had not consulted with the Expert Panel if they accept to review projects on an ad hoc basis due to the uncertainty of how many there might be. If the US and Indonesia decide to go ahead and develop the concept note into a project and both request to have an expert review, then the Secretariat could consult with the members of the Expert Panel to ask them to do so. Under the decision, the Secretariat is supposed to play a matchmaking role so it could get actively involved at the stage when the project starts to be developed to make sure that the project is well formulated and consistent with ITTO's Rules and Procedures. The 12 concept notes that met the screening criteria and from eligible member countries are on the website. In the review of the implementation of this approach by the Council, there will be a call for interested donors to look at the concept notes and all the projects pending finance that members have submitted.

The CRF Chairperson from the US noted that, the ratio from 12 to 1 proposals submitted being funded seemed in line with recent proposals going through the Regular Project Cycle, even though it is the first stage of the pilot approach. She hoped that producers who submitted feel that the concept note process is a shorter process than submitting a full project proposal through the Regular Project Cycle.

The Producer Spokesperson asked what will happen with the 10 concept notes which donors did not show any interest in so far and if the Secretariat could look for additional sources of financing.

The OIC explained that when the Secretariat wrote to the GEF contact points, they had drawn attention to the pending projects as well as the concept notes and the existence of the programmatic lines. If the Secretariat goes outside of ITTO in an effort to fundraise, the first question will be what ITTO is putting into these projects, so there would need to be some expression of interest from an ITTO donor first in order to seek other funding sources. In terms of what happens to the concept notes, Decision 4(LVI) states that current qualification criteria and sunset provisions for projects will apply equally to concept notes that are submitted. In accordance with Decision 2(X), if there is no donor interest expressed within 20 months after they are posted on the ITTO website, they will be dropped from the ITTO website and no longer be part of the concept note database.

There was a concern from the AB members on the number of concept notes that were funded out of those that were submitted where they felt that this issue needs to be reviewed by Council.

3. Update on the Expert Panel Schedule of Work

The OIC explained that this item is not specifically within the mandate of the AB but it is being reported because there is a concept note arising from the new programmatic approach in the Expert Panel and thought it would be useful to provide an update. The Secretariat provided an update on the schedule of the Expert Panel, which started on 16 June and has a deadline of 12 July for the review of the 13 proposals plus 1 proposal arising from a concept note. After the review by the Expert Panel is completed, it would become clearer how proposals arising out of a concept note would go based on funding scenario 4. If the proposal receives a Category 1 rating from the Expert Panel and the donor agrees in making a funding decision to commence the project prior to the ITTC57, it would then be placed in the virtual informed

feedback loop where members have the option to look at it before the agreement is signed. Provided there are no objections, that proposal could be funded immediately and the agreement could be signed. If that is not the case, a further review and further consultations between the Executing Agency, potential donors and the Secretariat would be required. Otherwise, in accordance with the timeline for Council, Category 1 proposals would be revised based on the review and comments and then posted for no-objection in time for the Council. The OIC informed the AB that as the donor and the proponent had asked for the proposal arising from a concept note to go through the Expert Panel, the intention of the Secretariat was to handle it in the same manner as the 13 project proposals that had been submitted through the regular project cycle. In addition to going through the virtual informed feedback loop established under Decision 4(LIV), the proposal will be posted for no-objection on the website with a note on where it came from and include it in all the relevant Council documents being prepared on projects, under new projects available for funding. If, for example, the donor or donors that have expressed interest in the Vietnam project actually go ahead and make a formal pledge to it with the intention of commencing the project before the Council Session, it will still be put through the virtual informed feedback loop before the agreement is finalized and this will be indicated in the documentation for Council Session. If the donor wishes to make their formal pledge at the Council Session, then it will be officially recorded under Decision 1 reporting on new funding coming into the organization through whatever source with an asterisk on this project, saying that it was generated from a concept note submitted consistent with Decision 4(LVI).

4. Review and adoption of the Advisory Board's formal terms of reference for its work - Decision 4(LVI) Operative paragraph 10

The Secretariat provided a brief overview of the comments received from three members of the AB - Japan, Consumer Spokesperson and the Producer Spokesperson - on the draft TOR that were circulated on 14 May 2021. It was noted that under the mode of operation paragraph, there were seven points with certain amendments and suggestions by members of the AB, all of which had been delineated on the right side of the column. There had been an additional point, which is point seven, that suggested that "Spokespersons, ITTC Chair, TAG/CSAG, other?] will share the final minutes of AB meetings with Council/their membership". The OIC commented that he had suggested at the last meeting that the Secretariat propose an item for the Council agenda of ITTC57 on the implementation of Decisions 5(LIV) and 4 (LVI), and the minutes of the AB would be appended to the report on implementation of those decisions. If the AB wished to include something along those lines, they could say that the Secretariat should continue to append the minutes of AB meetings to its regular reports to Council on the implementation of these decisions. The OIC noted that there were two kinds of proposed changes, one which are changes to wording to provide clarity. For more substantive revisions and especially where revisions were made on top of other revisions, the Secretariat could leave the comments and current suggestions in. The updated draft TOR could be circulated to AB members on Friday, 2 July 2021 for further review and comments with a view to finalizing the TOR to present to Council.

The Producer Spokesperson took the floor to make a request for interpretation to be provided to facilitate Producer Caucus participation in panels and working groups where they were having difficulty filling their nominations due to the challenge of finding suitable participants with a good command of English. The OIC suggested that because there would be a discussion during the IAG part of the meeting on the various working groups and panels that are being established and who is on them, this issue of providing interpretation could be raised there and whether the meeting is virtual or physical, providing interpretation would be a simple matter of cost and for it being requested. If the IAG members felt that the ED Selection Panel would benefit from interpretation, that should be raised and discussed under the IAG while if

AB members felt that it would be beneficial to have interpretation for the AB or future meetings of the AB, it could be included in the comments on the TOR of the AB.

The Consumer Spokesperson elaborated on the suggestion made on the mode of operation point 7 of the draft TOR. While he concurred to append the AB meeting minutes to the annual CFA report for the official record, he wanted to understand if the spokespersons or the Secretariat could share the meeting minutes with membership on a more frequent, rolling basis once approved by the AB – noting that the information can be timely and quite helpful. The OIC responded that if the AB believes that it would be useful for its minutes to be distributed widely once they are approved by the AB, the Secretariat could insert a paragraph in the new point 7 of the TOR that the minutes of all AB meetings will be distributed by the Secretariat to all members, the TAG, CSAG, and the spokespersons once they are approved by the AB.

The representative of Japan endorsed the suggestion made by the Consumer Spokesperson and pointed out that it was standard practice for meeting minutes to be posted on the website, hence her support in order to highlight that ITTO is doing a lot of work. She noted that there had been several instances, not just in the consumer group, where there was an interest in seeing the minutes and stressed the importance of having them posted in a timely manner. On the translation issue, the Japanese representative commented that it was not standard practice for working group meetings or documents to be interpreted or translated and there would be budgetary implications that need to be considered. The OIC suggested that instead of “send to members”, the TOR could say “post the minutes on the website when they are approved by the Advisory Board”.

5. Proposals and discussion on the review of the implementation of Decision 5(LIV) in 2022

The AB felt that it was premature to undertake a review in 2022 and proposed to defer the review to a future date. It was also suggested that Council should enter into a discussion under the agenda item on the implementation of the programmatic approach to define the criteria and indicators for undertaking the review as well as its final timing. The Council agenda should include enough time and space to fully discuss this issue.

6. Additional Matters: Focal Points List for the ITTO website

The OIC recalled that the issue on the availability of a focal points list had been raised at the previous AB meeting and it was decided that the ITTO focal points list be placed on the website. The AB was informed that the Secretariat had developed a more concise focal point list with a political contact point and a technical contact point for each member. This list had been sent out to members to review and revise. The updated list will be posted on the website by mid-July. The intention was to try to make the list as useful as possible to people who would like to consult it and reach out to some of our focal points on various matters.

7. Other Matters & Tentative Date for Next AB Call & Closing

The OIC proposed to continue with the two-pronged approach of convening the AB and the IAG at the same time for their next meeting in the run-up to ITTC57. Depending on the logistics for ITTC57, the meeting may be convened in the month before Council but it would depend on the decision made on the convening of the Council Session. After going through the process of defining the convening of the Council Session, the Secretariat will contact the AB members to propose and decide on a suitable date for the meeting. The Chairperson noted

that there were no objections to this proposal. The Advisory Board was adjourned at 20:54 hours (Japan Standard Time).

ANNEXE I**Implementation of Decision 8(LV)****“Implementing ITTO’s New Finance Architecture – Phase I”**

Paragraph	Description	Completed
3. Engage with secretariat of GEF	Letter sent in May 2021	Yes/ongoing
4. Extend the MoU with CBD and UNCCD	CBD MoU agreed in Feb 2021; UNCCD discussions commencing	Yes/ongoing
5. Establish MoU with UNFCCC	Letter sent in April 2021, no reply yet	Ongoing
6. Convey ITTO priorities for GEF-7, engage in the GEF Steering Committees	Wrote letter in May 2021 to all GEF focal points in member countries conveying priorities and informing of relevant projects requiring funds	Yes/ongoing
7. Formal accreditation to the GCF	Accreditation application addressing all GCF queries submitted to GCF in Apr, 2021 (no response yet)	Yes/ongoing

Implementation of Decision 4(LVI)**“Implementing ITTO’s New Finance Architecture – Phase II”**

Paragraph	Description
2. Streamlined project cycle	Online concept note (CN) form and CN/project proposal database developed
4. First Open call for concept notes	Launched in December 2020. Closed in April 2021. Received 12 valid submissions.
9. Implementing Decision 8(LV) - Advisory Board, engaging with funding mechanisms including GEF	Advisory Board convened in April & July 2021. See previous slide for GEF engagement and next slide for details of implementation of call for concept notes
10. Formal TORs for Advisory Board	Draft developed and circulated to advisory board in May 2021, AB to complete proposal to go to ITTC today
11. Propose structure and approach for review of Decision 5(LIV) in 2022	Secretariat proposes to postpone the review until at least 2023, and that the review be undertaken by a 2 person team through member surveys and selected visits; suggest more discussion at ITTC 57 (including future of regular project cycle)
13. Utilization of Working Capital	\$25,000 of \$200,000 authorized utilized to date for the development of the online systems; more to come for review

