



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(LVII)/25
22 August 2022

ENGLISH ONLY

FIFTY-SEVENTH SESSION
29 November – 3 December 2021
VIRTUAL SESSION

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

**VIRTUAL SESSION
29 November–3 December 2021**

OPENING OF THE SESSION (AGENDA ITEM 1)	5
ASCERTAINMENT OF THE QUORUM (AGENDA ITEM 2)	7
ADOPTION OF AGENDA AND ORGANIZATION OF WORK (AGENDA ITEM 3)	7
REPORT ON MEMBERSHIP OF THE COUNCIL (AGENDA ITEM 4)	7
PROPOSED DISTRIBUTION OF VOTES FOR THE 2022-2023 BIENNIUM (AGENDA ITEM 5)	7
ADMISSION OF OBSERVERS (AGENDA ITEM 6)	10
REPORT OF THE INFORMAL ADVISORY GROUP (AGENDA ITEM 7)	10
REPORT OF THE CREDENTIALS COMMITTEE (AGENDA ITEM 8)	11
IMPLICATIONS OF THE COVID-19 PANDEMIC ON ITTO PROCEDURES (AGENDA ITEM 9).....	12
(a) Decision 9(XXXI) on matters related to hosting sessions of the Council.....	12
(b) Procedures and modalities governing the virtual Fifty-seventh Session of the Council in line with the ITTA, 2006 and ITTO Rules of Procedure.....	12
Relevant committee-related agenda items (AGENDA ITEM 10)	13
(a) Annual Market Discussion.....	13
(b) Report of the Fifty-sixth Expert Panel for Technical Appraisal of Project Proposals	13
(c) Relevant Committee agenda items	14
MATTERS RELATED TO ARTICLE 19 OF THE ITTA, 2006 ON THE ADMINISTRATIVE ACCOUNT (AGENDA ITEM 11)	14
EXTENSION OF THE ITTA, 2006 (AGENDA ITEM 12)	17
MATTERS RELATED TO ARTICLE 14 OF THE ITTA, 2006 REGARDING THE SELECTION, ELECTION AND RECRUITMENT OF THE EXECUTIVE DIRECTOR OF ITTO – DECISION 5(LVI) (AGENDA ITEM 13)	19
ITTO STRATEGIC ACTION PLAN 2022–2026 – DECISION 3(LVI) (AGENDA ITEM 14).....	26
PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO BIENNIAL WORK PROGRAMME 2021–2022 – DECISIONS 9(XXXIV) and 2(LVI) (AGENDA ITEM 15)	28
Progress report on the implementation of the ITTO Biennial Work Programme 2021–2022	28
MATTERS RELATED TO ARTICLE 15 OF THE ITTA, 2006 ON COOPERATION AND COORDINATION WITH OTHER ORGANIZATIONS (AGENDA ITEM 16).....	31
IMPLEMENTATION OF ITTO’S NEW FINANCING ARCHITECTURE, PHASE II – DECISIONS 4(LVI) (AGENDA ITEM 17)	33
(a) Progress report on the implementation of the new financing architecture.....	33
(b) Terms of reference of the Advisory Board	33
SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (AGENDA ITEM 18)	36
(a) Pledges to the Special Account and the Bali Partnership Fund	36
(b) Report of the Panel on Sub-Account B of the Bali Partnership Fund	37
REPORTS OF THE COMMITTEES (AGENDA ITEM 19).....	38
Committee on Economics, Statistics and Markets (CEM) and Committee on Forest Industry (CFI).....	38
Committee on Reforestation and Forest Management,	38
Committee on Finance and Administration	39
ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2022 (AGENDA ITEM 20).....	39
DATES AND VENUES FOR THE FIFTY-EIGHTH AND FIFTY-NINTH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 21)	40
DECISIONS AND REPORT OF THE SESSION (AGENDA ITEM 22)	40
CLOSING OF THE SESSION (AGENDA ITEM 23).....	41

Annex I	– List of Participants	43
Annex II	– Agenda.....	63
Annex III	– Text of the Decisions adopted by the Council at its Fifty-seventh Session	73
Annex IV	– Reports of the Associated Sessions of the Committees	119
Annex V	– Report of the Informal Advisory Group (IAG)	167
Annex VI	– Report of the 2021 Market Discussion	213

KEY ACRONYMS AND ABBREVIATIONS

APEC	Asia Pacific Economic Cooperation
BWP	Biennial Work Programme
CBD	Convention on Biological Diversity
CEM	Committee on Economics, Statistics and Markets
CFA	Committee on Finance and Administration
CFI	Committee on Forest Industry
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COP	Conference of the Parties
COVID-19	coronavirus
CPF	Collaborative Partnership on Forests
CRF	Committee on Reforestation and Forest Management
CSAG	Civil Society Advisory Group
EGILAT	Expert Working Group on Illegal Logging and Associated Trade
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FLEGT	Forest Law Enforcement, Governance and Trade
FLR	Forest Landscape Restoration
GEF	Global Environment Facility
GGSC	Global Green Supply Chains
IAG	Informal Advisory Group
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
IWPA	International Wood Products Association
KRW	Korean Republic Won
LSSC	Legal and Sustainable Supply Chains
Q&A	Question and Answer
SAP	Strategic Action Plan
TAG	Trade Advisory Group
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
USA	United States of America
USD	United States dollar(s)
WCR	Working Capital Reserve

OPENING OF THE SESSION (AGENDA ITEM 1)

1. The 57th Session of the International Tropical Timber Council (ITTC, the Council), which was held as a virtual session, was opened by the Chairperson, Mr Mohd Kheiruddin Rani, in Putrajaya, the administrative center of the Malaysian government, about 50 km from Kuala Lumpur, Malaysia. Mr Kheiruddin welcomed all participants to the session. He expressed his sincere appreciation to Mr Jesse Mahoney (Australia) as Vice-Chairperson of the session and welcomed Mr Steven Johnson, ITTO Officer-in-Charge. Mr Kheiruddin informed the Council that he was joined in Kuala Lumpur by Ms Sheam Satkuru, ITTO Director of Operations, who would assist him throughout the session.
2. The Chairperson said there had been a huge shift in the economic landscape worldwide due to the COVID-19 pandemic, and the global forestry and timber industry was no exception. Nevertheless, economies were now easing towards living in a post-pandemic era, offering hope that the industry would pick up pace and move as countries increasingly adopted measures to address medium- to long-term recovery strategies, such as the integration of digital technologies in operations, which would improve the industry's efficiency.
3. The Chairperson said that, due to the exigencies of the COVID-19 pandemic, the Council session was again being held virtually via KUDO as the main web-conferencing system. The Informal Advisory Group (IAG) had agreed to conduct daily sessions of five hours from 6:00 PM to 11:00 PM Japan Standard Time from Monday, 29 November 2021 through Friday, 3 December 2021.
4. The Chairperson said the agenda of the session featured a number of important items, including on the extension of the International Tropical Timber Agreement (ITTA), 2006 and matters related to Article 14 of the ITTA on the selection and appointment of a new Executive Director. He explained that the ITTA, 2006 had entered into force on 7 December 2011 and, without an extension, would therefore expire on 7 December 2021. The Chairperson reminded members that, at the previous session, both spokespersons had said there was willingness and readiness in their respective caucuses to extend the ITTA, 2006, but some members had requested additional time for internal consultations. He expressed hope that consensus could be achieved during the session on extending the ITTA.
5. The Chairperson said he expected the appointment of a new Executive Director to consume a significant amount of time during the session. He expressed hope that the Council would be able to achieve consensus on the best candidate to lead the Organization through the challenges ahead while capitalizing on opportunities. He asked members to take the candidates' professional experience fully into account based on the highest level of efficiency, competence and integrity, as per Decision 6(LIV). He said consensus would send a strong message of support to the newly appointed Executive Director from both the producer and consumer sides.
6. The Chairperson expressed concern regarding the status of the Administrative Account and members' voting eligibility. He noted that this issue had been brought up consistently in the past few sessions, but no progress has been made. Late or non-payment of assessed contributions had become a regular occurrence and was negatively affecting the Secretariat's core functions. This was a serious matter, and a decision would be tabled for Council approval to increase the amount the Secretariat could utilize from the Working Capital Reserve to meet shortfalls in the administrative budget due to late or non-payments by members of their assessed contributions. The proposed increase was from USD 300 000 to USD 1 000 000, in line with the standards of other international organizations. The Chairperson reminded members that the Working Capital Reserve was a joint members' fund consisting of assessed contributions usable only for core matters under the Administrative Account and was not intended for project funding. He urged members to agree to the proposed increase to enable the Secretariat to carry out its core functions efficiently and effectively and to find ways of addressing the timely payment of assessed contributions. He noted that the matter would be discussed under agenda item 11 and that a number of members had lost their voting rights due to their arrears.
7. The Chairperson informed members that, prior to the Council session, a number of proposals relevant to Council agenda items had been received from member countries—Japan; Costa Rica and Panama (in a joint proposal); and Viet Nam. The IAG had decided that these proposals would be deliberated on under the respective agenda items.
8. The Chairperson reminded members of the need to achieve quorum to enable Council to take decisions and urged all members to submit proper credentials as soon as possible. He expressed hope that the session would receive participation from all members so that all agenda items could be properly

addressed and important decisions made by consensus, and that the session would be productive and constructive.

9. The Chairperson invited the Officer-in-Charge to deliver his statement.
10. The Officer-in-Charge joined the Chairperson in welcoming delegates to the session. This was the second session in a row to be convened virtually due to the COVID-19 pandemic, but the inability to convene international meetings in person was a minor impact of COVID-19 compared with the death and disability occurring around the world and the economic hardships the pandemic had created, particularly in many developing tropical countries, including those making up ITTO's producer group. Although most economic sectors had been affected, countries with large export-oriented forest industries, including many ITTO producers, had been particularly hard-hit. Companies had faced difficulties in getting workers back to factories during lockdowns, and those that had succeeded had found it almost impossible to secure containers or shipping capacity to move their products to market. And for those that had managed to do so, freight rates had soared by up to ten times compared with pre-COVID rates, and the higher shipping costs had increased landed product prices substantially in import markets, driving down demand in a vicious spiral.
11. The Officer-in-Charge said that, for ITTO and others working towards achieving legal and sustainable supply chains, green supply chains and deforestation-free supply chains, the pandemic was a brutal reminder that none of these would be achieved if the supply chains themselves no longer existed. These and other impacts of the pandemic would be discussed in detail during the Annual Market Discussion organized by ITTO's Trade Advisory Group (TAG), whose members were often on the front lines in dealing with such issues.
12. The Officer-in-Charge said that although ITTO's work had also been affected by the pandemic in 2021, it was a testament to the collective resilience of members and the Secretariat that many important activities had been able to go forward, albeit perhaps not as originally planned. A new strategic action plan had been developed remotely for Council consideration and approval that would guide ITTO's work to the end of 2026. This was also the period proposed for an extension of the ITTA, 2006, which would also need Council approval during the session. Also, following Council guidance, the first call for concept notes under the pilot programmatic approach of ITTO's new financial architecture had been launched in 2021, and one of the submitted concept notes had been developed into a full project proposal and funded. On a less positive note, the Secretariat had almost run out of money to fund its ongoing operations three times in 2021 due to the late or non-payment of members' assessed contributions to the administrative budget. Based on advice from the IAG, the Council would consider the issue of arrears and payment of assessed contributions at this session, along with a proposal to allow greater flexibility in the use of the Working Capital Reserve.
13. The Officer-in-Charge said the Council was striving to elect the next Executive Director and the Selection Panel established by the Council had convened several times in virtual sessions during the year to produce the shortlist of candidates contained in the panel's report to the Council (Document ITTC(LVII)/8). The three short-listed candidates would participate in the session and would make presentations to the Council later in the day. The Officer-in-Charge said that, in his view, the election of a new Executive Director would be the most important decision of the Council at this session because the Executive Director reflected the image and vision of the Organization, particularly when fundraising and liaising with national and international partners. Tropical forests were increasingly in the spotlight of other international organizations and processes, including international climate negotiations, where significant new funds to fight deforestation and land degradation had been pledged earlier in the month at the 26th Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC). The Officer-in-Charge said he also expected to see additional pledges for tropical forests arising from the second part of the Convention on Biological Diversity (CBD)'s COP in 2023 and it was essential for ITTO to be visible and vocal in these international processes to ensure that its objectives—towards which members have been striving together for more than 30 years—were given sufficient weight. ITTO's voice could also help in applying pressure to ensure that political pledges made at these fora were translated into actual funding. ITTO's voice was also necessary to ensure that the Organization's crucial work to promote sustainable tropical forestry benefited from any new funds made available and that this would be a key role for the next Executive Director.
14. The Officer-in-Charge said ITTO needed a new Executive Director who was seen both within the Organization and internationally to command the support and respect of the entire membership. ITTO was at a historic juncture, he said, and the new Executive Director would have an opportunity to transform

not only the Organization's work through the implementation of the new strategic action plan and the operationalization of the new financing architecture but also the Secretariat because within the potential term of the next Executive Director, six senior staff are scheduled to retire, taking more than 130 years of combined experience with them. Assuming that these posts are maintained, the retirements would provide a once-in-a-generation opportunity for the next Executive Director to regenerate the Secretariat.

15. The Officer-in-Charge said this was the third time he had opened a Council session as Officer-in-Charge. He expressed hope that it would be the last time that ITTO would need to be led for an extended period by an Officer-in-Charge and that the appointment of the next Executive Director could be made smoothly and without controversy at this session. Based on his long experience with the Organization, he said, ITTO's biggest advantage and strength was the commitment of its members and Secretariat to the Organization's shared objectives. This commitment had been shown again in 2021 by the dedication of the IAG, led by the Chairperson, the members of various working groups, the Secretariat and all members participating in the session, battling time differences and technical problems, to do the Council's work. The Officer-in-Charge concluded his remarks by thanking all delegates and wishing them a successful session.

ASCERTAINMENT OF THE QUORUM (AGENDA ITEM 2)

16. The Officer-in-Charge reported that the quorum for the 57th Session of the Council had been met. The list of participants is contained in Document ITTC(LVII)/Info.2 (Annex I). Due to the nature of the virtual meeting, quorum would be re-assessed prior to any voting or adoption of decisions during the Session.

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

17. The Chairperson referred to Document ITTC(LVII)/1 Rev.2 and invited comments on the provisional agenda.
18. In the absence of objections and comments, the provisional agenda was adopted.

REPORT ON MEMBERSHIP OF THE COUNCIL (AGENDA ITEM 4)

19. The Officer-in-Charge informed the Council that the membership of the Organization stood at 74, comprising 38 consumer members and 36 producer members. There had been no change in membership since the 56th Session of the Council.

PROPOSED DISTRIBUTION OF VOTES FOR THE 2022-2023 BIENNIUM (AGENDA ITEM 5)

20. The Chairperson drew the attention of the Council to the annex of Document ITTC(LVII)/1 Rev.2, which showed the proposed distribution of votes for the 2022–2023 biennium, in accordance with Article 10(7) of the ITTA, 2006.
21. The Chairperson reminded members that, in accordance with Article 19(4) of the ITTA, 2006, the distribution of votes would be used to assess the contribution of each member to the biennial administrative budget for 2022 and 2023. He said the approved distribution of votes would remain in effect except whenever the Organization's membership changed or when a member had its voting rights suspended or restored, in which case the Council would redistribute votes within the affected categories.
22. In the absence of any objections or further comments, the distribution of votes, as contained in the annex of Document ITTC(LVII)/1 Rev.2, was approved.

DISTRIBUTION OF VOTES FOR THE 2022–2023 BIENNIUM

PRODUCER MEMBERS

	2021 <u>No. of votes</u>	2022/2023 Biennium <u>No. of votes</u>
Africa		
Benin	22	21
Cameroon	22	22
Central African Republic	22	22
Congo	22	22
Côte d'Ivoire	22	22
Democratic Republic of the Congo	22	22
Gabon	22	22
Ghana	22	22
Liberia	21	21
Madagascar	22	21
Mali	21	22
Mozambique	22	22
Togo	21	21
Asia & Pacific		
Cambodia	24	21
Fiji	14	14
India	28	29
Indonesia	90	95
Malaysia	83	73
Myanmar	30	26
Papua New Guinea	42	44
Philippines	15	15
Thailand	49	52
Viet Nam	16	16
Latin America/Caribbean		
Brazil	121	127
Colombia	23	24
Costa Rica	13	13
Ecuador	19	19
Guatemala	12	12
Guyana	16	16
Honduras	11	12
México	24	24
Panamá	13	13
Peru	29	28
Suriname	15	15
Trinidad and Tobago	10	10
Venezuela	20	20
TOTAL:	1,000	1,000

<u>CONSUMER MEMBERS</u>	2021	2022/2023 Biennium
	<u>No. of votes</u>	<u>No. of votes</u>
Albania	10	10
Australia	16	16
China	291	305
European Union	344	337
Austria	10	10
Belgium	15	15
Bulgaria	10	10
Croatia	10	10
Cyprus	10	10
Czechia	11	11
Denmark	11	11
Estonia	10	10
Finland	10	10
France	25	25
Germany	19	19
Greece	11	11
Hungary	10	10
Ireland	13	13
Italy	20	19
Latvia	10	10
Lithuania	10	10
Luxembourg	10	10
Malta	10	10
Netherlands	30	25
Poland	11	11
Portugal	13	13
Romania	10	10
Slovakia	10	10
Slovenia	10	10
Spain	14	13
Sweden	11	11
Japan	144	130
New Zealand	11	11
Norway	10	10
Republic of Korea	63	66
Switzerland	11	11
United Kingdom	27	28
United States of America	73	76
TOTAL:	1,000	1,000

ADMISSION OF OBSERVERS (AGENDA ITEM 6)

23. The Chairperson referred to Document ITTC(LVII)/Info.3 Rev.1 and Document ITTC(LVII)/Info.4. He said that, in accordance with Decision 3(LI), the Officer-in-Charge had reviewed applications for observer status for compliance with requirements. In accordance with that decision, the results of the initial review as contained in Document ITTC/LVII/Info.4 had been published on the ITTO website two weeks before the present session of the Council. He noted that no new observers had applied to participate in this session.
24. The delegate of Malaysia said Malaysia recognized the contributions of organizations outside ITTO in international timber trade and his government therefore had no objections to the admission of the observers, as presented in the document. He reminded observers of the obligation to comply with ITTO guidelines for participation in sessions of the Council.
25. In the absence of objections, all observers in compliance with the guidelines according to ITTO rules were admitted as observers to the 57th Session of the Council.

REPORT OF THE INFORMAL ADVISORY GROUP (AGENDA ITEM 7)

26. The Chairperson presented the report of the 35th meeting of the IAG, as contained in Document ITTC(LVII)/2. The meeting had been convened virtually on 1 July, 26 August and 24 November 2021. Chaired by the Chairperson of the Council, it had been attended by the Vice-Chairperson of the Council; the Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI); the Chairperson of the Committee on Reforestation and Forest Management (CRF); the Chairperson of the Committee on Finance and Administration (CFA); the spokespersons of the producer and consumer groups; the representative of the host government of ITTO headquarters; and the ITTO Officer-in-Charge and other senior members of the Secretariat.
27. The Chairperson said that, among the issues discussed, the status of contributions to the Administrative Account stood out because a large number of members had not paid their contributions, as had already been mentioned in his opening remarks and by the Officer-in-Charge in his statement. The Chairperson provided the following summary of the IAG meeting.
28. The IAG meeting was opened by the Council Chairperson, and the Executive Director also made opening remarks. The IAG adopted the following agenda for discussion:

Meeting of 1 July 2021

1. Update on the situation in Japan with regard to COVID-19 and the work of the Secretariat
2. Review of the preparation for ITTC 57 and the various working groups including the selection panel of the new Executive Director
3. Update on the implementation of projects and activities that are funded
4. Report on the decision without meeting process and the situation of the Administrative Budget
5. Other matters and tentative date for next IAG call and closing

Meeting of 26 August 2021

6. Update on the situation in Japan with regard to COVID-19 and the work of the Secretariat
7. Decision without meeting results and the situation of the Administrative Budget
8. Executive Director Selection Panel update
9. ITTC 57: logistics (costs, etc.), dates, agenda, pending nominations for Council, Committees, Panels etc.
10. ITTC 58: timing
11. Other matters and tentative date for next IAG call and closing

Meeting of 24 November 2021

- A. Brief background of the IAG:
 - Decision 2(LI)
 - Report of the IAG at Thirty-fifth Meeting Parts 1-2 (1 July and 26 August 2021)
 - General observations by the IAG Members
- B. Status of contributions to the Administrative Account and members' voting eligibility
- C. Filling positions of Council officers/bodies
- D. Matters related to the Appointment of the Executive Director – Decision 5(LVI)

- E. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII):
- i. Projects, Pre-Projects and Activities [Decision 1(LVII)]
 - ii. Amendment of Financial Rules and Rules Relating to Projects of the ITTO
 - iii. Extension of the International Tropical Timber Agreement, 2006
 - iv. Adoption of the ITTO Strategic Action Plan 2022-2026
 - v. Adoption of the Terms of Reference for Decision 4(LVI) Advisory Board and the Timeline and Terms of Reference for the Review under Decision 5(LIV) on the Pilot Programmatic Approach
 - vi. Appointment of the Executive Director
- F. Other matters

29. The IAG had considered nine draft decisions on:
- Projects, pre-projects, and activities
 - Amendment of Financial Rules and Rules Relating to Projects of the ITTO
 - Extension of the International Tropical Timber Agreement (ITTA), 2006
 - Adoption of the ITTO Strategic Action Plan 2022–2026
 - Adoption of the Terms of Reference for Decision 4(LVI) Advisory Board and the Timeline and Terms of Reference for the Review under Decision 5(LIV) on the Pilot Programmatic Approach
 - Appointment of the Executive Director
 - Administrative budget for the 2022 and 2023 Financial Biennium
 - Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other international organizations
 - Biennial Work Programme 2021–2022; further extension of the Strategic Action Plan 2013–2018; extension of the International Tropical Timber Agreement (ITTA), 2006; implementation of ITTO’s new financing architecture; and matters related to Article 14 of the ITTA, 2006, regarding the recruitment, selection and term of the Executive Director.
30. The IAG had discussed the list of possible decisions, its report to the Council, and other matters.
31. The Council adopted the report.

REPORT OF THE CREDENTIALS COMMITTEE (AGENDA ITEM 8)

32. Mr Ray Thomas Fernandez Kabigting (Philippines), Chairperson of the Credentials Committee, presented the report of the Credentials Committee, drawing attention to Document ITTC(LVII)/3 Rev.6. He said that the Committee, consisting of Australia, the European Union (EU), Indonesia, Malaysia, Mexico, New Zealand and the United States of America (USA), had examined and accepted the credentials and attendance of forty-two (42) countries and the EU participating in the 57th Session of the International Tropical Timber Council and Sessions of the Associated Committees.
33. The Credentials Committee had also examined the representation of interest and the delegation of voting rights of fifteen (15) countries in accordance with Article 11, Paragraph 2 of the ITTA, 2006. The list of member countries delegating their interests and voting rights was as shown below:

LIST OF MEMBER COUNTRIES DELEGATING VOTES

Country	Delegating votes to:
Bulgaria	European Commission
Croatia	
Denmark	
Finland*	
Hungary*	
Italy*	
Lithuania	
Netherlands*	
Poland	
Slovakia	
Spain	
Greece	

Malta	Slovenia as President of the Council of EU
Portugal*	
Romania	

**submitted both credentials and delegation of voting rights*

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

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

34. The Chairperson of the Council drew the attention of members to Document (LVII)/4. Due to the exigencies of the COVID-19 pandemic, he said, an ad hoc advisory group had been established in accordance with Decision 9(XXXI) with the mandate to decide on the dates and venue of the 57th Session of the Council. The ad hoc advisory group had met virtually on 13 July 2021 to discuss options and modalities for the session, considering the continued exigencies of the COVID-19 pandemic and related restrictions and quarantine requirements. Three options had been discussed: 1) to proceed with preparations for a physical meeting in Yokohama; 2) to postpone the session until June 2022 or November 2022; and 3) to hold a virtual session on 1–5 November 2021, as was done for the 56th Session. The ad hoc advisory group had also discussed the timing, modalities and cost implications of each option. Following extensive discussion, consensus had been reached to hold a virtual session on 1–5 November 2021 and to use the KUDO system because members were already familiar with that system. The Chairperson said that an additional advantage of the KUDO system was that the platform allowed the Council to conduct voting, if necessary, under agenda item 13 on matters related to Article 14 of the ITTA, 2006 regarding the selection, election and recruitment of the ITTO Executive Director. The Chairperson said the IAG had later changed the dates of the session to 29 November to 3 December 2021. He opened the floor for interventions from members.
35. The delegate of Indonesia expressed his appreciation to the ITTO Secretariat for the excellent arrangements for this virtual session. Regarding agenda item 13, he expressed appreciation for the excellent work of the Selection Panel and introduced the shortlisted Indonesian candidate, Ambassador Yuri Octavian Thamrin. Underlining the importance of the principle of rotation, the delegate of Indonesia said it was the turn of the Asia-Pacific region; in view of the principle of equal opportunity and considering that Indonesia had never had the chance to serve as ITTO Executive Director in the Organization's almost 40 years, he hoped that this honour would be given to Indonesia this time. He said Indonesia was ready to work towards a successful 57th Session of the Council.
36. The Chairperson thanked the delegate of Indonesia for his statement. He said the issue of the next Executive Director would be discussed under agenda item 13, which had been scheduled for nearly every day of the session.
37. In the absence of further interventions from the floor, the Chairperson closed this item.

(b) Procedures and modalities governing the virtual Fifty-seventh Session of the Council in line with the ITTA, 2006 and ITTO Rules of Procedure

38. The Secretariat (Ms Sheam Satkuru) informed members that, due to the existing and continuing exigencies of the COVID-19 pandemic, the IAG had decided to hold the 57th Session of the Council as a virtual session in the interests of the safety of all delegates and the Secretariat. The IAG had also decided to again use the KUDO communication platform, and detailed user instructions had been circulated to all members in the Organization's three working languages. After briefly explaining the procedures and modalities, Ms Satkuru reminded members of the importance of using the correct browsers and appropriate audio and video equipment, as indicated in the instructions. She said that, in case of technical difficulties, technical support was available via the means indicated in the KUDO instructions. She joined the Chairperson and the Officer-in-Charge in welcoming members to the session.

RELEVANT COMMITTEE-RELATED AGENDA ITEMS (AGENDA ITEM 10)

(a) Annual Market Discussion

39. The report of the 2021 Annual Market Discussion, “Challenges in Manufacturing and Trade during the COVID-19 Pandemic”, organized by TAG, is attached to this report in Annex VI, Document CEM-CFI(LV)/3 “Report of the 55th Session of the Committee on Economics, Statistics and Markets and the Committee on Forest Industry, Appendix A”.
40. The TAG statement is attached to this report in Annex VI, Document CEM-CFI(LV)/3 “Report of the 55th Session of the Committee on Economics, Statistics and Markets and the Committee on Forest Industry, Appendix B”.
41. The 2021 Annual Market Discussion was livestreamed on YouTube and is available at <https://ittc57.page.link/live>.
42. The presentations made at the 2021 Annual Market Discussion are available at <https://www.itto.int/itc-57/presentations/>.

(b) Report of the Fifty-sixth Expert Panel for Technical Appraisal of Project Proposals

43. The report of the 56th Expert Panel for Technical Appraisal of Project Proposals is available at [Document ITTC\(LVII\)/5](#).
44. The presentation made under this agenda item is available at [Presentation 56th Expert Panel](#).
45. The Chairperson invited Mr John Leigh (Peru) to present the report of the 56th Expert Panel, as contained in Document ITTC(LVII)/5.
46. Mr Leigh said that, due to the continued exigencies of the COVID-19 pandemic, it had not been possible to physically convene the 56th meeting of the Expert Panel for Technical Appraisal of Project Proposals in late June 2021 in Yokohama. To avoid excessive delay in considering the proposals received in the 2021 spring and autumn cycles, the Secretariat had proposed a virtual review procedure, which had been endorsed by the members of the Expert Panel. The Expert Panel had conducted a virtual review and assessment in June and July 2021. The Expert Panel normally consisted of 12 members, but this review had involved only 11 panellists because one nomination from the consumer group was still pending.
47. After introducing the composition of the panel, Mr Leigh explained the panel’s mandate and the virtual procedure applied during the review. He said 14 proposals had been assessed, including nine full proposals and five pre-proposals, which was a comparatively low number considering that it was for two cycles. There had been three proposals from Latin America, five from Asia-Pacific, and six from Africa. By ITTO technical division, 11 proposals had been under Reforestation and Forest Management, two under Forest Industry and one under Economics, Statistics and Markets.
48. Mr Leigh said five proposals had been ranked as category 1, seven as category 2, none as category 3 and two as category 4. In compliance with ITTO procedures, the category 1 proposals had been posted on the ITTO website on 6 September 2021 for the time-bound electronic no-objection procedure, comprising three proposals from Benin, one from Colombia and one from Viet Nam. In the absence of objections by the deadline of 20 September 2021, the proposals had been posted on the ITTO website as pending finance and for the commendation of the Council. Mr Leigh thanked his colleagues on the Expert Panel and the ITTO Secretariat for their support.
49. The Chairperson thanked Mr Leigh for his presentation and invited interventions from the floor.
50. The delegate of Colombia requested support from the Secretariat and the delegates for their proposal PD 916/21 Rev.1 (F) “Pilot sustainable management systems for secondary natural forests in the Collective Afro-Descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia”, which had been presented without success in 2009 and 2018 and was once again submitted in 2021.

51. The Producer Spokesperson congratulated Mr Leigh for his presentation and the members of the Expert Panel for their excellent work. He said the panel would normally assess 40 or more proposals and that the decreasing number of proposals received reflects the concern of producer members about the low possibility of project financing. He expressed hope that the five category 1 proposals would receive financing, including the proposal from Colombia that had been presented three times since 2009, had always been rated category 1 but had not received funding and had gone into sunset. He said the persistence of Colombia clearly showed the importance of the project for the sustainable management of their forests.

(c) Relevant Committee agenda items

52. The CEM and CFI met jointly on 30 November 2022. The report of the 55th meeting of CEM-CFI is contained in Document CEM-CFI(LV)/3 and attached to this report in Annex IV.
53. The CRF met on 29 November 2022. The report of the 55th meeting of the CRF is contained in Document CRF(LV)/7 and attached to this report in Annex IV.
54. The report of the 36th meeting of the CFA is contained in Document CFA(XXXVI)/9 and attached to this report in Annex IV.

**MATTERS RELATED TO ARTICLE 19 OF THE ITTA, 2006 ON THE ADMINISTRATIVE ACCOUNT
(AGENDA ITEM 11)**

55. The presentation made under this agenda item is available at [https://www.itto.int/direct/topics/topics_pdf_download/topics_id=6946&no=4&file_ext=.pdf?v=.](https://www.itto.int/direct/topics/topics_pdf_download/topics_id=6946&no=4&file_ext=.pdf?v=)
56. The Officer-in-Charge drew the attention of delegates to Document ITTC(LVII)/6. He said the document contained a lot of information and his presentation would include some of the graphics from that document.
57. He said that, as already heard in the introductory speeches to the session, ITTO had experienced increasing problems in terms of members paying their assessed contributions to the administrative budget. This had come to a climax in 2021 when ITTO had been forced to try to pass two decisions without meeting to allow access to sufficient funds from the Working Capital Reserve. Both those decisions had failed to gain Council approval, which was at least partly due to a lack of clarity among some members on the role of the Reserve. He said the purpose of Document ITTC(LVII)/6 and the presentation was to clearly explain the structure of ITTO's administrative accounts and the functioning of the Working Capital Reserve as a basis for a discussion on increasing the flexibility by which the Secretariat made use of the Working Capital Reserve. He also hoped it would motivate members to pay their arrears and assessed contributions to the administrative budget on time.
58. The Officer-in-Charge provided members with a detailed explanation of the structure and functioning of the Administrative Account and the budget established under articles 18 and 19 of the ITTA, 2006, as well as a detailed explanation of the Working Capital Reserve. He highlighted that the due date for assessed contributions was 1 January each year and that timely payment was crucial because the Secretariat needed to pay staff salaries from that month; over recent years, however, a trend had been observed for members to make their payments later in the year. He also indicated the consequences for members of late or non-payment of assessed contributions, including suspension of votes and ineligibility to submit project proposals.
59. The Officer-in-Charge explained in detail the functioning and purpose of the Working Capital Reserve. Over the years since its establishment in 1992, the Reserve had built up to approximately USD 5 million. He said it was important for members to understand that the Working Capital Reserve was made up of shared member funds from late payments; its purpose was to meet administrative budget shortfalls but had only been used to fund regular operational costs of the Secretariat, such as salaries. He said it had not been used to cover shortfalls in core budget activities, and it was not supposed to be used to fund project proposals submitted by members, except in cases where the Council authorized the use of limited amounts for shared activities that had strong consensus among the members. In 2003, the Council had given a standing authorization to the Executive Director to transfer an amount not exceeding USD 300 000 per year from the Working Capital Reserve in case of shortfalls in assessed contributions to the Administrative Account. That amount had been appropriate then because most members paid

their assessed contributions on time, but the situation had changed and USD 300 000 was now insufficient. He showed several charts reflecting the contributions received and the Council-authorized use of the Reserve over the years, pointing out that, in the past few years, the Secretariat had regularly needed significantly more than USD 300 000. He anticipated that the amount would be close to USD 600 000 in 2021.

60. The Officer-in-Charge showed graphs reflecting receipt of assessed contributions in relation to the various deadlines, such as to receive a discount and to maintain eligibility to vote. In 2014, the Organization had received 90% of producer contributions during the year for which they were assessed, but 2021 constituted a low point, with only about 30% received to date. On the consumer side, over 90% of payments were generally received on time, but there had been a delay in the payment from the EU in 2021, which was a significant amount. Following the two failed attempts to gain approval for decisions without meeting, the main reason the Secretariat did not have to initiate a third attempt was that payments from key large members had eventually been received. To overcome this issue, the Secretariat had made recommendations and a draft decision for the consideration of the Council, including a proposed increase in the amount that could be utilized from the Working Capital Reserve from USD 300 000 to USD 1 000 000 per year. This amount was about 15% of ITTO's annual budget, which was well in line with the amounts in place in other organizations. The Officer-in-Charge stressed that it was important for members to understand that such an increase was an upper limit and would not necessarily mean that the full amount would be used, and that any use of the Working Capital Reserve would be reported to the CFA at its subsequent meeting. He also said that an immediate decline or depletion in the balance of the Working Capital Reserve was not anticipated because some members had started paying their arrears. Other recommendations from the Secretariat included the creation of a more compelling discount scheme for payments to the Administrative Account, an update of the write-off scheme of Decision 7(XXXIII) and, in case of adoption, the inclusion of relevant policies into the ITTO Financial Rules and Regulations.
61. The Chairperson thanked the Officer-in-Charge for his presentation and opened the floor for interventions from the floor.
62. The Consumer Spokesperson thanked the Secretariat for the background paper and the very clear presentation. He said it highlighted some of the challenges facing the Organization with respect to the Administrative Account and provided some creative solutions. He invited individual members to comment on those elements.
63. The Producer Spokesperson also thanked the Secretariat and the Officer-in-Charge for the very clear presentation and said that the Council had been discussing the issue of the Administrative Account for some time, including within the IAG, the Chairperson's Bureau and on other occasions. He said that, although no in-depth discussions had happened yet, the producer group had some preliminary ideas to share. The presentation had been very clear and particularly helpful for new delegates, but a clear explanation was still needed on the difference between the Administrative Account and the core budget. For various reasons, including economic crises and the COVID-19 pandemic, many countries had been unable to pay their contributions. To ease the financial burden, the producers would therefore suggest that the cost of Council sessions outside Japan be covered by the core budget instead of the administrative budget because the core budget was covered 80% by the consumers and 20% by the producers. He said the core budget should be charged for financing activities such as communications and publications like the Tropical Forest Update. Regarding the Working Capital Reserve, the Producer Spokesperson said it had been used to cover administrative expenses for some time and that producer countries were worried about its continued use because many countries were in arrears. He hoped the Secretariat's request for authorization to use up to USD 1 million was an exception for 2021 and not permanent. Authorization would also require some conditions and criteria because the amount was quite high. He said the issue of non-payment of assessed contributions had become worse and more of a structural problem. Countries in arrears for two years or more were unable to receive project funding and were ineligible to present projects, but better ways needed to be found to make it easier for such countries to pay their arrears. For example, there could be a moratorium for payments similar to moratoria in various areas, allowing the respective sector to recover economically. He said it would also require thinking about project funding to benefit the forest sector in producer countries. He suggested setting up a working group to discuss the issue.
64. The delegate of the EU welcomed Document (LVII)/6 and the presentation of the Officer-in-Charge. She said both provided a good basis for Council discussion and brainstorming. Regarding the Secretariat's recommendation to increase the amount that could be utilized annually from the Working Capital

Reserve, she said the EU would consider this measure to be temporary. She recognized that the current amount to be utilized was established in 2003, when the administrative budget was USD 4.6 million, as opposed to an administrative budget of USD 7.1 million in 2021, and she stressed the need for a permanent solution to the problem. The EU was open to agree and to raise the limit to be utilized by the Executive Director but proposed USD 600 000 while indicating some flexibility. Regarding the Secretariat's recommendations for an enhanced discount scheme, she said the EU considered an enhanced discount scheme reasonable and beneficial, with some adjustments. The scheme should not encourage payments later than six months after the due date. She also said the EU would be in favour of a payoff scheme for members in arrears, whereby the Secretariat and the concerned country could agree to a long-term scheme for paying its arrears. The growing number of long-term arrears with members owing five or more years was a major concern, and efforts should be focused on finding long-term solutions to encourage members to pay. If no durable solutions for these problems could be found, an adjustment in the level of the administrative budget might have to be contemplated. On the possibility of finding measures to encourage payment by recovering the right to vote or the right for members to submit projects, she said the EU was open to discussions.

65. The delegate of the USA reiterated his thanks (as Consumer Spokesperson) to the Secretariat for the very helpful background paper and its presentation and also for the considerable efforts during the 2021 intersession to conduct two decisions-without-meeting processes in an attempt to resolve some of these issues, which he agreed were of high priority for all members. He applauded the Secretariat for exploring and proposing creative measures to increase resilience in the face of financial shortfalls in the administrative budget and to incentivize prompt payment and the re-engagement of all members. He strongly supported increasing the threshold for transfer from the Working Capital Reserve, which he said was in line with the operations of other international organizations, and also an enhanced discount scheme to encourage prompt payment. He said the current transfer limit of USD 300 000 was unduly restrictive and inflexible relative to other similar international organizations. He said it was not just a problem for now, and he urged that the increase be made permanent and without restrictions to help smooth the administrative financing of the Organization overall and over time. He indicated that he was open to further discussions on the limit. As a matter of policy, the USA was unable to support direct write-offs of arrears because it could have a destabilizing effect on the Organization. The USA sympathized with the very difficult situation and would be happy to work with members and the Secretariat to find ways to alleviate the repayment burden, perhaps over time, as suggested by the EU. The delegate of the USA offered his delegation's help in working out the specifics through the Chairperson's Open-ended Drafting Group or, if needed, to move some of the more complicated issues to an intersessional ad hoc working group to collaboratively develop solutions that were acceptable to all.
66. The delegate of Japan said this was not only a problem for ITTO, but there was a general trend among international organizations of later and later payments, rising arrears, usually by the same parties, with a knock-on effect of reducing voluntary contributions, usually related to projects because the burden fell more and more on fewer donors. She said the relative inflexibility of ITTO's financial management would restrict the Organization in cash flows paid into the prevailing year's budget. She said the current transfer limit was unduly restrictive and, while her delegation was flexible on the amount, it was not unreasonable to have a limit of 15% compared to the current 4%, in particular during crisis years. She was open to the idea of setting up an intersessional working group on this matter to discuss creative solutions. Regarding the discount, she said it was not standard practice at other international organizations and Japan was not necessarily supportive of it. Her delegation was happy to consult further on this matter but had also provided examples of other organizations' financial management through the CFA report.
67. The delegate of Australia said he agreed with other comments regarding the institutional issue of assessed contributions not being paid, and he strongly supported an increase in the Working Capital Reserve threshold to enable the Secretariat to deliver its basic functions and help resolve these issues going forward.
68. The Chairperson invited the Officer-in-Charge to comment on the interventions.
69. The Officer-in-Charge said it had been extremely stressful for the Secretariat to deal with this kind of problem, particularly when it included the possibility of having to lay off staff. For the current year, the Organization would need between USD 200 000 and USD 300 000 in addition to the USD 300 000 it was currently allowed to draw from the Working Capital Reserve. He explained that the current amount of USD 300 000 was usually used up in the first few months of the year because insufficient contributions were received early in the year. The Secretariat would like to see a decision at this session to increase

the threshold to USD 600 000, at least for 2021 and 2022. An intersessional working group could then work in 2022 on a more comprehensive decision for consideration at the 58th Session of the Council.

70. Regarding the write-off system, he said the current system was extremely complex and few countries had benefited from it. He understood the reservations about write-offs, and the Council might consider dealing with the issue in a deliberate manner so that a solution could be found that was embraced by all members. He supported the formation of an intersessional working group.
71. The Producer Spokesperson confirmed that the producer group was in favour of setting up an intersessional working group, as proposed by the EU and the Consumer Spokesperson. The producer group would also agree to an increase in the threshold for the use of the Working Capital Reserve to meet financial needs in 2021 and 2022. He said, however, that the problem would not be solved by increasing the limit to be used from the Working Capital Reserve and that the intersessional working group should seek more innovative measures. He urged members, especially producers, to participate more actively in the work of the Organization so that important programmes and projects could be funded. Such funding would attract the participation of more producer nations and might enable them to pay their arrears. He suggested that the Secretariat should consult with individual member countries on this matter, particularly those with large arrears.

EXTENSION OF THE ITTA, 2006 (AGENDA ITEM 12)

72. The Secretariat (Ms Sheam Satkuru) drew the attention of members to Document ITTC(LVII)/7 Procedures for Extending the International Tropical Timber Agreement, ITTA, 2006. She said this matter had been tabled at the 56th Session of the Council to alert members on the need to consider how to proceed with the ITTA, 2006, which was due to expire on 6 December 2021. During discussions at the previous session, the majority of members in attendance had showed support for the extension of the ITTA, 2006 for an initial period of five years, but several members had requested additional time to complete their internal procedures.
73. Ms Satkuru said that, in accordance with Article 44 Paragraph 1, the current ITTA, 2006, which entered into force on 7 December 2011, was due to expire on 6 December 2021. A Council decision was therefore required before that date to extend, renegotiate or terminate the agreement. She said that, in accordance with Article 44 Paragraph 2, the Council may decide by consensus or special vote to extend the ITTA, 2006 for an initial period of five years from 7 December 2021 to 6 December 2026. Document ITTC(LVII)/7 also contained information on the necessary steps to be taken, and a draft decision on the extension of the ITTA, 2006 had been prepared for consideration of the Council. Provided the decision was adopted, the United Nations Treaty Office in New York could be notified on 3 December 2021 so that the ITTA, 2006 would not show as having lapsed on 6 December 2021.
74. The Chairperson thanked the Secretariat for the report and opened the floor for interventions.
75. The Consumer Spokesperson reiterated the readiness of the consumer caucus to take a decision to extend the ITTA, 2006, with various consumer members indicating a desire to develop additional guiding text in the draft decision. He invited those members to make interventions on their ideas.
76. The Producer Spokesperson said the producer caucus had discussed the extension of the ITTA, 2006, and a number of suggestions had been made to improve the text of the draft decision in terms of administrative matters and the working capital. The producer caucus did not consider it opportune at this stage to renegotiate the agreement and was in favour of extending the ITTA, 2006 for a period of five years. He said Article 1 of the current agreement clearly stated the mandate of the Organization, which was to promote the sustainable management of tropical forests and a sustainable market for tropical timber, and maximum efforts should be made in that respect.
77. The delegate of Colombia said her delegation fully supported the constructive work of this Council session to ensure satisfactory results. She said that although the virtual format of the meeting was not ideal, it was an opportunity to strengthen national capacities and expand the participation of delegates who would normally be unable to attend in person. Regarding the extension of the ITTA, 2006, the delegate of Colombia said that, at the previous session, her delegation had requested more time for necessary internal consultations. Following those consultations, she said, the Government of Colombia was now in a position to approve an extension of the ITTA, 2006.

78. The delegate of Indonesia expressed support for extending the ITTA, 2006, saying that the current agreement was still appropriate for the Organization. Indonesia was committed to further strengthening the crucial role of ITTO in promoting the international trade of tropical timber from legally harvested forests, as well as sustainable forest management. The delegate of Indonesia noted that sustainable forest management had become one of the main priorities of the Indonesian Government. He said Indonesia was of the view that the ITTA, 2006 needed to be put in the context of current challenging issues, such as climate change and green economies. He said it was advisable that the decision to extend the ITTA, 2006 be communicated to the United Nations Treaties Office in New York in a timely manner before 6 December 2021 to avoid the treaty showing as lapsed in the United Nations database.
79. The delegate of the EU said the EU's internal procedures had been completed and her delegation was ready to adopt the extension of the ITTA, 2006 for a period of five years. She said her delegation would suggest that a roadmap for the direction in the coming years be included in an appendix to the proposed decision. The roadmap should indicate what would be done in the next five years and whether an assessment of the relevance and added value of the ITTA in the global context would be undertaken. The result of such an assessment would enable an informed decision on how to proceed. She said the Council should be in a position at least two years before the end of the initial extension to decide whether to extend the ITTA, 2006 again or to amend or renegotiate it in view of a new agreement.
80. The delegate of Malaysia said his delegation agreed with the comments of the Producer Spokesperson on the proposed extension of the ITTA, 2006 from 7 December 2021 to 6 December 2026. He looked forward to further discussion and negotiation during the extension period on a new agreement to replace the ITTA, 2006.
81. The delegate of the USA said his delegation strongly supported adoption of the extension at the present session. He strongly shared the producers' expressed desire to focus on sustainable forest management in the tropics and on the trade. The USA did not have an established position on negotiating a new ITTA and, at this point in time, the USA did not support any statements or intentions on the prospect of renegotiation. Regarding the desire of some members to include, in an associated draft decision, elements or expectations—what the EU called a roadmap—for the next five years, the USA recommended the formation of an ad hoc working group to carefully discuss and elaborate any such elements or expectations. The delegate of the USA said it might be premature to do so at the present session, however, with limited time under the virtual format. His delegation looked forward to taking up the specifics in the Chairperson's Open-ended Drafting Group.
82. The delegate of Switzerland expressed support for extending the ITTA, 2006 at the present session. Given the challenges of the Organization and discussions in past years, it was important to use the time of the extension for an in-depth review and analysis of how the Agreement could be further strengthened. He strongly supported the EU proposal to outline a roadmap to allow for a decision to be taken two years ahead of the next extension on whether there was a need for renegotiation or whether there would be a second extension.
83. The delegate of Japan expressed support for the extension of the current agreement and for the USA's position to set up a working group. She said there was only limited time to consider amendments to the draft decision during the Chairperson's Open-ended Drafting Group. She requested the Secretariat to ensure that the designated depository of the Secretary General of the United Nations was notified immediately after a decision had been taken at this session.
84. The delegate of New Zealand expressed support for an extension of the ITTA, 2006 and for the USA proposal to form an intersessional working group in the intervening years to progress discussions on a new ITTA.
85. The Chairperson invited the Secretariat (Ms Sheam Satkuru) to respond to the comments made.
86. Ms Satkuru thanked the delegates for their comments and confirmed that this matter would be further discussed during the Chairperson's Bureau meeting. She confirmed that the United Nations depository office would be informed immediately after a decision is adopted by the Council.
87. The Producer Spokesperson said that, to him, the proposal of the delegate of the USA to form a working group seemed pertinent to the proposal of the EU to develop a roadmap. He said the members of the producer group stood ready to participate in any working group formed.

88. The Chairperson thanked the delegates for their interventions. He said there almost seemed to be consensus on the extension of the ITTA, 2006, with some proposed amendments to the draft decision, including a potential roadmap for the coming years and the formation of an intersessional working group. He said the draft decision would be transferred to the Chairperson's Open-ended Drafting Group for discussion.

MATTERS RELATED TO ARTICLE 14 OF THE ITTA, 2006 REGARDING THE SELECTION, ELECTION AND RECRUITMENT OF THE EXECUTIVE DIRECTOR OF ITTO – DECISION 5(LVI) (AGENDA ITEM 13)

89. During discussion of this agenda item all shortlisted candidates were requested to recuse themselves from the virtual session with the exception of their presentations and the Q&A session or when requested otherwise by the Chairperson.
90. The Chairperson drew the attention of members to the report of the Selection Panel on Matters related to Article 14 of the ITTA, 2006 Regarding the Recruitment, Selection and Term of the Executive Director, as contained in Document ITTC(LVII)/8. He invited the co-chairpersons of the Selection Panel, Ms Anna Tyler (New Zealand) and Mr John Leigh (Peru), to present the panel's report to the Council. He said that, after presentation of the report, each of the three shortlisted candidates would give a 15-minute presentation.
91. Ms Tyler said the Selection Panel had been composed of six producer members and six consumer members, with a mandate to examine the applications and verify the information therein and to agree on a shortlist of no more than four names. She said 56 applications had been received by the deadline, including five applications from female candidates. Applications received after the deadline and those from nationals of non-member countries were considered ineligible. The Selection Panel had applied an initial screening to ensure that applicants had submitted the information specified in the vacancy announcement and met minimum objective criteria. Age was considered a criterion, and applicants over 61 were excluded on the basis that they could not serve a full four-year term before reaching the retirement age of 65. The panel had adopted a three-stage screening process, progressively scrutinizing applications against the requirements and criteria, as specified in the job advertisement and Decision 5(LVI). The panellists first scored candidates individually and then came together to share results in caucuses. After that, the caucuses combined the results, producing a joint list of 11 candidates. The panel then assessed the candidates on the preliminary list in further detail. Two candidates subsequently withdrew.
92. Ms Tyler said that, from her understanding, previous panels had primarily worked exclusively from the documentation provided in the application. In this selection process, the panel had gone further and invited candidates to make presentations on their vision for the Organization for the term of their tenure and to confirm their communication skills. The panel had also conducted independent background checks to confirm the information in each candidate's curriculum vitae. Ms Tyler drew the attention of the Council to the Selection Panel's report and the recommendations therein, one of which was to encourage future selection processes to consider the merits of these additional steps.
93. Ms Tyler presented the following three highly qualified candidates, selected by consensus for the Council's consideration:
- Ms Sheamala Satkuru, Malaysia
 - Mr Francisco Souza, Brazil
 - Mr Yuri Octavian Thamrin, Indonesia.
94. She encouraged members to take the opportunity over the next few days to meet and question the candidates individually and in the Council and the caucuses. She thanked her co-chairperson of the selection panel, Mr Leigh, and all other panel members for their constructive and thorough contributions and the ITTO Secretariat for its support and assistance throughout the process.
95. The Officer-in-Charge informed the Council that no question-and-answer (Q&A) session had been foreseen immediately following the presentations of each candidate but that such sessions would be arranged later during the week and could also be arranged upon request.
96. The Producer Spokesperson confirmed that the members of the producer caucus would request a Q&A session with each of the three candidates and proposed that parallel sessions be organized where the candidates would be interviewed by each caucus.

97. The Consumer Spokesperson said that, in the spirit of maximum transparency and openness, the consumer caucus proposed that the Council pose particular questions to each candidate. This would benefit the entire Council and not only the members of a specific caucus. He said this may be a way forward on this agenda item. He noted that in addition to that, the caucuses would be free to operate as they saw fit and to interact with the candidates.
98. The Chairperson invited the Officer-in-Charge to inform the Council on whether parallel sessions would be possible using the KUDO platform.
99. The Officer-in-Charge said the KUDO system did not allow for parallel sessions. If there was a desire for such sessions, one of the sessions would have to use another communication platform. He said that if the caucuses wished to have internal interactions with the candidates during their unofficial caucus meetings, the Secretariat could facilitate those as needed, but the proceedings of such sessions would not be part of the official Council report.
100. The Producer Spokesperson welcomed the proposal of the Consumer Spokesperson for joint Q&A sessions involving all members. He said that, following such a session, the producer caucus might ask for additional consultations with each candidate, depending on the outcome of the overall session.
101. The Chairperson confirmed that an initial Q&A session would be held as part of the official agenda of the Council, with all members present. If the caucuses requested additional consultations, the Secretariat would facilitate this.
102. The Chairperson called on the Vice-Chairperson, Mr Jesse Mahoney, to conduct the presentations by the three shortlisted candidates.
103. The Vice-Chairperson informed the Council that a maximum of 15 minutes had been allocated for each presentation, which would be given in alphabetical order. He invited the first candidate, Ms Sheam Satkuru from Malaysia, to deliver her presentation.
104. Ms Satkuru expressed gratitude to the Selection Panel for the honour and privilege of placing her name on the shortlist of three candidates. She said it was her understanding that a video of her presentation to the Selection Panel had been made available to members, and she would therefore address additional matters. She believed the Organization should focus on four main objectives. The first was an effective post-COVID-19 recovery with the need to support members, both consumers and producers, in getting back on an even keel because revenues had been affected badly by the pandemic over the last two years. The second objective would be the positioning of sustainably managed tropical forests as central to climate discussions and to be taken very much into account on the repurposing of agricultural discussions, post-COP26 respectively.
105. While doing this, she said, ITTO would need to ensure that it was also contributing to the United Nations Decade on Restoration and the Sustainable Development Goals and working with partner organizations on the post-2020 Global Biodiversity Framework. She was present at COP26 flying ITTO's flag and advocating on the importance of tropical forestry in terms of providing carbon sequestration and carbon storage by encouraging the use of legal and sustainably produced tropical forest products in construction and other applications. The other two main objectives were to achieve the full support of ITTO stakeholders, especially producer members, and the need for relationship-building by the next Executive Director, not only among the membership but also with potential donors to convince them that ITTO was a trustworthy and credible organization with which to work. Another key issue was fundraising, based on a proper fundraising strategy, which needed the buy-in of members so that ITTO could pitch to responsive traditional and non-traditional donors. She said achieving these objectives would require strengthening the Secretariat, engagement, asserting the position and strengths of tropical forestry, effective communication, advocacy, and effective negotiations, not only among members but also with potential funding sources. She said resource mobilization encompassed human and financial resources and two additional factors: technical knowledge and capacity building, including training and education.
106. Ms Satkuru said she had worked in the field for more than 27 years, and she had a sound understanding of the issues the Organization faced today as well as of the trade and market competition for products derived from sustainably harvested forests. Market barriers and challenges were other huge areas of work for ITTO, and it was important that the Organization had a leader who understood how to navigate these. She said she considered herself humble, good-natured, approachable and results-oriented, and she had a good sense of humour. She was also up to speed on ITTO matters, including implementation

of the programmatic lines and the new financing architecture, and she had represented the Organization on the international stage and conducted Council business for the past four years. She said she had strong communication skills, a good international network, and an excellent working relationship with colleagues in the Secretariat. She would have no problem with a 360-degree assessment of the Executive Director's performance in the third year of the appointment, leading up to the end of the term, including feedback from Council members and internal colleagues. Ms Satkuru concluded her presentation by saying she strongly believed she had the energy, drive and capacity to steer the Organization forward through the multitude of rapids it needs to navigate, including the potential negotiation of the ITTA, 2006.

107. The Vice-Chairperson thanked Ms Satkuru for her presentation and invited the second candidate, Mr Francisco Souza from Brazil, to deliver his presentation.
108. Mr Souza, who used a PowerPoint presentation, thanked the Council for the opportunity to present. He said that, in his current position as managing director of the Forest Stewardship Council Indigenous Foundation, a global entity that was part of the Forest Stewardship Council family, he was building dialogue, cooperation and partnership with multiple sectors, including companies, governments, multilateral organizations, the United Nations, civil-society organizations and Indigenous Peoples in local communities, to co-create and promote forest nature-based solutions over an area of 1 billion hectares. In addition to sustainable forest management and forest certification, he said, the portfolio of solutions was connected to the opportunity he could bring to ITTO in terms of climate change, climate finance, ecosystem services, and forest business development. For the future of ITTO, it was critical to think about both challenges and opportunities. In terms of challenges, deforestation—mainly from agriculture—persisted as a main risk, putting pressure on tropical forests, and agribusiness would pose an increased risk in the future. In terms of opportunities, the approximately 2 billion hectares of tropical forest had huge potential for mitigating climate change through business, policy frameworks and sustainable forest management and meeting global challenges, which could provide opportunities for accessing financial mechanisms now being discussed. In terms of challenges through the COVID-19 pandemic, Mr Souza said he anticipated an increased risk to the forest industry and local communities. At the same time, he said, the pandemic could also create opportunities for showing the importance of tropical forests to global society, and solutions required a collaborative approach among sectors to promote sustainable forest management and integration with government action, such as the Sustainable Development Goals and the United Nations framework. Following his discussions before and after COP26, Mr Souza said he anticipated at least two critical factors: that the future of the planet would depend on the future of tropical forests, and that any solution would need the strong engagement of the government sector. ITTO had a unique set of competitive advantages compared with other organizations because its membership represented 90% of the global tropical timber trade and 80% of the tropical timber-producing countries. A key factor, he said, was that ITTO could facilitate negotiations among its 74 producer and consumer members.
109. In terms of strategic planning and the strategic action plan for the next five years, Mr Souza said the plan needed to be connected to two strategic pillars, one being the opportunity to design targets to drive action and the second to facilitate, promote and enable environmentally sustainable change. Key actions, he said, should include promoting local and national integrated development with a strong connection with forest-based solutions, the integration of the Sustainable Development Goals, and the principle of the active inclusion of gender. In addition, it would be important to work in close collaboration with the private sector and to promote learning, knowledge and innovation.
110. The Vice-Chairperson indicated that the maximum time allocation of 15 minutes had expired and thanked Mr Souza for his presentation.
111. The Vice-Chairperson invited Mr Yuri Thamrin from Indonesia to deliver his presentation.
112. Mr Thamrin said he had served as Ambassador of Indonesia to London, Ireland and the International Maritime Organization from 2008 to 2011, and afterwards he had been assigned as Director General for Asia-Pacific and Africa for five years. Following that he had served again as Ambassador covering Belgium, Luxembourg and the European Union. His presentation, he said, would cover two main points: how he would lead the Organization, and his vision for the Organization. He said Indonesia had never served as ITTO Executive Director in the Organization's nearly 40 years of existence. Indonesia was the third-largest tropical forest country and had always been an active and strong supporter of ITTO, as shown by paying its assessed contributions in full and in a timely manner. Indonesia had also hosted a number of ITTO events, including the Council session resulting in the establishment of the Bali

Partnership Fund to support sustainable tropical forest management. In addition, Indonesia had supported many collaborative projects and activities. Indonesia had also made considerable progress in terms of sustainable forest management. In the previous year, Indonesia had reduced its deforestation rate by 75% and the number of forest fires by 82%. Indonesia had also worked successfully to implement REDD+ and, together with the EU, was concluding its Forest Law Enforcement, Governance and Trade (FLEGT) licence. All this was evidence that Indonesia had made considerable progress and would now like to contribute to ITTO as its Executive Director. He said he would do his job honestly, professionally, productively and together with the ITTO team. Prudent, cost-effective and efficient financial management would be a priority for him, and he would ensure that the Secretariat worked as a team in a collegial atmosphere capable of fostering innovation. He believed innovation was important for any organization to progress, adapt, succeed and survive. Under his leadership, ITTO would always be innovative and capable of producing new concepts, ideas and solutions. ITTO would support its member countries in recovering from the economic downturn due to the COVID-19 pandemic. Market transparency was important, and ITTO would continue to monitor the market and market trends to provide information to its members. Mr Thamrin said he would work hard to develop solid projects and programmes that could attract donor funds. In this respect, he would work closely with donor countries, major trust funds such as the Global Environment Facility (GEF) and the Green Climate Fund, philanthropic foundations, non-government partners and, if possible, e-business platforms to work towards public donations. He said collaborative efforts, such as the memorandum of understanding with the CBD on tropical forest biodiversity, should continue, and he would explore further opportunities with the CBD, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the EU and the International Monetary Fund. Financial commitments announced at COP26 in Glasgow provided opportunities for ITTO and its member countries. He said forests should be seen in a holistic manner as an important economic source for national development, and it was equally important to protect their flora and fauna and to safeguard the rights of forest-dependent communities. Best practices in Indonesia with respect to the restoration of mangrove forests and success stories on the development of FLEGT licences could be shared with other members. He said he had no conflict of interest, and his vision for the Organization was to ensure that ITTO would be more productive and more innovative in achieving its goals.

113. The Vice-Chairperson thanked Mr Thamrin for his presentation and handed the floor back to the Chairperson.
114. The Chairperson said that transcripts of the speeches and presentations would be made available to members via the members' section on the ITTO website and via the KUDO system. He said the Chairperson's Bureau would discuss the format of subsequent Q&A sessions with the candidates.
115. Re-opening this agenda item the next day, the Chairperson informed members that the Chairperson's Bureau had decided on the format of a Q&A session as follows: 1) three questions had been proposed by each caucus, for six questions in total; 2) questions had not been shared with the candidates; 3) each candidate would have two minutes to respond to each question; 4) the order of candidates answering would be rotated for each question so that each candidate would answer two questions as first speaker, two questions as second speaker and two questions as third speaker. The Q&A session would be moderated by the Vice-Chairperson, supported by the Secretariat for timekeeping. The Secretariat would alert the moderator after two minutes and the moderator would allow a maximum of two minutes and thirty seconds, after which he would cut off the speaker.
116. The Officer-in-Charge reminded the Council that, at the request of both spokespersons, the Q&A session would be considered a joint session of the caucuses and would therefore not be reflected in the Council report. A summary of the questions and responses by each candidate would be prepared by the Secretariat for use by the spokespersons and members in their caucuses.
117. The Chairperson handed over to the Vice-Chairperson to moderate the Q&A session.
118. The Vice-Chairperson conducted the Q&A session in the format decided by the Chairperson's Bureau meeting. In the absence of a response from Mr Souza when called on to respond to the first question, the Secretariat informed the Council that Mr Souza had participated in the meeting earlier in the day but had then dropped out of the session and had not responded to several requests and messages from the Secretariat.
119. In the absence of Mr Souza, the Q&A session continued as planned, but with only two candidates, Ms Satkuru from Malaysia and Mr Thamrin from Indonesia.

120. Following the six questions proposed by the caucuses, the Officer-in-Charge informed members that the Secretariat had received a message from Mr Francisco Souza indicating that he had decided to withdraw his candidacy for the position of ITTO Executive Director for personal reasons. In his message, Mr Souza had expressed his gratitude to the members of the Selection Panel and to the Council for the opportunity and to the Secretariat for its support during the application process.
121. The Vice-Chairperson said it was unfortunate that Mr Souza had dropped out of the process and wished him well on behalf of the Council.
122. Given that some time remained, the Vice-Chairperson invited interventions from the floor, and two additional questions were asked by the delegate of the EU and the delegate of Peru.
123. In the absence of further interventions from the floor, the Vice-Chairperson thanked both candidates for their honest and transparent responses. He said the Q&A session had been insightful for him and hopefully for all members. He handed the floor back to the Chairperson.
124. Re-opening this agenda item the next day, the Chairperson formally informed the Council that, during the Q&A session, the Secretariat had received a message from Mr Souza informing the Secretariat and members that he had decided to withdraw his candidacy for personal reasons.
125. The Chairperson invited the Spokespersons to report on the caucus coordination meetings.
126. The Consumer Spokesperson reported that, following the Q&A session, the consumer caucus had shared views and impressions but would be interested to hear about the deliberations of the producer caucus or any information they could share in terms of their discussion.
127. The Producer Spokesperson acknowledged the very high standard and excellent quality of the two remaining candidates. Deliberations in the producer group had been respectful and friendly. Although most delegations had expressed their position and were supporting one candidate, the process had not been completed and no consensus had been reached.
128. The delegate of Indonesia said the producer caucus had had exhaustive discussions guided by a constructive and positive attitude but had not yet reached consensus. To make progress, Indonesia proposed to proceed to a special vote, in line with Article 14 of the ITTA, 2006.
129. The Consumer Spokesperson asked, as a point of order, whether the Council had achieved quorum. He suggested deferring the vote to the following day or until Council had achieved quorum.
130. The Chairperson asked the Officer-in-Charge to indicate whether the Council had quorum.
131. The Officer-in-Charge said that, at this point, the Council did not have quorum and, in accordance with the Rules of Procedure, the result of any vote without quorum would not be binding but only indicative.
132. The Producer Spokesperson said that, in the absence of quorum, the result of a special vote would not be binding, but it would still provide an indication that could be helpful for deliberations.
133. The delegate of Australia said that, as a point of order, in the absence of quorum the vote was not going to be binding, and Australia requested to enact Rule 26 to allow the vote to be secret.
134. The Chairperson said that, according to the Rules of Procedure, a special vote had been called and the voting procedure would start. In the absence of quorum, the voting result would not be binding but only indicative.
135. A trial vote was conducted to ensure the proper functioning of the voting system. Following the trial vote, the Secretariat explained the result.
136. The Chairperson proceeded to a special vote in accordance with Article 14 of the ITTA, 2006. At the request of Australia, the special vote was conducted by secret ballot.

Special vote (2 December 2021, no quorum, non-binding)

Name	Group	No. of countries	No. of votes
Ms Sheam Satkuru	Producer	6 / 9 = 66.7%	567 / 960 = 59.1%
	Consumer	4 / 6 = 66.7%	267 / 627 = 42.6%
Mr Yuri Octavian Thamrin	Producer	3 / 9 = 33.3%	393 / 960 = 40.9%
	Consumer	2 / 6 = 33.3%	360 / 627 = 57.4%

Result: no decision

137. The Officer-in-Charge said the result of the voting indicated that none of the candidates had achieved the necessary number of votes and members to reach a decision in accordance with the ITTA, 2006. Only 15 of the 38 voting countries had voted for the candidates, and 23 had abstained.
138. The Chairperson adjourned discussion on the agenda item.
139. When discussion on this item resumed the following day, the delegate of Indonesia requested the floor to read an important message he had received from Ambassador Yuri Thamrin. He quoted: "Dear Mr Chairman, dear Mr Steve Johnson, Officer-in-Charge of the ITTO, allow me to inform you that I wish to withdraw from the competition for the position of the Executive Director of the ITTO. I take this decision after deeply analyzing the dynamics in force in the selection process. Indeed, I don't wish to create a deadlock which serves no good for anyone. Ms Satkuru, I believe, is a very capable lady to lead the ITTO as its Executive Director. Therefore, let me wish her all the best as our next ED, the head of our organization. Let me also take this opportunity to express my sincere gratitude to the selection panel, as well as the ITTO Secretariat for all the good work they have done in carefully preparing all the steps in the process of selecting, electing, and recruiting the ED. They really have done an excellent job, bravo and thank you. On this note, let me conclude my text message. Thank you for your kind attention. Best regards, Ambassador Yuri Thamrin."
140. The delegate of Indonesia confirmed that Indonesia respected and fully endorsed the decision made by Ambassador Thamrin.
141. The Chairperson thanked the delegate of Indonesia for the statement. He said he greatly respected the decision of Mr Thamrin and, on behalf of the Council, he expressed his thanks and best wishes to Mr Thamrin.
142. The delegate of Australia thanked the Government of Indonesia for the quality of the candidate they had put up and the campaigning they had done in his support.
143. The Producer Spokesperson said that the producer caucus had shown the willingness and best of intentions to find a solution to a problem. He felt sorry about the decision of Mr Thamrin to withdraw, but at the same time he respected the decision and expressed his thanks to Mr Thamrin and the delegation of Indonesia for their support in finding a solution. He invited the consumer caucus to support the producer caucus in finding consensus to appoint the remaining candidate, Ms Sheam Satkuru.
144. The Consumer Spokesperson said he did not have a clear direction from the consumer caucus and requested a break for caucus coordination.
145. At the request of the Consumer Spokesperson, the Chairperson adjourned the session for caucus coordination.
146. When discussion on this agenda item resumed, the Chairperson invited the spokespersons to report on their deliberations.
147. The Producer Spokesperson said that the producer caucus had consensus on the appointment of Ms Sheam Satkuru from Malaysia. He expressed his gratitude to Mr Thamrin from Indonesia and Mr Souza from Brazil for their gestures in withdrawing from the process and said that both were highly qualified candidates for the position. He appealed to the consumer group to join a unanimous vote in favour of Ms Satkuru.

148. On behalf of the consumer caucus, the Consumer Spokesperson expressed deep gratitude to Indonesia and particularly to Ambassador Thamrin for his selfless and significant act and contribution to ITTO. The Organization needed to recognize and highlight the exceptional importance of Indonesia in tropical forestry and the significant efforts and achievements it had made towards sustainable forest management and reducing deforestation. The consumer caucus recognized and acknowledged that this act was an olive branch of cooperation to help the Organization heal and to come to a swift resolution on this matter. The Consumer Spokesperson also acknowledged and thanked the producer members for their constructive contributions throughout the process and expressed hope that collaboration between the caucuses would continue to increase and help propel the ITTO to even greater success on the world stage.
149. Regarding the new Executive Director, the Consumer Spokesperson pointed out the expectations and clear directions the Council had given through various decisions, including on the new financial architecture and the newly adopted strategic action plan. He said the Council had laid out guidelines for the Executive Director to follow and execute in their leadership. He expressed hope that the new Executive Director would deal with both caucuses in a balanced and fair way going forward. The consumer caucus was pleased to join consensus with the producer caucus to elect Ms Sheam Satkuru from Malaysia as the next Executive Director in a spirit of cooperation. He congratulated Ms Satkuru and all ITTO members on this important and historic achievement in selecting a woman for the first time to lead the Organization.
150. The Chairperson announced consensus on the nomination of Ms Sheam Satkuru as the Organization's new Executive Director.
151. The Chairperson invited Ms Satkuru back into the meeting. He congratulated her and invited a round of applause for her appointment as Executive Director to the ITTO.
152. The delegate of Malaysia expressed sincere appreciation to Indonesia and Ambassador Thamrin for having withdrawn his candidacy in the interests of the Organization. He congratulated Ms Satkuru on her appointment and said the Government of Malaysia would continue to support and fully cooperate with the Organization.
153. The delegate of Switzerland congratulated Ms Satkuru on her appointment. He said it had been a milestone decision to appoint the first female Executive Director, with solid knowledge on the topic and the Organization. His government was looking forward to cooperating with the Organization. He also expressed gratitude to the Indonesian delegation.
154. The Chairperson invited Ms Sheam Satkuru, ITTO's Executive Director-elect, to make a statement.
155. Ms Satkuru thanked all delegates for their strong commitment to the principle of consensus, which had been one of the strongest features of the Organization. She was extremely humbled by the kind gesture of the Indonesian delegation, particularly Ambassador Thamrin, and by the collaborative spirit that enabled the Council to reach consensus on the election of the new Executive Director. ITTO would now begin another new chapter in its long journey of adventures. As the first female Executive Director in the Organization's history, she applauded all Council members on their collaborative and consultative spirit and for having given her the honour and privilege of leading the Organization. She expressed gratitude to her colleagues in Malaysia for their strong support and to her colleagues in the Secretariat for their strong and relentless support and backing and their pledge to continue the work of ITTO. She pledged to the Council her commitment to taking forward the ITTO's interests in a fair, balanced and equitable manner for all members.
156. The delegate of the USA congratulated Ms Satkuru on her appointment. She said this had been a historic election, with the first woman appointed to head the Organization. The USA appreciated the professional achievement that Ms Satkuru brought to the position, a background in business, a background in the forest sector and a legal background that would help guide the renegotiation and discussions regarding the ITTA. The USA looked forward to her expertise in the position and to working with her on the strategic action plan and other guidelines that had been put forward at this Council session over the next four-year term.
157. The delegate of Ghana expressed profound gratitude to Ambassador Thamrin for foregoing his personal ambition and looking, rather, to the interests of ITTO, for which reason he had decided to withdraw and pledge his support to Ms Satkuru. On behalf of Ghana, the delegate congratulated Ms Satkuru for her

election by consensus. He said he fully agreed with the comments made by the delegate of the USA and that this election was a new beginning for ITTO.

158. The delegate of Australia congratulated Ms Satkuru on her appointment and thanked Mr Thamrin and the Indonesia delegation for their professionalism.
159. The delegate of Panama congratulated Ms Satkuru on her appointment, saying this was a historic moment for the Organization.
160. In the absence of further interventions, the Chairperson again congratulated Ms Satkuru on her appointment as ITTO's next Executive Director. He also expressed his sincere gratitude to Mr Souza and Mr Thamrin.

ITTO STRATEGIC ACTION PLAN 2022–2026 – DECISION 3(LVI) (AGENDA ITEM 14)

161. The presentation under this agenda Item is available at https://www.ito.int/direct/topics/topics_pdf_download/topics_id=6946&no=5&file_ext=.pdf?v=.
162. The Chairperson invited the representative of the Working Group on the ITTO Strategic Action Plan, Ms Jennifer Conje (USA), to present the report of the Working Group, including the proposed ITTO Strategic Action Plan 2022–2026.
163. Ms Conje drew the attention of members to the report of the Working Group contained in Document ITTC(LVII)/9 and the proposed ITTO Strategic Action Plan 2022–2026 contained in Document ITTC(LVII)/10.
164. She said her presentation would cover several items, including the Working Group's modalities, a brief review of the strategic action plan (SAP) development process, and an introduction to the new SAP, section by section, including the updated mission statement and the Working Group's recommendations.
165. Ms Conje said that Council Decision 3(LVI) had called for the development of a new SAP consistent with Activity 10 of the Biennial Work Programme (BWP), including convening a working group to prepare a proposed SAP for consideration at this Council session to replace the current SAP 2013–2018, which had been extended to 2021. The Working Group had eight members, comprising Benin, the EU, Japan, Malaysia, Peru, the USA and representatives from TAG and the Civil Society Advisory Group (CSAG), assisted by the Secretariat. Two consultants, Ms Stephanie Caswell (USA) and Mr Jorge Malleux (Peru), had worked throughout 2021 to develop the draft SAP for the Working Group's consideration; both were very knowledgeable of the forest policy landscape and ITTO operations and had long institutional memories of the Organization. Ms Conje said the Working Group had met virtually four times throughout the process, which had been extensive, spanning nearly one year. The process had involved a member survey in April 2021 to gather initial views on the new SAP, producing 24 responses from 13 producer members, ten consumer members and TAG. Following up on that survey, in July 2021 the Secretariat had also circulated a comprehensive background paper on the development of the new SAP, prepared by the consultants in close consultation with the Secretariat (contained in Document (LVII)/8), which had provided another opportunity for members to provide feedback on the draft SAP. The background paper included an assessment of the implementation of the current SAP as well as a detailed analysis of the 24 survey responses and, based on those two assessments, it had proposed a framework for the new SAP for comment by ITTO focal points. Unfortunately, with only six comments received, the feedback on the initial framework had not been as robust as expected, but the consultants had still been able to prepare a draft SAP for the Working Group's consideration. That draft had then been developed by the Working Group into the draft presented for the consideration of Council, as contained in Document ITTC(LVII)/10.
166. Ms Conje said the proposed SAP reflected a set of principles and aims and was intended to advance the Organization's closely interrelated twin overarching objectives. It was designed to function both as an internal ITTO guidance document and as a communication document for external audiences who may be unfamiliar with ITTO's work and contributions. In addition, it aimed to be clear, user-friendly, and a contemporary document accessible to a wide range of audiences at the local, national and international levels. Aiming to be concrete, it also provided flexibility to respond to new issues and challenges and to be realistic about ITTO's projected financial capacity, including voluntary contributions

over the next five years. The proposed SAP reflected the extensive work undertaken to develop a new financial architecture without prejudging the outcome of the current pilot phase. A new aspect of the document was that it highlighted ITTO's contribution to the Global Forest Goals, the Sustainable Development Goals and other forest-related global commitments. Ms Conje noted that the time horizon of the proposed new SAP coincided with the five-year extension of the ITTA, 2006 to 2026, and it should be seen as a transitional guidance document between now and the launch of a process, if decided by Council, to renegotiate the ITTA.

167. Ms Conje said the new SAP included an updated mission statement based on the twin overarching objectives contained in Article 1 of the ITTA, 2006. The new mission statement was as follows: "To facilitate discussion consultation, international cooperation and policy development on the expansion and diversification of international trade in tropical timber from sustainably and legally harvested forests and on the sustainable management of tropical forests". Ms Conje explained the structure of the new SAP and introduced each section. She said all but one survey respondent had considered that the six priorities in the old SAP were generally still valid and a good starting point for the new SAP. The four proposed strategic priorities were based on those old priorities, updated to integrate ideas and terminology underneath the new programmatic lines.
168. Ms Conje said each priority had substantive associated targets drawn from responses to the SAP survey and from recent Council decisions and approved BWP activities. She said the Council still needed to set an indicative five-year resource mobilization goal as part of a resource mobilization strategy to implement the SAP, which should then be considered at the 58th Session of the Council. In closing her presentation, Ms Conje said the working group recommended that the Council adopt the proposed SAP 2022–2026 and decide on the intersessional work needed to enable the next Council session to set a realistic indicative five-year resource mobilization goal within a resource mobilization strategy to achieve the targets set out in the SAP.
169. The Chairperson thanked Ms Conje for her presentation and invited interventions from the floor.
170. The delegate of Indonesia said he hoped that adequate financial resources could be mobilized for the implementation of the new SAP and, in that respect, he proposed a review midway through the period of SAP implementation. Indonesia had noted that the priority on promoting the sustainable management of tropical timber-producing forests had indicated agriculture as a main driver of deforestation, while in reality other factors also caused deforestation. He proposed deleting the reference and to focus directly on the interaction between agriculture and forestry or land-use planning and the value of tropical timber.
171. The delegate of Japan supported the new SAP as it stood. She said it reflected recent deliberations and decisions of the Council, including those related to the new financial architecture and programmatic lines, and factored in emerging issues in forestry. She said it was an important document that could raise ITTO's profile and role in the field and thus its resource mobilization capability, including facilitating accreditation with multinational funds such as the Green Climate Fund and the GEF and leveraging the private sector and philanthropic organizations. To help implement the SAP, she said, it should be linked closely to the agenda on the financial architecture, the communication strategy and Article 15 on cooperation with other international bodies. She said Japan had some textual suggestions for the draft decision contextualizing the establishment of the resource mobilization goal, together with a drafting of an accompanying resource mobilization strategy, as listed in the SAP under Crosscutting Strategy 2.
172. The delegate of the EU expressed support for the new SAP and also for the work on resource mobilization to be done by the intersessional working group. She welcomed the updated mission statement based on the chapeau of Article 1 of the ITTA, 2006 to replace the ITTO mission statement contained in the Strategic Action Plan 2013–2018, which dated from 1998.
173. The delegate of the USA said that the new SAP did a good job in addressing emerging issues and terminology affecting tropical forests and ITTO's role while at the same time taking into consideration the efforts ITTO had made towards a programmatic approach. He believed that the SAP strategic priorities provided a good balance between recognizing ITTO's core emphasis on production forests and ensuring the sustainable management of the resource base in a holistic manner. The language on livelihoods, climate change, biodiversity, gender equality and landscape restoration helped increase ITTO's appeal to donors. The targets appeared ambitious but reasonable. He welcomed the more pragmatic settings of targets in the new SAP compared with some targets in past plans, which had set up the Organization to fail because they had been well beyond its means and scope to accomplish on its own. He noted inconsistency in the terminology in the Working Group report and the SAP in referring

to “resource mobilization goal” and “resource mobilization strategy”. He requested the Secretariat to ensure the consistent and correct use of those terms in both documents. He said the USA supported adoption of the draft SAP, as well as the process recommended by the Working Group to address costs through a resource mobilization plan for consideration at the 58th Session of the Council.

174. The delegate of Panama said it was important to find an appropriate mechanism for countries in arrears. He said the new mission statement was precise and appropriate for the Organization.
175. The delegate of Peru said the preparation of the new SAP was fundamental, and he expressed hope it would help the Organization raise more funds. Its focus and planned activities would help increase support from partners.
176. In the absence of further interventions, the Chairperson said there appeared to be consensus on adoption of the SAP, given the integration of the comments received from delegates into the draft decision for adoption.

PROGRESS REPORT ON THE IMPLEMENTATION OF THE ITTO BIENNIAL WORK PROGRAMME 2021–2022 – DECISIONS 9(XXXIV) and 2(LVI) (AGENDA ITEM 15)

Progress report on the implementation of the ITTO Biennial Work Programme 2021–2022

177. The presentation on the BWP progress report is available at https://www.itto.int/direct/topics/topics_pdf_download/topics_id=6946&no=2&file_ext=.pdf?v=.
178. The presentation on the communication strategy is available at https://www.itto.int/direct/topics/topics_pdf_download/topics_id=6946&no=3&file_ext=.pdf?v=.
179. The Chairperson said this item would include three presentations from the Secretariat: 1) a progress report on the implementation of the BWP 2021–2022, Document ITTC(LVII)/11, by Mr Gerhard Breulmann; 2) an update on the Fellowship Programme and Fellowship Selection Panel, Document ITTC(LVII)/12, by Ms Sheam Satkuru; and 3) the ITTO communication strategy, Document ITTC(LVII)/16, by Mr Ramon Carrillo.
180. The Chairperson invited Mr Breulmann to present the progress report on the implementation of the BWP 2021–2022 (Document ITTC(LVII)/11).
181. Mr Breulmann reminded members that the BWP 2021–2022 had been adopted under Decision 2(LVI) and contained 40 activities divided into two parts. Part 1 had 24 activities in five groups: 1) field-oriented activities; 2) normative work on policy guidelines; 3) collaborative work and meetings with other organizations; 4) communications and outreach; and 5) analytical, statistical and other recurring work. Part 1 included 17 activities seeking voluntary contributions from members and seven activities (the Tropical Forest Update, the Market Information Service, the Annual Market Discussion, statistics, outreach, the Expert Panel and the Biennial Review) approved under the core budget. Part 2 had 16 activities the Council was addressing and which had no financial implications. Mr Breulmann said the total funding required to fully finance the BWP 2021–2022 was USD 6 206 760, comprising USD 4 346 760 in voluntary contributions and USD 1 860 000 approved under the core budget.
182. Mr Breulmann presented a table showing the 24 activities illustrating, with a colour code, the funding status of each. Four activities were fully funded, including two activities that had already received full funding under the previous BWP. Fourteen activities had been partially funded and six had received no funding. Mr Breulmann said the seven activities approved under the core budget were indicated as partially funded due to the shortfall in members’ payments of assessed contributions to the ITTO administrative budget. Based on the status of the Administrative Account, the expected shortfall in contributions to the core budget was approximately USD 135 000, or 14%. As a result of this shortfall, the production of the Tropical Forest Update had been put on hold from mid-May to mid-August, and the Market Information Service correspondents had been asked to accept a delay in their scheduled payments for the same period.
183. Mr Breulmann said voluntary contributions of USD 2 090 692 had been received for the BWP 2021–2022. In addition, a new agreement in the amount of KRW 1.23 billion (approximately USD 1 101 000) had been signed with the Korea Forest Service for the secondment of a programme officer for a period of three years. Mr Taesik Ham had duly recently arrived in Japan, and an additional activity (Activity 41) had been added to the BWP 2021–2022. After providing an update on the implementation status of

select activities, Mr Breulmann thanked all donors for their contributions to the BWP, including four member countries (Japan, China, the Netherlands and the USA) and five non-members (CITES, the Food and Agriculture Organization of the United Nations (FAO), Soka Gakkai, the Precious Woods Foundation and Kisso-an).

184. Ms Satkuru presented an update on the ITTO Fellowship Programme (Activity 21), drawing the attention of members to Document ITTC(LVII)/12. She said that, since its establishment in 1989, the Fellowship Programme had granted about USD 14.4 million to 1427 young and mid-career people from 49 countries working for governments, universities, research institutions, environmental organizations and the private sector to pursue their professional development and improve their professional and career prospects, with funding provided through generous voluntary contributions from the governments of Japan, the USA, the Netherlands, Australia, Sweden, Finland and the United Kingdom, the Bali Partnership Fund Sub-account B and some private-sector organizations. A total of USD 143 000 had been available for awardees in the current round. The Secretariat estimated that an additional amount of approximately USD 200 000 would be needed in 2022 to maintain the Fellowship Programme at the current level of 20–30 awards per year.
185. Ms Satkuru said the 2021 Fellowship Selection Panel was chaired by the Vice-Chairperson of the Council (Australia) and had six other representatives from Ghana, Indonesia, Guatemala, the Netherlands, the USA and Japan, supported by the Secretariat. The Secretariat had received 96 applications, of which 26 had been shortlisted by the Selection Panel, comprising 11 from Africa, nine from Asia-Pacific and six from Latin America and the Caribbean. Of the applications, 23% were in the field of forest industry, 1% was in the field of economics, statistics, and markets, and the remainder (76%) were in the field of reforestation and forest management; 35% of shortlisted applicants were women. In selecting awardees, the Selection Panel had considered the balance between the three subject areas and the regions and the opportunity to achieve gender balance. The panel recommended that the Council award 18 Fellowships at a cost of USD 127 321. Of the recommended awardees, women comprised 39%, 39% were from Africa, 33% were from Asia-Pacific and 28% were from Latin America and the Caribbean. On behalf of the Chairperson of the Selection Panel and the Secretariat, Ms Satkuru thanked all members of the Selection Panel for their hard work and productive contributions.
186. Mr Carrillo drew the attention of members to the draft ITTO communication strategy, as contained in Document (LVII)/16. He said that, at its 55th Session, the Council had requested the Secretariat to develop a communication strategy to further increase the impact of ITTO's work through outreach. He said a robust communication strategy would help elevate ITTO's role in the global forest dialogue, facilitate its leadership on policies, practices and innovations for sustainable tropical forest development, sustainable forest management, and a vibrant trade of forest goods and services, and support ITTO's fundraising efforts. ITTO had engaged a company, Burness, to assist in developing the draft communication strategy. The work had included an assessment of ITTO's communication work, audience research, message development, message testing, and the drafting of an opinion piece for potential placement in a major media outlet. The views of members had been gathered through an online survey, and interviews had been conducted with experts in producer and consumer countries, donor representatives, and stakeholders within the United Nations system. Mr Carrillo said implementation of the strategy would help the Organization make a compelling case for its work and in obtaining funding to enable that work. Understanding ITTO's audiences and their values and motivation was a crucial starting point, and messaging was also essential for persuading key audiences to engage with ITTO. Communication tactics to accomplish the strategy's goals would include developing accessible stories, news, facts and data to help ITTO establish clear connections between the issues surrounding sustainable forest management and solutions to major global challenges. Important aspects included establishing key messages and value propositions, creating donor-targeted content, and continuous improvement of the website. Benchmarks and metrics for success would be collected to evaluate implementation of the communication strategy. Mr Carrillo concluded by saying that the proposed activities in the draft strategy constituted an ambitious plan to improve ITTO's visibility and messaging and that additional resources to support ITO's brand extension, increase its influence and help achieve its mission would be a good investment.
187. The Chairperson thanked the presenters and invited interventions from the floor.
188. The Producer Spokesperson said the presentation on the BWP had been well-structured, and it clearly highlighted the problem of financing, with only four activities fully funded, 14 partially funded and six without any funding; this was well below expectations. He said BWP activities tended to be oriented towards the interests of consumer countries, but even those had not received the necessary support.

He said there might be a need for a more coherent presentation, including on financing opportunities and committed budgets. He expressed concern about the financing problems for the Tropical Forest Update, which was part of the image of the Organization. The Producer Spokesperson congratulated Ms Satkuru and the members of the Fellowship Selection Panel for their work. There was a huge need to improve skills, he said, and ITTO should invest much more in education and capacity building, especially for staff in producer countries working on sustainable forest management, biodiversity conservation and forest landscape restoration. This was even more important than other projects because it would help ensure a critical mass of highly skilled staff in producer countries. He appealed to consumer countries to increase financing for ITTO Fellowships. He congratulated Mr Carrillo for his presentation on the communication strategy. It was important to talk about principles and objectives, he said, and he expressed hope that it would result in more financing in the future.

189. The delegate of the USA thanked the Secretariat for the presentations and expressed her appreciation for the constructive feedback from the Producer Spokesperson regarding the BWP and communication. She said the USA continued to support the overall aims of the Legal and Sustainable Supply Chains Programme, with its focus on fostering voluntary commitments to produce, buy and trade legal and sustainable forest products, including through improved traceability systems, knowledge of market requirements, information sharing, and exchange and responsible business practices. Although many business-to-business forums and networks already existed, the USA recognized that the Global Green Supply Chains programme and network could represent a new value-added to the landscape with potential to foster connections that promoted and advanced real commitments and actions towards legality and sustainability in forest product supply chains. The delegate of the USA strongly urged ITTO to guide the Global Green Supply Chains platform and network in this direction. She also asked Council members to bear in mind the appropriate role and action for an intergovernmental organization and what was important for the private sector to ensure that these roles remained clear. She expressed belief that ITTO should not be playing the role of a certifying body and cautioned that the platform should be careful that its brand and the ITTO brand did not become conflated with the certification of legality or sustainability but, rather, the platform should serve as a forum and network to foster commitments and also provide technical support, which was ITTO's strength in terms of the trade in forest products. In terms of establishing the platform, she noted that ITTO should communicate its relationship with the Global Green Supply Chains programme and, for example, could consider a disclaimer communicating the Organization's neutrality. She said this was particularly important for sensitive areas such as trade and trade policy and related positions to protect ITTO against perceived issues in that area, including legal action and policy discord among members. The delegate of the USA commended the Secretariat and the consultants on the ITTO communication strategy and its three goals to elevate ITTO's leadership on tropical forests, promote sustainable forest management practices by highlighting successful projects on the ground, and serve tropical timber traders and companies with market reports and services. She said the report laid out a clear roadmap for the next Executive Director with tactics to fulfil the Organization's communication goals, including benchmarks, engagement levels in social media, the production of video content, timelines, and forest-related international days. She suggested that the Secretariat implement the ideas in the document and build on the good work that had already been done, including the creation of videos for the ITTO YouTube channel summarizing successful projects in an accessible manner to a wide audience. She said the suggested tools could also be used to highlight the ITTO–CBD Collaborative Initiative and to share the results of the 16 biodiversity-themed projects, the assessment of which would elevate ITTO's work in this area and potentially attract new funding. The United Nations Decade on Ecosystem Restoration provided a clear opportunity to continue momentum in promoting ITTO's Guidelines on Forest Landscape Restoration in the Tropics.
190. The delegate of Peru said the activities carried out by ITTO were not having the expected impact. ITTO was the only organization looking at sustainable forest management and the trade of forest products and it was important to expand knowledge at all levels through improved communication.
191. The TAG representative said TAG had always felt that ITTO had not been sufficiently vigorous and aggressive in its communication and therefore the strategy was timely and had full TAG support. He suggested that ITTO produce more press releases in a timely manner, citing COP26 as a missed opportunity. Supporting the comment from the delegate of Peru, he said TAG also wanted to see more news items in local newspapers, for example about ITTO's very successful work on mangroves and women in forestry. Neither of these two suggestions would have financial implications, he said.
192. The delegate of the EU expressed appreciation for the work carried out, particularly on ITTO's Guidelines on Forest Landscape Restoration in the Tropics, which had been carried out in collaboration with the Collaborative Partnership on Forests (CPF) and other partners. He said the guidelines

summarized some of the lessons learned and proposed immediate actions for assisting uptake of the guidelines. The guidelines were a valuable tool and would help policymakers, practitioners and community-based organizations and others put forest landscape restoration into practice in the field. They were a good example of the normative or policy work that ITTO could do. On the GGSC platform and network, he echoed the words of caution expressed earlier by the USA delegation.

193. The delegate of Malaysia said she had noted the concerns raised by the USA and the EU on the need for ITTO to ensure it did not take on the role of an independent monitoring or certification agency. She said ITTO was a promoter of sustainable forest management and of the trade of sustainable timber products and that those two could not be separated. She said certain areas of the market for sustainably produced timber products were voluntary and intergovernmental organizations had provided certain solutions for ensuring market access for sustainable timber products that required proof. While understanding the concern, ITTO should collaborate with all relevant organizations. Referring to the comments made by the delegate of Peru and the TAG representative, the delegate of Malaysia said it seemed there was no awareness of the role of sustainable forestry in combating climate change, and it was the role of ITTO to communicate that sustainable forest management was the way to go.
194. The delegate of Japan commended the Secretariat for continuing to facilitate BWP activities despite setbacks caused by the pandemic. She requested periodic updates on the status of those programmes of work that had been suspended. She commended the Secretariat and consultants for the draft communication strategy, which reflected leadership on forests and provided the Organization with ammunition because it was going to adopt and facilitate the new SAP. She said she was looking forward to further discussing the importance of boosting ITTO's visibility in important areas such as the Guidelines on Forest Landscape Restoration in the Tropics during the agenda item on international cooperation under Article 15.

MATTERS RELATED TO ARTICLE 15 OF THE ITTA, 2006 ON COOPERATION AND COORDINATION WITH OTHER ORGANIZATIONS (AGENDA ITEM 16)

195. The ITTO Secretariat (Ms Sheam Satkuru) presented an update on matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations, as contained in Document ITTC(LVII)/13.
196. Ms Satkuru said the Secretariat wished to thank the Government of Japan for having forwarded ITTO's interest in closer involvement and interaction with the GEF and also for having specifically mentioned ITTO in the G7 Ministers' Communique.
197. She said Article 15 had been put into the agenda based on deliberations at the second meeting of the IAG in 2021, where this item had been discussed to accelerate and enhance interactions between ITTO and other multilateral and international organizations. The Secretariat had also been requested to provide a report to Council on its collaboration with other international organizations, with a focus on fundraising activities, as per Article 15 of the ITTA, 2006. She said that, although the ITTA had been negotiated and agreed under the United Nations Conference on Trade and Development (UNCTAD), UNCTAD had never provided funding for ITTO projects or activities. The Common Fund for Commodities had previously funded a number of ITTO projects, but it had changed its mode of operation in 2016 to loans rather than grants focused mainly on activities with commercial potential, which was inconsistent with the nature of ITTO projects and activities. She said the update would focus primarily on recent interactions with organizations that had been recommended as potential sources of funding for ITTO, and it would review several outstanding matters under Decision 8(LV) on the implementation of phase 1 of ITTO's new financing architecture.
198. She said the Ad Hoc Working Group established under decisions 9(LIII) and 5(LIV) and the Advisory Board established under Decision 8(LV) and 4(LVI) would report to the Council annually, recommending measures as appropriate to be taken by the Executive Director, including exploring possibilities of combining funding streams and building collaboration with other initiatives and mechanisms for forest financing, such as the Green Climate Fund, the GEF, and other organizations aimed at resource mobilization. She said the Secretariat had made consistent and continuing efforts to seek proactive collaboration and cooperation with other organizations.
199. Ms Satkuru said that Section B of Document ITTC(LVII)/13 provided an overview of implementation of Decision 8(LV), by operative paragraph. Section C summarized other recent collaborative activities, including the CPF, and highlighted several joint initiatives in which ITTO was playing an active role

together with CPF partners. She said that details of these activities had either already been reported under agenda item 15 or would be reported under agenda item 17a on the implementation of ITTO's financing architecture. The Secretariat continued to be involved in coordination and cooperation with all CPF members and was contributing productively towards CPF workplan meetings and other activities hosted by CPF members. ITTO had also actively participated in meetings of Asia Pacific Economic Cooperation (APEC)'s Expert Working Group on Illegal Logging and Associated Trade (EGILAT).

200. Ms Satkuru said Section D of the document highlighted the catalytic role of several ITTO projects. This was an important element of the document showing that several small ITTO projects had later been upscaled and expanded with funding from other donors. Although such funding had not been channelled through ITTO, the Organization's role in catalyzing follow-up funding should be recognized as an important contribution and as strong grounds for the continued funding of ITTO's small but well-implemented and successful projects that had historically made up the bulk of its assistance to member countries. ITTO's contributions to these larger projects and initiatives was an important part of its collaboration and engagement with funding bodies. She urged members to ensure that the contributions of ITTO projects were appropriately recognized. Members should also consider ITTO as an effective and efficient implementing partner for such projects. She said members might wish to consider how to help ITTO access funding sources such as the GEF's replenishment funds through country-driven programmes designed to help realize ITTO priorities by funding pilot projects approved by ITTO that could be upscaled later with funding from the GEF and others. Ms Satkuru informed members that a draft decision on this item had been prepared for the consideration of the Council and would be further discussed in the Chairperson's Open-ended Drafting Group.
201. The Chairperson thanked Ms Satkuru for the presentation and invited interventions from the floor.
202. The delegate of Japan said the presentation was timely because tropical forests and sustainable forest management had received considerable global attention in 2021. This momentum should be capitalized on by widely promoting the new SAP to raise ITTO's visibility and the importance of its mandate globally. She said information on the catalytic role of several ITTO projects in the field was particularly interesting and important. Such track records highlighting ITTO's technical expertise should be advertised widely by all ITTO members, internally and externally, and especially shared with the focal points of conventions, the GEF and the Green Climate Fund to help conclude the ITTO accreditation process. She said it had been with this context in mind that Japan had asked for a draft decision on this item. The draft decision was an updated version of Decision 7(XXX), which had been adopted almost 20 years ago. Japan was ready to provide the voluntary contributions associated with implementing the decision, as specified in paragraph 5 of the draft decision.
203. The Producer Spokesperson said Article 15 of the ITTA was a key article and ITTO had memoranda of understanding in place with CITES, the CBD, the Center for International Forestry Research and FAO but also needed to look at organizations with influence on financing environmental projects. ITTO should make use of its comparative advantage. He supported the draft decision proposed by Japan but said it needed to be aligned with the new SAP, which mentioned, in its preamble, the importance of coordination and collaboration with other international organizations. He said ITTO needed to focus on mobilizing financial resources, and the GEF was important in this regard—a number of ITTO projects could generate seed funding and allow closer collaboration with GEF. He said the period of the new SAP (2022–2026) was key, and he expressed hope that the necessary financial resources could be mobilized for its implementation.
204. The delegate of the USA welcomed this agenda item and the associated draft decision. She supported the comments made by the Producer Spokesperson that the work should align with the proposed SAP and include both traditional and non-traditional partners and resources. ITTO provided unique added value to other organizations and international processes because of its deep technical knowledge of sustainable tropical forestry and its intersection with trade, and this was valuable to the CPF and its joint initiatives and the CITES Tree Species Programme. The USA also welcomed ITTO's participation and valuable contributions in the past several years to APEC EGILAT under the current policy theme to promote the trade and distribution of legal forest products. A final report would be forthcoming that would be shared with members. In terms of engaging in the Government of the United Kingdom's FACT dialogue in the run-up to the UNFCCC COP26, she reminded delegates that ITTO should be cooperating with other entities with greater expertise in the agricultural space, such as FAO, while contributing ITTO expertise on forestry aspects. She said the selected examples of ITTO's catalytic role in section D of the report should be factored into the communication strategy because those projects demonstrated to

external actors the long-term achievements created initially by ITTO and also ITTO's contributions to its members.

205. The delegate of the EU welcomed the report and draft decision. He encouraged the Secretariat to continue working to enable ITTO to utilize all the facilities, services and expertise of intergovernmental, governmental and non-governmental organizations, civil-society partners and the private sector to avoid duplication of efforts in achieving the objectives of the ITTA, 2006 and to enhance the complementarity and efficiency of its activities. He said members should try making arrangements as appropriate for consultations and cooperation with the United Nations and its organs and specialized agencies, particularly UNCTAD, and other relevant international, regional organizations and institutions, as well as the private sector, non-government organizations and civil society. He said there was still some way to go for ITTO to fully exploit the potential catalytic role of its projects in larger initiatives, and this would require focusing on topics of global importance such as forest restoration, climate-change mitigation and adaptation, halting biodiversity loss, and sustainable tropical forest management.
206. The delegate of Japan asked whether ITTO had any memoranda of understanding with generalized implementing agencies such as the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP).
207. The Chairperson invited the Secretariat to respond to the interventions.
208. Ms Satkuru thanked the delegates for their interventions and said the paper had been drafted in the context of the draft SAP and communication strategy, and this should be reflected in the proposed draft decision. She thanked the Government of Japan for their financial commitment regarding implementation of the draft decision and urged other members to also consider contributing towards this. She said ITTO had been proactively pursuing collaborative efforts through memoranda of understanding and direct interaction and working jointly on several initiatives and projects but there was still some way to go. She said that gaining entry to the UNFCCC COP26 multistakeholder dialogues had not been easy, and she thanked the Government of Japan for having opened the door for that. ITTO was intent on expanding the network, including the participation of TAG, CSAG, the private sector and other relevant organizations. Ms Satkuru said ITTO had worked with UNDP and UNEP as part of the CPF, and it might be a good time to think about the role ITTO could play in helping them implement their projects. She said it was important to have the support of the membership for that kind of effort.
209. The delegate of Papua New Guinea said it was excellent to see that some ITTO projects had been catalysts for larger projects supported by other donor governments and donor organizations, including one in Papua New Guinea. He said the catalytic role of ITTO projects was important for recipient countries, such as his.

IMPLEMENTATION OF ITTO'S NEW FINANCING ARCHITECTURE, PHASE II – DECISIONS 4(LVI) (AGENDA ITEM 17)

- (a) Progress report on the implementation of the new financing architecture**
- (b) Terms of reference of the Advisory Board**

210. The presentation under this agenda item is available at [https://www.itto.int/direct/topics/topics_pdf_download/topics_id=6950&no=1&file_ext=.pdf?v=.](https://www.itto.int/direct/topics/topics_pdf_download/topics_id=6950&no=1&file_ext=.pdf?v=)
211. The Officer-in-Charge presented a progress report on the implementation of ITTO's new financing architecture, phase II, as contained in Document ITTC(LVII)/14. He introduced the operative elements of Decision 4(LVI) establishing the new financing architecture and the funding scenarios. The first open call for concept notes under funding scenario 4 had resulted in 12 eligible submissions by the deadline, and the new roles and responsibilities in the streamlined project cycle had been informed to all participating actors, including the Expert Panel. The 12 eligible submissions had been posted on the ITTO website for donor consideration, and one concept note submitted by Viet Nam on the domestic timber market had received donor interest and funding from the Government of Japan. While this was a positive result, the Officer-in-Charge said it also meant that the other 11 concept notes were still pending finance. He encouraged members to look at those concept notes and also at the many projects pending finance.

212. The Officer-in-Charge said that, starting with the current BWP (2021–2022), BWPs would indicate the alignment of activities with the programme lines. The virtual informed feedback loop, which was designed to keep members informed, had been used, and the Advisory Board had met twice in both 2020 and 2021. With the agreement of the IAG, the Secretariat proposed postponing the review on the implementation of the programmatic approach to 2023. The Secretariat considered it prudent that the review would also look at the future of the regular project cycle. In terms of greater engagement with other organizations and funding bodies, the Officer-in-Charge said Ms Satkuru had already given a detailed presentation, and ITTO had sent letters to all GEF focal points, the Green Climate Fund Secretariat and the CBD. ITTO had extended memoranda of understanding with the CBD and the United Nations Convention to Combat Desertification and was engaging with the CBD Secretariat on joint efforts to operationalize that memorandum of understanding. ITTO had also reached out to the UNFCCC to establish a memorandum of understanding but no response had yet been received. The Secretariat had continued its effort on accreditation with the Green Climate Fund.
213. The Officer-in-Charge updated the Council on the results of various Secretariat efforts in past years to raise funds specifically for the programmatic lines and the programmatic approach. Several activities had also been funded by members without specific fundraising efforts by the Secretariat, including work on training modules in Congo Basin countries on legal and sustainable supply chains, funded by Japan, and the teak project and work on legal and sustainable supply chains and on global forest education, funded by Germany. Japan had also funded two large projects in Peru and Indonesia on forest fire prevention through its emergency budget. In addition, Soka Gakkai, a Buddhist organization based in Japan, was taking a strong interest in environmental work and had funded a small project in Togo with local communities and women working on forest landscape restoration and climate adaptation. A follow-up agreement for additional funding had just been signed. The Forest Agency of Japan had provided funding for several activities on legal and sustainable supply chains. Other proposed activities had so far not resulted in funding, including the Global Timber Tracking Network and discussions with Macau on legal and sustainable supply chains, which were ongoing. The Officer-in-Charge said other initiatives reported at previous Council sessions had either not borne fruit or had been formally rejected, including a proposal under the EU action plan to protect and restore the world's forests, and two large proposals to the International Climate Initiative of the German Ministry of Environment. In summary, he said, despite efforts to raise funds for the programmatic approach, the main source of funding had been traditional donors. Projects, activities and concept notes to the amount of about USD 16 million were pending finance. Of the projects pending finance, about half would go into sunset by the end of 2021 unless the submitting countries requested extensions.
214. The Officer-in-Charge said Part B of this agenda item would look at the terms of reference for the Advisory Board, as proposed by the Advisory Board itself. A draft decision had been prepared for the consideration of the Council.
215. The Chairperson thanked the Officer-in-Charge for his presentation and invited interventions from the floor.
216. The delegate of the USA thanked the Officer-in-Charge for the update on the efforts made towards implementation of the new financing architecture. He said the USA would continue to support the goals and objectives of the programmatic approach with the understanding that it was still in the pilot phase and adjustments might be needed in the future and results might take additional time. He urged patience in the process and said the USA strongly supported the Secretariat and the IAG recommendation to delay the assessment of the pilot phase, including the streamlined project cycle and the concept-note process. The process had begun only in early 2021 and it would therefore be premature to assess it now. The USA was engaged in discussions about the co-development of a concept note with an Indonesian proponent in the hope of achieving implementation shortly, and an announcement in this regard would be made during the pledging session. The delegate of the USA welcomed the continued engagement by the Secretariat with members through the Advisory Board to encourage transparency, and he supported the finalization of the terms of reference for the Advisory Board at this session. He underscored the importance of the Secretariat providing adequate information and time for members to review potential proposals and agreements that needed to undergo the virtual feedback loop process.
217. The Producer Spokesperson said the Organization had three processes, the pilot phase of the programmatic approach including the concept-note process, the regular project cycle and the thematic programmes, which were enshrined in the ITTA but had been almost paralyzed for the last few years. He said there was a lack of clarity that needed to be addressed in terms of the submission of concept notes and regular project proposals and their relation or link to the programmatic lines. He supported a

delay in the full assessment of the pilot phase until at least 2023 but requested a detailed progress report on the implementation of the new financing architecture at the 58th Session of the Council. He said initial results of the concept-note approach were disappointing, with only 1 of 12 receiving funding. Producer countries were keen to comply with the international standards but getting there would require project funding. He said substantial amounts of funds had been pledged at UNFCCC COP26 in Glasgow, and the new Executive Director should use ITTO's comparative advantage in trying to gain access to some of those resources. In order to do so, he said, members needed to look at how best to strengthen the Secretariat and its presence on the ground.

218. The delegate of Panama referred to an official letter from the Government of Panama to ITTO regarding project funding. He said Panama had been member of the Organization for about 30 years and had experienced problems since 2015 in getting projects funded. In the previous year, Panama had submitted a proposal to upscale a successful traceability system to encompass the entire territory of Panama, but so far without success. Panama had hosted meetings of the Organization and wanted to continue supporting it, but although collaboration had worked well in the past, the current situation was difficult. He requested that the letter be considered to see whether it was somehow possible to find funding for this important project.
219. The delegate of Colombia endorsed the statement made by the Producer Spokesperson on the financial architecture and the importance of a detailed report at the 58th Session of the Council. Regarding project funding, she expressed concern at the lack of funding for projects of national interest. The report clearly showed that more projects were lost than implemented. Members had invested a great deal in the development of those projects. She supported the comments made by the delegate of Panama, saying that the letter had been sent jointly with Costa Rica. She said Colombia had also submitted a proposal in 2021, which had initially been submitted in 2009, and although it had been approved by Council it had not been funded. She said Colombia had not received any project funding since 2013, giving rise to concerns regarding the benefits of being a member of the Organization, considering the amount of annual contributions members were paying. She said it was important for the new Executive Director to identify new sources of funding for projects so they would not enter into sunset. Strengthening ITTO's role as a catalyst of larger financing was a good strategy in that regard. It was important to highlight the added value of ITTO's work and the technical viability of draft projects. She expressed hope for a cost-benefit analysis that would be more favourable to members, who did their utmost to be up-to-date with their contributions to the Administrative Account. This would also send a favourable signal to other countries.
220. The delegate of the USA said he understood the continued frustration of producer countries at the level of funding for projects and concept notes. He reiterated his earlier comment that the new concept-note cycle was only in its first year, and patience was needed to give donors and proponents more time to better understand and engage in the process. He said the USA would announce funding pledges under the next agenda item. He proposed that, in future sessions, the agenda item on pledges to the Special Account should precede the item on the implementation of the new financing architecture so that members would be aware of pledges before discussing the relative success of the financing architecture. He said the project programmatic approach was also to show aggregate impacts including the project cycle, the concept-note cycle, the BWP and Secretariat funding proposals.
221. The delegate of Ghana fully endorsed the comments made by the Producer Spokesperson. He said having two concurrent approaches, one programmatic and another non-programmatic, was beneficial and that the new programmatic approach was good. He agreed that the new approach needed time and the assessment should be postponed. He noted that, by the end of 2022, a total of 23 projects valued at USD 12.4 million would lapse into sunset. Developing such proposals took substantial efforts by producer countries and, in many cases, also in-kind contributions or co-funding. The Expert Panel also worked diligently to evaluate proposals, and category 1 proposals were approved by the Council. Without funding, however, those projects would lapse into sunset. He suggested that Council might want to review its sunset policy. He reiterated an earlier comment that many producer countries received bilateral funding from other agencies and, in the continued absence of project funding from ITTO, were reviewing the value of being a member of the Organization.
222. The delegate of Japan supported the Secretariat's proposal as a practical way forward. She said the pilot phase was happening in a period of financial crisis, with many countries under severe financial strain and concentrating efforts on responding to the COVID-19 pandemic. Given its mandate and market focus, ITTO was well placed to mobilize resources more broadly, especially from the private sector. She said the Secretariat could make more effort to raise resources beyond traditional official

development assistance, which, she noted, was also affected by the issue of arrears, especially in the case of multilateral organizations. She said Japan would be making announcements regarding the financing of programmatic lines in the next agenda item. She said the GEF Small Grants Programme was about to open up to ITTO's type of expertise, but this would need the support of producer-country GEF focal points to that effect.

223. The delegate of the Congo said his Ministry of Forests was organizing a fair involving local communities and members of the Senate to develop carbon sinks in the Congo. He said that, despite its financial difficulties, the Congo was a loyal member of ITTO and was making efforts to pay its arrears.
224. The delegate of Costa Rica said his country had always paid on time. His government believed in private–public partnerships and had developed several projects together with the private companies. Unfortunately, however, none of those proposals had been financed and they were losing credibility with the private sector. The forest sector was extremely important for Costa Rica and other producers and there was a need to strengthen green development with other government departments, but internal financial resources to develop projects and implement initiatives were scarce. He said the report showed that many projects had been approved but had then gone into sunset due to a lack of funding, resulting in a loss of credibility. He encouraged consumer members to finance more projects and said he hoped the new financial architecture would be able to mobilize additional funding.
225. The delegate of Peru said the approach of the new financial architecture was good, but the projects funded by ITTO either did not have the necessary impacts or such impacts were not shared with others. He said ITTO should present its main areas of support, including sustainable forest management, trade, and forest restoration. It was important for ITTO activities to have impact at the national and international levels, and communication and dissemination of such information needed to be improved.
226. The delegate of China encouraged donor countries to mobilize additional funding for projects, noting that, in past years, China had provided USD 200 000 for legal and sustainable supply chains.
227. The Chairperson invited the Officer-in-Charge to respond to the interventions.
228. The Officer-in-Charge thanked all members for their comments and questions. Regarding the comment of the Producer Spokesperson and several other members that a detailed report of the implementation of the new financial architecture should be presented at the 58th Session of the Council, he said it was his understanding that Council's intention was for a detailed report to be postponed to at least 2023. He agreed strongly with the comment suggesting a review of the ITTO sunset clause. The current policy had been adopted at the tenth Council session in 1991, and it needed to be confirmed whether the clause was still fit for purpose, also because the Council had decided that the sunset clause would apply to concept notes. Regarding fundraising efforts, he said the Secretariat was spending substantial time seeking new financing sources and funding for existing projects pending finance. At the same time, it should be kept in mind that the Secretariat had fewer than ten staff members at the professional or higher level, none of whom were specialized in fundraising. Negotiations with external non-traditional donors were often difficult because they would ask about pledges from ITTO members and it was difficult to convince new donors in the absence of such pledges. He agreed with the suggestion of the Consumer Spokesperson to reverse the order of the agenda for future sessions so that donor pledges would be announced before this item was discussed.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (AGENDA ITEM 18)

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

229. The Chairperson invited members and observers to announce any new contributions they might wish to pledge to the Special Account and the Bali Partnership Fund.
230. The delegate of the USA said the USA was pleased to continue its support for the Organization with a voluntary contribution of USD 555 000. She said the support included partial funding for a concept note from Indonesia, and the USA was looking forward to working with Indonesia in co-development for its implementation. She said the new concept-note process provided opportunities for direct engagement between project proponents and a greater ability to match country needs with donor requirements. She announced support for the following projects and activities:

- CN-1523 'Development of an Information System on the Potential for Wood and Carbon to Support Sustainable Forest Management in South Kalimantan', USD 150 000.
 - PD916/21 Rev.1(F) 'Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-descendant Community Territory of Bajo Calima Community Council, Municipality of Buenaventura, Colombia', USD 150 000.
 - PPD 201/21 Rev.1(F) 'Study for Capacity Building of Private and Community Tree Farmers in Benin', USD 65 000.
 - BWP Activity no. 5 on enhancing cooperation between ITTO and CITES, USD 100 000.
 - BWP Activity no. 11(b) to disseminate the ITTO Guidelines on Forest Landscape Restoration in the Tropics, USD 20 000.
 - BWP Activity no. 13 on cooperation and consultation with the CPF, the UNFF and others, USD 10 000.
 - BWP Activity no. 18 on involvement of the TAG and the CSAG, USD 20 000.
 - BWP Activity no. 21, the ITTO Fellowship Programme, USD 40 000.
231. The delegate of Japan said the Ministry of Foreign Affairs of Japan was not in a position to officially announce the bulk of Japan's planned pledges because they were still subject to formal parliamentary approval under the extraordinary parliamentary session schedule affected by recent changes in government. Japan was able to formally announce the following voluntary contributions:
- For the implementation of Decision 7(LVII) on 'Matters Related to Article 15 of the ITTA, 2006 on Cooperation and Coordination with other International Organizations', USD 100 000.
 - BWP Activity No 17c), 'Translation of the ITTO website and relevant PR materials into Japanese', USD 25 000.
 - BWP Activity No 21, the ITTO Fellowship Programme, USD 11 363.
232. She said that, in addition to the above pledges and pending parliamentary approval, Japan had submitted for parliamentary approval an additional pledge of approximately USD 730 000 for project PD 913/20 Rev.2(M), 'Strengthening forest monitoring and extending the coverage of the traceability system in Panama'.
233. In addition to the pledges made on behalf of the Ministry of Foreign Affairs, the delegate from Japan representing the Japan Forestry Agency announced pledges for the following projects:
- PD 922/21 Rev.1(I), 'Promotion of sustainable domestic wood consumption in Viet Nam', USD 339 500.
 - PD 849/17 Rev.2(F), 'Increasing commercial reforestation competitiveness in Costa Rica', USD 235 65.
 - PD 902/19 Rev.2(F), 'Management of the Upper Baram forest area for conservation and sustainable development with involvement of local communities, Upper Baram, Sarawak, Malaysia', USD 100 000.
234. The delegate of Colombia thanked the USA for its support for the project from Colombia.
235. The delegate of Panama thanked Japan for its support for the project from Panama.
236. The delegate of Peru thanked all donors for their contributions. She said Peru had received financial support for several years, including from the USA for restoration projects. In April 2021, Peru had taken part in the launch of the Global Forest Financing Facilitation Network, which had been important for Peru. She said this should be taken into account by ITTO when developing a new fundraising strategy and that it would help the Organization mobilize financial resources towards sustainable forest management, including from the GEF for restoration.
237. The Chairperson invited a round of applause in appreciation of the pledges. In the absence of further interventions, he closed this agenda item.
- (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund**
238. The Chairperson invited the Secretariat (Mr Simon Kawaguchi) to present the report of the Panel on Sub-Account B of the Bali Partnership Fund.

239. Mr Kawaguchi drew the attention of members to the report, as contained in Document ITTC(LVII)/15. The panel was composed of the Chairperson of the CFA, delegates of Benin, Japan, Malaysia, Peru, Switzerland and the USA, and the Officer-in-Charge. The total balance of BPF Sub-Account B and the unearmarked fund was USD 116 082. The panel had unanimously approved two funding allocations: 1) USD 60 000 for the ITTO Fellowship Programme; and 2) USD 56 082 for project PD 902/19 Rev.2(F) 'Management of Upper Baram forest area for conservation and sustainable development with involvement of local communities, Upper Baram, Sarawak, Malaysia'. Mr Kawaguchi submitted the report for the consideration of the Council.
240. There being no comments from the floor, the Council adopted the report.

REPORTS OF THE COMMITTEES (AGENDA ITEM 19)

Committee on Economics, Statistics and Markets (CEM) and Committee on Forest Industry (CFI)

241. Mr Zahrul Muttaqin (Indonesia), the Chairperson of the joint session of CEM and CFI, presented the report of the joint session, as contained in Document CEM-CFI(LV)/3. He said the joint session of the CEM and CFI had convened only once but had had fruitful deliberations despite the tight schedule. The committees had noted the work carried out in one project in Viet Nam aimed at increasing the economic, social and environmental benefits provided by Viet Nam's forestry and wood processing industry based on acacia plantations. The committees had also reviewed progress in the implementation of three ongoing projects and three projects pending financing under the CEM, and three ongoing projects and five projects pending financing under the CFI.
242. Mr Muttaqin said the committees had noted that one project had arisen from a concept note submitted under the call for proposals mandated by Decision 4(LVI) and had been financed and was now operational. The committees further considered policy work, including on market access, forest and timber certification and a progress report on the Independent Market Monitoring initiative, as contained in Document CEM-CFI(LV)/Info.1. He said the committees had decided to include all policy work items under both committees for substantive discussion at the 58th Session of the Council. The committees had elected Ms Anna Tyler of New Zealand as Chairperson of CEM and CFI for 2022. The Vice-Chairperson would be nominated by the producers before the next session. Mr Muttaqin said the committees recommended that funding be made available immediately for the projects pending finance. He submitted the report to the Council for consideration and approval.

243. The report was adopted.

Committee on Reforestation and Forest Management

244. Ms Aysha Ghadiali (USA), the Chairperson of CRF, presented the report of the 55th Session of the Committee on Reforestation and Forest Management, as contained in Document CRF(LV)/7. She said the committee had met once to deliver 15 items on its agenda. It had reviewed the work of three completed projects and one completed pre-project. The completed projects in Gabon, Indonesia and Peru had contributed to capacity building for sustainable forest management and helped promote sustainable forest management practices on the ground. Ms Ghadiali said the CRF had had productive deliberations on the following five areas of policy work: 1) promotion of smallholder forest landscape restoration in West Africa; 2) the development of training curricula for Central African countries on legal and sustainable supply chains; 3) the dissemination of ITTO's Guidelines for Forest Landscape Restoration in the Tropics; 4) the Joint ITTO–CBD Collaborative Initiative for Tropical Forest Biodiversity; and 5) adapting the ITTO criteria and indicators for sustainable forest management to the African context.
245. Ms Ghadiali said a series of webinars had been convened to promote the forest landscape restoration guidelines for countries in Latin America and the Caribbean and Asia-Pacific in 2021 in collaboration with Centro Agronómico Tropical de Investigación y Enseñanza, the Center for International Forestry Research, the World Agroforestry Centre, the International Union for Conservation of Nature, the World Resources Institute and the Asian Forest Cooperation Organization. Recognizing that forest landscape restoration was an important part of the global forest agenda, the committee had recommended the continued promotion of the ITTO guidelines at the national and international levels, including at the World Forestry Congress to be held in May 2022 in Seoul, Republic of Korea. The committee had welcomed the draft set of criteria and indicators for sustainable forest management adapted to the African context and encouraged members to provide comments on this draft set, as presented in Document CRF(LV)/6, by mid-December 2021.

246. Regarding the conservation of biodiversity in tropical production forests, Ms Ghadiali said the committee had noted that the ITTO–CBD Collaborative Initiative for Tropical Forest Biodiversity had been assessed by analyzing the achievements of 16 ITTO projects in the framework of an ex-post evaluation. The committee has been pleased that the technical assessment had found that the initiative had been remarkably successful and should be continued in a renewed form. The committee therefore recommended the effective implementation of the ITTO–CBD Collaborative Initiative in support of the achievement of the post-2020 global biodiversity framework.
247. Ms Ghadiali congratulated Ms Siti Syaliza Mustapha (Malaysia) for her appointment as Chairperson of CRF for 2022.
248. Ms Ghadiali submitted the report to the Council for consideration and approval.
249. The report was adopted.

Committee on Finance and Administration

250. The Secretariat (Mr Simon Kawaguchi) presented the report of the Committee on Finance and Administration (CFA) on behalf of the Committee Chairperson, Ms Teresa Nube (Mozambique), as contained in Document CFA(XXXVI)/9. He said the CFA had its draft report ready during its session and had adopted the report. The CFA had made eight recommendations, as follows: 1) to approve the biannual administrative budget for the financial years 2022 and 2023; 2) to approve the financial reports prepared in accordance with ITTO Financial Rules and Procedures for the financial year 2020; 3) to continue to appoint Ernst & Young Japan to audit the accounts of the Organization for financial year 2021; 4) to take note of the list of disclosures required by the Financial Rules, as contained in annex 1 of Document CFA(XXXVI)/4; 5) to endorse the policy for the Secretariat to immediately recommend, for termination, projects and activities that did not comply with contractual obligations for financial reporting for two consecutive years; 6) to create an open-ended member-led working group in which technical questions on the new policy and other technical matters introduced at this meeting could be further discussed virtually inter-sessionally with the Secretariat, and to adopt the new policies on a no-objection and interim basis, as contained in Document CFA(XXXVI)/7 Rev.1, from 1 January 2022; 7) to adopt the proposal for the percentage of health insurance premium to be subsidized by the Organization, as contained in Document CFA(XXXVI)/8, with immediate effect; and 8) to examine and take actions to secure the needed resources to achieve the objectives of the Organization.
251. Mr Kawaguchi submitted the report to the Council for consideration and approval.
252. The report was adopted.

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2022 (AGENDA ITEM 20)

253. The Producer Spokesperson nominated Mr Jesse Mahoney from Australia as the Chairperson of the Council.
254. The Consumer Spokesperson nominated Mr Mohamed Nurudeen Iddrisu from Ghana as the Vice-Chairperson of the Council.
255. The Chairperson thanked both spokespersons and proposed, by acclamation, the nomination of Mr Jesse Mahoney from Australia as incoming Chairperson and Mr Mohamed Nurudeen Iddrisu from Ghana as incoming Vice-Chairperson of the Council.
256. The Chairperson invited Mr Mahoney as the incoming Chairperson to make an intervention.
257. Mr Mahoney thanked and congratulated the Chairperson, Mr Kheiruddin Mohd Rani, for tirelessly guiding the Council through the successful 57th Session. In what had been another year of COVID-19-affected multilateral meetings, the Chairperson had navigated the Council through a critical session, including the extension of the ITTA, a range of other decisions, and the historic election of a new ITTO Executive Director. His successes were to be applauded. Mr Mahoney thanked the Council for its trust and confidence in him as incoming Chairperson and said he was looking forward to working closely with the Vice-Chairperson. ITTO held an important place in the forest-related multilateral system, and its continued success was important for the membership. To ensure this, he expressed hope he could help navigating the Council through a successful 58th session in 2022 and that members would continue

delivering a collegial environment committed to cooperation and the mutual success of both the Organization and its members.

258. The Chairperson thanked Mr Mahoney and asked for a round of applause for him as the incoming Chairperson and for the incoming Vice-Chairperson, Mr Mohamed Nurudeen Iddrisu.
259. Mr Kheiruddin Mohd Rani expressed his thanks to all members and said he was well aware of the responsibilities entrusted in him as Chairperson of the Council in 2021 in view of the challenges the Organization was facing. He said he was comforted that this Council session was ending on a note of understanding and cooperation among producers and consumers. He thanked the Secretariat for the dedicated and hard work facilitating the success of the session. He noted that all agenda items had been covered and only certain controversial issues had not been covered, as agreed before the session. He expressed hope that the next session could be held physically so all issues could be addressed, whether controversial or otherwise. He highlighted that project funding was vital for the success of the Organization, and it was a great concern for producer members who had submitted projects that had been approved by the Council but could not be implemented due to a lack of funding. In this respect, Mr Kheiruddin expressed appreciation for the efforts of the Secretariat in seeking funding from external sources. He urged donors to consider making funds available before efforts needed to be made to seek external funding. He also expressed concern that several producer members were in arrears in their contributions to the Administrative Account and appealed to these members to seriously look into the matter.

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

260. The Chairperson reminded members that the 58th Session of the Council in 2022 would be hosted by the Government of Japan.
261. He informed the Council that a letter had been received from the Government of Viet Nam regarding the 59th Session of the Council in 2023. He invited the delegate of Viet Nam to take the floor.
262. The delegate of Viet Nam congratulated Ms Satkuru for her appointment as Executive Director of ITTO. Regarding the 59th Session of the Council in 2023, he thanked the Secretariat for its support for Viet Nam and said it would be a great honour for Viet Nam to host the Council. Viet Nam had initiated internal administrative procedures to get approval from the competent authority to host the Council in 2023. The process was ongoing, and the Viet Nam forestry administration would be in touch with the Secretariat once a final decision had been received from the competent authorities.
263. The Chairperson thanked the delegate of Viet Nam for the intervention and expressed hope that the Government of Viet Nam would be able to complete its internal approval process.
264. In the absence of a firm commitment, the Chairperson invited other members to indicate their intention to host the 59th Session of the Council.
265. The Officer-in-Charge informed the Council that, for the 58th Session, the Secretariat, in close liaison with the Government of Japan and the City of Yokohama, had secured a slot at Pacifico Yokohama from 7 to 12 November 2022. This was the only slot available in November and December 2022 because the facility was otherwise fully booked.
266. In the absence of further interventions, the Chairperson confirmed that the 58th Session of the Council would be held on 7–12 November 2022 in Yokohama, Japan.

DECISIONS AND REPORT OF THE SESSION (AGENDA ITEM 22)

267. The decisions adopted by the Council are contained in Annex III. The full text of all decisions, including annexes, is available on the ITTO website.
268. The Chairperson introduced draft Decision 1(LVII) "Projects, pre-projects and activities". There being no comments, the Council adopted the decision.
269. The Chairperson introduced draft Decision 2(LVII) "Administrative budget for the 2022 and 2023 biennium". There being no comments, the Council adopted the decision.

270. The Chairperson introduced draft Decision 3(LVII) "Management of the administrative budget for 2021-2022". There being no comments, the Council adopted the decision.
271. The Chairperson introduced draft Decision 4(LVII) "Extension of the International Tropical Timber Agreement, 2006 (ITTA)". There being no comments, the Council adopted the decision.
272. The Chairperson introduced draft Decision 5(LVII) "Adoption of the ITTO Strategic Action Plan 2022–2026". There being no comments, the Council adopted the decision.
273. The Chairperson introduced draft Decision 6(LVII) "Appointment of the Executive Director". There being no comments, the Council adopted the decision.
274. The Chairperson introduced draft Decision 7(LVII) "Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other international organizations". There being no comments, the Council adopted the decision.
275. The Chairperson introduced draft Decision 8(LVII) "Adoption of the terms of reference for the Decision 4(LVI) Advisory Board and the timeline and terms of reference for the review under Decision 5(LIV) on the pilot programmatic approach". There being no comments, the Council adopted the decision.

CLOSING OF THE SESSION (AGENDA ITEM 23)

276. The Chairperson invited closing remarks from the floor. He invited CSAG to make a statement.
277. The CSAG representative congratulated the Council, the Chairperson and the Secretariat on the successful conduct of the second virtual session of the Council and presented CSAG's views for the consideration of the Council. The full statement is available at https://www.itto.int/direct/topics/topics_pdf_download/topics_id=6951&no=1&file_ext=.pdf?v=.
278. In the absence of other requests for the floor, the Chairperson thanked all delegates. He thanked the spokespersons, Mr Jorge Malleux for the producer caucus and Mr Luke Thompson for the consumer caucus, for their cooperation and hard work to get inputs from the caucuses and make interventions in order to take the Council forward, and this had made his work as Chairperson much easier. He thanked the Officer-in-Charge, Mr Steve Johnson, and the Secretariat for their efforts in running the meeting, supporting him as Chairperson and in achieving quorum so that decisions could be taken by the Council. He expressed his gratitude and sincere congratulations to the candidates for the Executive Director position and again thanked Mr Thamrin from Indonesia for the gesture of withdrawing his candidacy, which had given the Council room to make an immediate decision to elect Ms Sheam Satkuru from Malaysia as the new ITTO Executive Director.
279. The Chairperson expressed his sincere thanks to the interpreters for their help throughout the session. He welcomed Mr Jesse Mahoney from Australia as the incoming Chairperson and Mr Mohamed Nurudeen Iddrisu from Ghana as the incoming Vice-Chairperson. Finally, he thanked all delegates for their active participation, which had enabled a successful session that had adopted seven decisions, including the election of the next Executive Director, the extension of the ITTA, 2006 and the adoption of the Strategic Action Plan 2022–2026.
280. The Chairperson adjourned the 57th Session of the Council.

ANNEX I

LIST OF PARTICIPANTS

Document: ITTC(LVII)/Info. 2



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/Info.2
2 December 2021

Original: ENGLISH

FIFTY-SEVENTH SESSION
29 November – 3 December 2021
VIRTUAL SESSION

LIST OF PARTICIPANTS

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

* * * * *

LISTE DES PARTICIPANTS

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

* * * * *

LISTA DE PARTICIPANTES

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

MEMBERS

AUSTRALIA

- * Mr. Keiran Andrusko
A/G Director, International Forest Policy, Agvet Chemicals and Forestry Branch, Department of Agriculture, Water and the Environment
- ** Ms. Sarah Grant
Assistant Director, International Forest Policy, Agvet Chemicals and Forestry Branch, Department of Agriculture, Water and the Environment
- ** Ms. Samihah Fattah
Policy Officer, International Forest Policy, Agvet Chemicals and Forestry Branch, Department of Agriculture, Water and the Environment
- ** Mr. Jesse Mahoney
Overseas Counsellor – Washington, Trade Market Access and International Division, Department of Agriculture, Water and the Environment

BENIN

- * Mr. Sinagabé O. Ulysse Korogone
Point Focal OIBT, Ministère du Cadre de Vie et du Développement Durable, Cotonou
- ** Mr. Lokossou Achille Orphée
Officier Conservateur des Eaux, Forêts et Chasse, Direction Générale des Forêts et de Ressources, Cotonou

BRAZIL

- * Mr. Carlos Augusto Rollemberg de Resende
Head of the Environment Division I, Ministry of Foreign Affairs, Brasilia
- ** Mr. Fernando A.W. Cavalcanti Júnior
Head of the Foreign Policy Sector, Embassy of Brazil, Tokyo
- ** Mr. Angelo Paulo Sales dos Santos
Third Secretary in the Environment Division I, Ministry of Foreign Affairs, Brasilia
- *** Mr. Humberto Navarro de Mesquita Juniro
Director of Forestry Development, Brazilian Forest Service – Ministry of Agriculture, Livestock, and Supply, Brasilia

CAMBODIA

- * Dr. Keo Omaliss
Director General, Forestry Administration, Phnom Penh
- ** Mr. Chheang Dany
Deputy Director General, Forestry Administration, Phnom Penh
- ** Mr. Hort Sothea
Deputy Director, Department of Wildlife and Biodiversity, Forestry Administration, Phnom Penh
- ** Mr. Thuch Phalla
Deputy Director, Department of Forest Industry and International Cooperation, Forestry Administration, Phnom Penh
- ** Mr. Say Sinly
Vice Chief of Private Forest and Partnership, Forestry Administration, Phnom Penh

Notes: * Representative/Représentant/Representante
 ** Alternate representatives/Représentant suppléants/Representantes suplentes
 *** Advisers/Conseillers/Asesores

CHINA

- * Mr. Guo Zehua Analyst at Level 3, Ministry of Commerce of China, Beijing
- ** Mr. Yu Baichuan Division Director, National Forestry and Grassland Administration of China, Beijing
- ** Mr. Zheng Sixian Deputy Division Director, National Forestry and Grassland Administration of China, Beijing
- *** Ms. Luo Xinjian Deputy Division Director, Chinese Academy of Forestry, Beijing

COLOMBIA

- * H.E. Mr. Santiago Pardo Salguero Embajador extraordinario y plenipotenciario, Embajada de Colombia, Tokyo
- ** Ms. Maria del Mar Mozo Muriel Directora de Bosques, Biodiversidad y Servicios Ecosistémicos, Ministerio de Ambiente y Desarrollo Sostenible, Bogotá
- ** Ms. Mónica Isaza Bordamalo Primer Secretario, Ministerio de Relaciones Exteriores, Bogotá
- ** Ms. María Claudia Vélez Crismatt Segundo Secretario, Embajada de Colombia, Tokyo
- ** Ms. Luz Stella Pulido Profesional Especializado, Ministerio de Ambiente y Desarrollo Sostenible, Bogota
- ** Mr. David Fernando Urrego Contratista de la Oficina de Asuntos Internacionales, Ministerio de Ambiente y Desarrollo Sostenible, Bogota
- ** Dr. Rosven Arévalo Ingeniero Forestal, Universidad Tolima

CONGO, REPUBLIC OF

- * H.E. Ms. Rosalie Matondo Minitre de l'Economie Forestière, Brazzaville
- ** Mr. Joseph Moumbouilou Directeur Général de l'Economie Forestière, Ministère de l'Economie Forestière, Brazzaville
- ** Mr. Jean Joel Loumeto Conseiller au Développement Durable et Eaux Changements Climatiques, Ministère de l'Economie Forestière, Brazzaville
- ** Mr. Arsene Ewossaka Coordinateur de la Cellule OIBT, Ministère de l'Economie Forestière, Brazzaville

COSTA RICA

- * Sr. Jorge Mario Rodríguez Zúñiga Director General, Fondo Nacional de Financiamiento Forestal, San Jose

CÔTE D'IVOIRE

- * Mr. Anzan née N'Guessan Ahou Christiane Point Focal National OIBT, Ministère des Eaux et Forêts, Abidjan

EUROPEAN UNION

EUROPEAN COMMISSION

- * Mr. Hugo-Maria Schally Head of Unit, Multilateral Environmental Cooperation, Directorate-General for Environment

** Ms. Elena Campos International Relations Officer, Directorate-General
for Environment

GENERAL SECRETARIAT OF THE COUNCIL OF THE EUROPEAN UNION

* Mr. Lorenzo Parrulli Directorate General for Foreign Affairs,
Enlargement and Civil Protection

PRESIDENCY OF THE COUNCIL OF THE EU, SLOVENIA

* Ms. Marta Hrustel Majcen Secretary, Ministry of Agriculture, Forestry and
Food, Chair of the EU Working Party on
Commodities

AUSTRIA

* Ms. Katharina Kuehmayer Senior Policy Officer, Federal Ministry for Digital
and Economic Affairs, Vienna

CZECH, REPUBLIC

* Ms. Monika Müllerová Desk Officer, Department of Trade Policy and
International Economic Organizations

ESTONIA

* Mr. Rauno Reinberg Senior Officer, Forest Department, Ministry of the
Environment, Tallinn

FINLAND

* Ms Marjukka Mähönen Ministerial Adviser in the Ministry of Agriculture and
Forestry, Helsinki

FRANCE

* Mr. Julien Mirailles In charge of international timber trade, Ministère de
l'Agriculture et de l'Alimentation, Paris
** Ms. Renee-Christine Claverie Conseillère, accès au marché groupe
PROBA/Service de la politique commerciale,
Représentation permanente de la France auprès
de l'UE

GERMANY

* Dr. Markus Utsch Deputy Head of Division, International Commodity
Policy, Federal Ministry for Economic Affairs and
Energy, Berlin
** Mr. Matthias Schwoerer Head of Division, Federal Ministry of Agriculture,
Bonn
** Dr. Sven Günter Head of Section Forestry Worldwide, Thuenen
Institute of International Forestry and Forest
Economics, Hamburg

HUNGARY

* Ms. Anita Markos Trade Policy Unit, Permanent Representation of
Hungary to the EU

IRELAND

- * Ms. Linda Morris Higher Executive Officer, Department of Agriculture, Food and the Marine, Wexford
- ** Ms. Michelle Furlong Executive Officer, Department of Agriculture, Food and the Marine, Wexford
- ** Mr. Patrick Nulty Assistant Principal Officer, Executive Officer, Department of Agriculture, Food and the Marine, Wexford

ITALY

- * Ms. Sara Federica Reho Officer, Ministry of Foreign Affairs and International Cooperation, Rome

NETHERLANDS

- * Mr. Rob Busink Senior Policy Advisor, Netherlands Ministry of Agriculture, Nature and Food Quality, The Hague

PORTUGAL

- * Ms. Cristina S Pereira Head of Unit, ICNF, Ministry of Environment, Lisbon
- ** Ms. Conceição Ferreira Adviser, ICNF, Ministry of Environment, Lisbon
- ** Ms. Graça Louro Adviser, ICNF, Ministry of Environment, Lisbon

SWEDEN

- * Mr. Bjorn Merzell Forest Policy Advisor, Swedish Forest Agency
- ** Ms. Anna Tofftén Deputy Director-General, Ministry of Enterprise and Innovation, Stockholm

FIJI

- * H.E. Mr. Isikeli Mataitoga Ambassador, Embassy of Fiji, Tokyo
- ** Ms. Deborah Sue Director, Forest Resource Assessment and Conservation, Fiji Ministry of Forestry, Suva

GABON

- * H.E. Prof. Lee James Taylor White Ministre, Ministère des Eaux, des Forêts, de la Mer et de l'Environnement, chargé du Plan Climat et du Plan d'Affectation des Terres, Libreville
- ** Mr. Ghislain Moussavou Directeur Général des Forêts, Ministère des Eaux, des Forêts, de la Mer et de l'Environnement, chargé du Plan Climat et du Plan d'Affectation des Terres, Libreville
- ** Ms. Natacha Nssi Bengone épouse Ona Abiaga Directeur, Point Focal Adjoint de l'OIBT, Ministère des Eaux, des Forêts, de la Mer et de l'Environnement, chargé du Plan Climat et du Plan d'Affectation des Terres, Libreville
- ** Mr. Mvou Biyogo Thomas Directeur Général Adjoint des Forêts, Ministère des Eaux et Forêts, Libreville

GHANA

- * Mr. Hayford Eshun Operations Manager, Forestry Commission, Accra

- ** Ms. Valene Fumey Nassah
 - ** Dr. Joseph Appiah-Gyapong
 - ** Mr. Godwin Paylix Cudjoe
 - ** Mr. Kofi Amoduro Frimpong
 - ** Dr. Mohammed Nurudeen Iddrisu
- Plantations Manager, Forestry Commission, Accra
Head of Donor Relations and Projects, Forestry Commission, Accra
Planning Officer, Forestry Commission, Accra
Officer, Donor Relations and Projects, Forestry Commission, Accra
Director, Operations, Timber Industry Development Division, Forestry Commission, Accra

GUATEMALA

- * Mr. Martir Gabriel Vásquez Us
 - ** Mr. Antonio Nak'Xit Guoron López
 - ** Mr. Roberto Andrés Bosch Figueredo
 - ** Ms. Miriam Elena Monterroso Bonilla
- Deputy Manager, Instituto Nacional de Bosques (INAB), Guatemala City
Head, Department of Climate Change, INAB, Guatemala City
Board of Directors Representative, INAB, Guatemala City
Board of Directors Representative, INAB, Guatemala City

INDIA

- * Dr. Suneesh Buxy
 - ** Mr. Sanjya Kumar Chauhan
- Inspector General of Forests, Ministry of Environment, Forest and Climate Change, New Delhi
Assistant Inspector General of Forests, Ministry of Environment, Forest and Climate Change, New Delhi

INDONESIA

- * Dr. Agus Justianto
 - ** Mr. Dida Migfar Ridha
 - ** Ms. Novia Widyaningtyas
 - ** Mr. Hanif Faisol Nurofiq
 - ** Mr. Antonius Yudi Triantoro
 - ** Mr. Istanto
 - ** Ms. Catur Endah Prasetiani
 - ** Mr. Yoga Prayoga
 - ** Dr. Israr Albar
 - ** Mr. Kadim Martana
 - ** Dr. Zahrul Muttaqin
- Director General, Directorate General of Sustainable Forest Management, Jakarta
Director of International Cooperation Bureau, Bureau of International Cooperation, Ministry of Environment and Forestry, Jakarta
Secretary of the Directorate General of Climate Change Control, Ministry of Environment and Forestry, Jakarta
Secretary, Directorate General of Forestry Planning and Environmental Governance, Ministry of Environment and Forestry, Jakarta
Director of Trade, Commodities, and Intellectual Property, Ministry of Foreign Affairs, Jakarta
Director of Production Forest Business, Directorate General, Ministry of Environment and Forestry, Jakarta
Acting Director of Social Forestry Business Development, Ministry of Environment and Forestry, Jakarta
Deputy Director of Forest Product Certification and Marketing, Ministry of Environment and Forestry, Jakarta
Ministry of Environment and Forestry, Jakarta
Deputy Director of International Treaties Division, Ministry of Environment and Forestry, Jakarta
Forestry Attaché, Embassy of Indonesia, Tokyo

- ** Ms. Novi Dwi Ratnasari
Coordinator of Agriculture Function and Commodity Development, Ministry of Foreign Affairs, Jakarta
- ** Mr. Pandu Utama Manggala
Second Secretary for Economic Affairs, Embassy of Indonesia, Tokyo
- ** Ms. Nurlela komalasari
Head of Technical Cooperation Sub Division, Secretary Directorate General of Forestry Planning and Environmental Governance, Ministry of Environment and Forestry, Jakarta
- ** Mr. Danang Kuncara Sakti
Head of the Section for the Development of Partnership Business, Community Forest and Customary Forest, Ministry of Environment and Forestry, Jakarta
- ** Mr. Jaya Dharwiniar Cipta
Head of Technical Cooperation Sub Division, Directorate General of Climate Change Control, Ministry of Environment and Forestry, Jakarta
- ** Mr. Wisnu Murti
Head of Non-UNFCCC Negotiation Facilitation Section, Ministry of Environment and Forestry, Jakarta
- ** Ms. Rizki Amelgia
Head of Law Carbon Technology Information Section, Ministry of Environment and Forestry, Jakarta
- ** Mr. Sya'roni Agung Wibisono
Head of the Sub-Division of Multilateral Cooperation II, International Cooperation Bureau, Ministry of Environment and Forestry, Jakarta
- ** Mr. Lawin Bastian
Expert Staff of the Director General of Climate Change Control in the Division of Law and Technical Cooperation, Ministry of Environment and Forestry, Jakarta
- ** Ms. Fathia Maryam Perdata
Foreign Service Officer, Directorate of Trade, Commodity and Intellectual Property, Ministry of Foreign Affairs, Jakarta
- ** Mr. Aris Kurniawan
Officer, Ministry of Foreign Affairs, Jakarta
- ** Dr. Riva Rovani
Analyst of Forest Resources Information, Directorate General of Forestry Planning and Environment Governance, Ministry of Environment and Forestry, Jakarta
- ** Mr. Retno Suratri
Data Analyst at Legal and Technical Cooperation Division, Ministry of Environment and Forestry, Jakarta
- ** Ms. Laura Reviani Bestari
Technical Cooperation Analyst, Ministry of Environment and Forestry, Jakarta
- ** Ms. Senza Fajri Arofatul Ain
Surveyor, Ministry of Environment and Forestry, Jakarta
- ** Ms. Noni Eko Rahayu
International Cooperation Analyst, Ministry of Environment and Forestry, Jakarta
- ** Mr. Imam Rekotomo
International Cooperation Analyst, Ministry of Environment and Forestry, Jakarta
- ** Ms. Astungkarawati Yuwananingsih
International Cooperation Analyst, Ministry of Environment and Forestry, Jakarta
- ** Mr. Varikh Gea Givari
International Cooperation Analyst, Ministry of Environment and Forestry, Jakarta
- ** Dr. Indroyono Soesilo
Chairman of Association of Indonesia Forest Concession Holder (APHI), Jakarta
- ** Mr. Iman Santoso
Vice Chairman, APHI, Jakarta
- ** Dr. Purwadi Soeprihanto
Executive Director, APHI, Jakarta
- ** Mr. Gunawan Salim
Board Member for Raw Material, Production and Marketing, APKINDO

JAPAN

- * Mr. Ko Morishita
Director, Global Environment Division, International Cooperation Bureau, Ministry of Foreign Affairs, Tokyo
- ** Mr. Hitoshi Kozaki
Senior Deputy Director, Global Environment Division, International Cooperation Bureau, Ministry of Foreign Affairs, Tokyo
- ** Ms. Yoshiko Motoyama
Deputy Director, Global Environment Division, International Cooperation Bureau, Ministry of Foreign Affairs, Tokyo
- ** Mr. Taku Sakaguchi
Assistant Director, Global Environment Division, International Cooperation Bureau, Ministry of Foreign Affairs, Tokyo
- ** Mr. Hiroaki Kojima
Director, Wood Utilization Division, Forest Policy Planning Department, Forestry Agency, Tokyo
- ** Dr. Jun Fukuda
Director, Wood Products Trade Office, Wood Utilization Division, Forest Policy Planning Department, Forestry Agency, Tokyo
- ** Ms. Akiko Tabata
Deputy Director, Wood Products Trade Office, Wood Utilization Division, Forest Policy Planning Department, Forestry Agency, Tokyo
- ** Mr. Takeshi Aihara
Section Chief, Wood Products Trade Office, Wood Utilization Division, Forest Policy Planning Department, Forestry Agency, Tokyo
- ** Ms. Yuka Ichitsuka
Assistant Director, Biodiversity Policy Division, Nature Conservation Bureau, Ministry of the Environment, Tokyo

MALAYSIA

- * Mr. Pubadi Govindasamy
Senior Undersecretary, Timber, Tobacco and Kenaf Industries Development Division, Ministry of Plantation Industries and Commodities, Putrajaya
- ** Dr. Balamurugan Nallamuthu
Senior Principal Assistant Secretary, Timber, Tobacco and Kenaf Industries Development Division, Ministry of Plantation Industries and Commodities, Putrajaya
- ** Ms. Emelia Gunggu
Senior Assistant Secretary, Timber, Tobacco and Kenaf Industries Development Division, Ministry of Plantation Industries and Commodities, Putrajaya
- ** Ms. Siti Nor Bushra Ismail
Senior Assistant Secretary, Timber, Tobacco and Kenaf Industries Development Division, Ministry of Plantation Industries and Commodities, Putrajaya
- ** Ms. Nur Athirah Mohd Fuzi
Assistant Secretary, Timber, Tobacco and Kenaf Industries Development Division, Ministry of Plantation Industries and Commodities, Putrajaya
- ** Mr. Muhammad Aminurrasyid Zulkeflee
Assistant Secretary, Timber, Tobacco and Kenaf Industries Development Division, Ministry of Plantation Industries and Commodities, Putrajaya
- ** Mr. Azuan Bin Roslan
Assistant Secretary, Ministry of Energy & Natural Resources, Putrajaya
- ** Mr. Mohd Rahim Rani
Deputy Director General (Operation and Technical), Forestry Department of Peninsular Malaysia
- ** Mr. Daim Balingi
Forest Conservator, Sabah Forestry Department
- ** Ms. Hamidah Bujing
Forest Conservator, Sabah Forestry Department
- ** Ms. Runi Sylvester Pungga
Senior Assistant Director, International Affairs Division, Forest Department Sarawak
- ** Ms. Noorazimah Sarkom @ Othman
Director of Trade Development Division, Malaysian Timber Industry Board

- ** Dr. Mohd Rosli Haron
Director of Research Planning Division, Forest Research Institute Malaysia
- ** Ms. Siti Syaliza Mustapha
Chief Executive Officer, Malaysian Timber Certification Council
- ** Ms. Lau Li Har
Director of Strategic Planning Division, Malaysian Timber Council
- ** Mr. Adam Mohd Nazri
Senior Executive, Strategic Planning Division, Malaysian Timber Council, Kuala Lumpur
- ** Datu Haji Hashim Haji Bojet
General Manager, Sarawak Timber Industry Development Corporation
- ** Ms. Anni Ting
Chief Executive Officer, Sarawak Timber Association (STA), Kuching

MEXICO

- * Mr. Pedro Antonio Plateros Gastelum
General Coordinator of Production and Productivity, National Forest Commission (CONAFOR), Zapopan
- ** Mr. Alberto Julián Escamilla Nava
Manager of Commercial Forests Plantations, CONAFOR, Zapopan
- ** Mr. Jorge Ruiz Morales
Manager of Promotion Department, CONAFOR, Zapopan

MOZAMBIQUE

- * Ms. Teresa Nube
Head of Community Management Department, National Directorate of Forest, Maputo

NEW ZEALAND

- * Ms. Anna Tyler
Manager International Standards Organizations, International Policy, Ministry for Primary Industries, Wellington
- ** Mr. Christopher Wilson
Senior Policy Analyst, Ministry for Primary Industries, Wellington
- ** Mr. David Allen
Counsellor (Primary Industries), Embassy of New Zealand, Tokyo

NORWAY

- * Dr. Sunniva Aagaard
Senior Adviser, The Norwegian Environment Agency, Oslo
- *** Mr. Oyvind Fossum Vangberg
First Secretary, Royal Norwegian Embassy, Tokyo

PANAMA

- * Mr. Víctor Cadavid
Director Nacional Forestal, Ministerio de Ambiente, Panama City
- ** H.E. Mr. Carlos Alberto Pere Aguirre
Ambassador, Embassy of Panama, Tokyo
- ** Mr. Félix Magallón
Dirección Natonal de Forestal, Ministerio de Ambiente, Panama City

PAPUA NEW GUINEA

- * H.E. Mr. Samuel T. Abal
Ambassador, Embassy of Papua New Guinea, Tokyo

- ** Mr. Dambis Kaip
Director, Resource Planning and Development
Directorate, Papua New Guinea Forest Authority,
Boroko
- ** Mr. Alois Jenkihau
Acting Manager, Economic Policy and Aid
Coordination, Papua New Guinea Forest Authority,
Boroko

PERU

- ** Mr. Mauro Rios Torres
Director de Gestión Sostenible del Patrimonio
Forestal de la Dirección General de Gestión
Sostenible del Patrimonio Forestal y de Fauna
Silvestre, Servicio Nacional Forestal y de Fauna
Silvestre (SERFOR), Lima
- ** Ms. Romina Alejandra Liza Contreras
Analista de Monitoreo de los Recursos Forestales,
SERFOR, Lima
- ** Ms. Carmela Quintanilla Centenaro
Especialista en Financiamiento y Proyectos,
SERFOR, Lima
- ** Mr. David Roy Aldana Gomero
Asistente técnico, SERFOR, Lima
- ** Mr. Pedro José Flores Alvarez
Especialista en Cooperación Internacional de la
Oficina de Cooperación, SERFOR, Lima
- ** Mr. John James Leigh Vetter
Asesor de la Delegación Peruana
- ** Mr. Jorge Malleux Orjeda
Asesor de la Delegación Peruana
- ** Ms. Marita Angélica Puertas Pulgar
Counsellor, Embassy of Peru, Tokyo

PHILIPPINES

- * Mr. Jonas R. Leones
Undersecretary for Policy, Planning and
International Affairs, Forest Management Bureau
(FMB), Department of Environment and Natural
Resources (DENR), Quezon City
- ** Mr. Marcial C. Amaro, Jr.
Assistant Secretary for Policy, Planning and
Foreign-Assisted and Special Projects, and FMB
Director, DENR, Quezon City
- ** Ms. Ma. Teresa G. Aquino
Chief, Forest Resources Conservation Division,
Forest Management Bureau, Department of
Environment and Natural Resources, Quezon City
- ** Mr. Raul M. Briz
Chief, Forest Resources Conservation Division,
Forest Management Bureau, Department of
Environment and Natural Resources, Quezon City
- ** Mr. Ray Thomass Kabigting
Chief, Environmental Forestry Section, Forest
Management Bureau, Department of Environment
and Natural Resources, Quezon City

REPUBLIC OF KOREA

- ** Mr. Eunsik Park
Director-General, Korea Forest Service, Daejeon
- ** Mr. Byung-ki Ahn
Director, Korea Forest Service, Daejeon
- ** Mr. Wonyeong Song
Deputy Director, International Cooperation
Division, Korea Forest Service, Daejeon
- ** Ms. Kyung-mi Oh
Programme Officer, Korea Forest Service, Daejeon
- ** Ms. Jina Yang
Programme Officer, Korea Forest Service, Daejeon
- ** Dr. Kugbo Shim
Director of Wood Engineering Division, National
Institute of Forest Science, Seoul
- ** Dr. Keonho Kim
Research Scientist, National Institute of Forest
Science, Seoul

SWITZERLAND

- * Mr. Daniel Lauchenauer
Programme Manager Secretariat for Economic Affairs (SECO), Bern
- ** Mr. Gregor Muischneek
Counsellor, Head of Economic and Finance Section, Embassy of Switzerland, Tokyo

THAILAND

- * Mr. Sapol Boonsermsuk
Director of Forestry Foreign Affairs Office, Royal Forest Department, Bangkok
- ** Ms. Prattana Meesincharoen Potts
Foreign Relations Officer, Forestry Foreign Affairs Office, Royal Forest Department, Bangkok

TOGO

- * Mr. Alaba Pyoabalo
Ingenieur des Eaux et Forêts, Directeur Général, Office de Développement et d' Exploitation des Forêts (ODEF), Lomé
- ** Mr. Mapoke Pang-Bare
Gestionnaire des Aires Protegees, Directeur Technique, ODEF, Lomé
- ** Mr. Assi Hemou
Ingenieur des Eaux et Forêts de Classe Exceptionnelle, Chef Division Etudes et Planification, ODEF, Lomé

UNITED STATES OF AMERICA

- * Mr. Luke Thompson
Acting Division Chief for Forests, U.S. Department of State, Washington D.C.
- ** Mr. Charles F. Seten
Foreign Service Officer, U.S. Department of State, Washington D.C.
- *** Ms. Jennifer Conje
Assistant Director for Policy US Forest Service, United States Department of Agriculture, Washington, D.C.
- *** Dr. Kathryn Furby
Senior Advisor, Office of Conservation and Water, U.S. Department of State, Washington D.C.
- *** Ms. Aysha Ghadiali
Policy Advisor, U.S. Forest Service, International Programs, United States Department of Agriculture, Washington, D.C.
- *** Ms. Alicia Grimes
Senior Forestry and Natural Resource Advisor, Office of Forests and Biodiversity, Bureau for Economic Growth, Education, and Environment, U.S. Agency for International Development, Washington D.C.
- *** Ms. Janet Shannon
Foreign Affairs Officer, U.S. Department of State, Washington, D.C.

VIET NAM

- * Mr. Tran Hieu Minh
Deputy Director, Department of Science, Technology and International Cooperation, Viet Nam Administration of Forestry, Ha Noi
- ** Mr. Luu Tien Dat
Senior Official, Department of Science, Technology and International Cooperation, Viet Nam Administration of Forestry, Ha Noi

OBSERVERS

Permanent Observer

FOOD AND AGRICULTURE ORGANIZATION (FAO)

Mr. Ewald Rametsteiner

Deputy Director, Forestry Division

Non-Governmental Organizations

APFNET, CHINA

Ms. Chen Lu
Ms. Yuan Mei
Mr. Xiao Jun
Ms. Chuyu Hu

Manager
Manager
Manager
Officer

BRUNO MANSER FONDS, SWITZERLAND

Dr. Lukas Straumann

Executive Director

COMMUNICATION FORUM OF COMMUNITY FORESTRY (FKKM), INDONESIA

Dr. Christine Wulandari

Head of National Steering Committee

INTERNATIONAL WOOD PRODUCTS ASSOCIATION (IWPA), U.S.A.

Mr. Bradley A. McKinney
Mr. Joseph L. O'Donnell

Executive Director
Director, Government & Public Affairs

MALEBI, COTE D'IVOIRE

Ms. Delphine Ahoussi nee Ayouo Logbochi
Ms. Gnima N'Gbalamou epse Kissi

President
Vice President

REFACOF, CAMEROON

Ms. Ndjebet Cecile
Ms. Danièle Marie Viviane Ramiarmanana
Ms. Jacqueline Gwogon Ngwet

Ms. Chiméne Musanga Timani
Ms. Rose Pélagie Masso
Dr. Amah Atutonu

President & Founder
General Secretary
Regional Coordinator (Littoral Region-
Cameroon)
Coordinator of Center Unity
Cooperation and Planning Officer
Focal Point in Togo

SAVE RIVERS, MALAYSIA

Mr. Peter Kallang
Ms. Celine Lim Kooi Hua

Chairman
Programme Manager

TRAFFIC INTERNATIONAL, MALAYSIA

Mr. Hin Keong Chen

Timber Trade Programme Leader

US ENDOWMENT FOR FORESTRY AND COMMUNITIES, U.S.A.

Ms. Teal Edelen

Consultant

AUTHORIZED INVITEES

Dr. Michael Adams
Ms. Stephanie Caswell
Mr. Barney Chan
Dr. Richard Eba'a Atyi
Mr. Benoit Jobbe Duval
Dr. Jan Hoffmann
Mr. Ernie Koh
Mr. Ngo Sy Hoai
Mr. Rupert Oliver
Mr. Sigit Pramono
Mr. Alastair Sarre
Dr. Francisco Souza
Ms. Sarah Storck
Mr. Yuri Octavian Thamrin
Dr. Ivan Tomaselli
Mr. Shengfu Wu

Earth Negotiations Bulletin - Reporting Staff

Ms. Angeles Estrada Vigil
Ms. Katherine Helfenstein

LANGUAGE TEAM

Interpreters

Ms. Odile Bertin-Faull

Ms. Barbara Grut

Ms. Emmanuelle Rivière

Ms. Andrea Subercaseaux-Bateman

Ms. Carmen Soliño Soliño

Ms. Valeria Luna

Translators

Ms. Claudia Adan

Ms. Claudine Fleury

OFFICERS OF THE INTERNATIONAL TROPICAL TIMBER COUNCIL AND ASSOCIATED COMMITTEES

Council

Chairperson	Mr. Mohd Kheiruddin Mohd Rani
Vice-Chairperson	Mr. Jesse Mahoney

Economic Information and Market Intelligence

Chairperson	Mr. Zahrul Muttaquin
Vice-Chairperson	Ms. Anna Tyler

Reforestation and Forest Management

Chairperson	Ms. Aysha Ghadiali
Vice-Chairperson	Ms. Siti Syaliza Mustapha

Forest Industry

Chairperson	Mr. Zahrul Muttaquin
Vice-Chairperson	Ms. Anna Tyler

Finance and Administration

Chairperson	Ms. Teresa Guila Nube
Vice-Chairperson	Mr. Björn Merkell

Spokespersons

Producers	Mr. Jorge Malleux
Consumers	Mr. Luke Thompson

ITTO SECRETARIAT

Dr. Steven E. Johnson
Officer-in-Charge

Ms. Sheam Satkuru
Director, Division of Operations

Dr. Gerhard Breulmann
Planning, Monitoring and Evaluation Officer

Dr. Tetra Yanuariadi
Projects Manager, Trade and Industry

Dr. Hwan Ok Ma
Projects Manager, Forest Management

Mr. Li Qiang
Systems Analyst

Mr. Polycarpe Masupa-Kambale
Projects Manager, Forest Management

Mr. Ramon Carrillo Arellano
Outreach and Communication Officer

Mr. Taesik Ham
Programme Officer, Ecosystems Restoration, Forest Management

Mr. Simon Kawaguchi
Finance/Administrative Officer

Ms. Kanako Ishii
Program Assistant

Ms. Naho Tamura
Program Assistant

Ms. Maiko Suzuki
Senior Finance / Administrative Assistant

Mr. Jean-Christophe Claudon
Statistical Assistant

Ms. Masako Sakai
Secretary

Ms. Manako Hanawa
Secretary

Ms. Adriana Sugihara
Secretary / Program Assistant

Ms. Lingyun Yang
Secretary

Mr. Kenneth Sato
Communications Assistant

Ms. Miki Oshima

Finance/Administrative Assistant

Ms. Shoko Suzuki
Finance/Administrative Assistant

Mr. Takumi Akama
Secretary

Ms. Reiko Otani
Assistant

Mr. Tomoya Inoue
Driver

* * *

ANNEX II

AGENDA

DOCUMENT: ITTC(LVII)/1 Rev.2



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/1 Rev.2
27 November 2021

Original: ENGLISH

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

PROVISIONAL AGENDA

1. Opening of the session
2. Ascertainment of the quorum
3. Adoption of agenda and organization of work
4. Report on Membership of the Council
5. Proposed Distribution of Votes for the 2022-2023 Biennium
6. Admission of Observers
7. Report of the Informal Advisory Group (IAG) – Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI)
8. Report of the Credentials Committee
9. Implications of the COVID-19 pandemic on ITTO procedures
 - (a) Decision 9(XXXI) on matters related to hosting sessions of Council
 - (b) Procedures and modalities governing the virtual Fifty-seventh Session of the Council in line with the ITTA, 2006 and ITTO Rules of Procedure
10. Relevant Committee-related agenda items
 - (a) Market Discussion
 - (b) Report of the Fifty-sixth Expert Panel for Technical Appraisal of Project Proposals
 - (c) Relevant Committee agenda items
11. Matters related to Article 19 of the ITTA, 2006 on the Administrative Account
12. Extension of the ITTA, 2006
13. Matters related to Article 14 of the ITTA, 2006 regarding the selection, election and recruitment of the Executive Director of ITTO – Decision 5(LVI)
14. ITTO Strategic Action Plan 2022-2026 – Decision 3(LVI)
15. Progress Report on the Implementation of the ITTO Biennial Work Programme 2021-2022 – Decisions 9(XXXIV) and 2(LVI)
16. Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations.

17. Implementation of ITTO's New Financing Architecture, Phase II - Decision 4(LVI)
 - (a) Progress report on the implementation of the new financing architecture
 - (b) Terms of Reference of the Advisory Board
18. Special Account and Bali Partnership Fund
 - (a) Pledges to the Special Account and the Bali Partnership Fund
 - (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)
19. Reports of the Committees
20. Election of Chairperson and Vice-Chairperson of the Council for 2022
21. Dates and Venues of the Fifty-eighth and Fifty-ninth Sessions of the Council and the Associated Sessions of the Committees
22. Decisions and Report of the Session
23. Closing of the Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 **Opening of the Session**

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

Item 2 **Ascertainment of the Quorum**

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

Item 3 **Adoption of Agenda and Organization of Work** [Document ITTC(LVII)/1 Rev.2]

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

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

The Officer in Charge will report on the status of membership of the Council.

Item 5 **Proposed Distribution of Votes for the 2022-2023 Biennium** [Document ITTC(LVII)/1 Rev.2 Annex]

The proposed distribution of votes for the 2022 – 2023 biennium, in accordance with Article 10(7) of the ITTA, 2006, is shown in the Annex of the Provisional Agenda [Document ITTC(LVII)/1 Rev.2]. The distribution of votes shall remain in effect for the rest of the biennium, except whenever the membership of the Organization changes or when any member has its voting rights suspended or restored, in which case the Council shall redistribute the votes within the affected category or categories.

In accordance with Article 19(4) of the ITTA, 2006, the approved distribution of votes will be used for the assessment of the contribution of each Member to the Administrative Budget for the 2022 – 2023 biennium.

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

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

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

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

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

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

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

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

Item 9 **Implications of the COVID-19 pandemic on ITTO procedures**
[Document ITTC(LVII)/4]

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

- (a) Decision 9(XXXI) on matters related holding sessions of Council
The Chairperson will brief the Council on the decision of the ad hoc Advisory Group to hold the Fifty-seventh Session of the Council virtually as contained in the report of the ad hoc Advisory Group [Document ITTC(LVII)/4].
- (b) Procedures and modalities governing the virtual Fifty-seventh Session of the Council in line with the ITTA, 2006 and ITTO Rules of Procedure
The Council may consider the procedures and modalities governing the virtual Fifty-seventh Session of the Council in line with the ITTA, 2006 and ITTO Rules of Procedures as proposed by the IAG.

Item 10 **Relevant Committee-related agenda items**
[Document ITTC(LVII)/5]

- (a) Market Discussion
The Trade Advisory Group will propose a topic and agenda for a virtual 2021 Market Discussion which will be shared with members prior to the event.
- (b) Report of the Fifty-sixth Expert Panel for Technical Appraisal of Project Proposals
The Council will receive the report of the Fifty-sixth Expert Panel as contained in Document ITTC(LVII)/5.
- (c) Relevant Committee agenda items
Time will be made available under this agenda item for virtual sessions of the Committees. Committee agendas and related documents will be made available to members on the ITTO website in accordance with the timelines agreed by Council.

Item 11 **Matters related to Article 19 of the ITTA, 2006 on the Administrative Account**
[Document ITTC(LVII)/6]

Pursuant to Article 19 of the ITTA, 2006, the expenses necessary for the administration of the ITTA, 2006 shall be reflected in the Administrative Budget and shall be met by annual contributions paid into the Administrative Account by members in accordance with Article 19, paragraphs 4, 5 and 6. The Secretariat will provide a report on recent developments in member payments to the Administrative Account and Council will discuss factors contributing to the increase in delayed or non-payments and possible ameliorative measures. The discussion will consider the implications of delayed/non-payment of assessed contributions for the current and future functioning of the Organization, including (inter alia) the operations of the Secretariat, members' voting rights and Council decision-making, and members' eligibility to apply for project funding.

Item 12 **Extension of the ITTA, 2006**
[Document ITTC(LVII)/7]

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

Item 13 **Matters related to Article 14 of the ITTA, 2006 regarding the selection, election and recruitment of the Executive Director of ITTO – Decision 5(LVI)**
[Document ITTC(LVII)/8]

Pursuant to Decision 5(LVI), the Council will receive the report of the Panel established to examine the applications for the position of Executive Director as contained in Document ITTC(LVII)/8).

All shortlisted candidates have been invited to make a presentation to the virtual Fifty-seventh Session of the Council.

The Council will discuss the indicative shortlist of candidates prepared by the panel and proceed to select the next Executive Director, if not by consensus, by special vote in accordance with Articles 12 and 14 of the ITTA, 2006.

Item 14 **ITTO Strategic Action Plan 2022 – 2026 – Decision 3(LVI)**
[Documents ITTC(LVII)/9, ITTC(LVII)/10 and ITTC(LVII)/Info.8]

The Council will receive and consider for adoption the draft ITTO Strategic Action Plan covering the period 2022-2026 prepared by the Working Group comprising three members from producer countries, three members from consumer countries, one representative each from the Civil Society Advisory Group (CSAG) and from the Trade Advisory Group (TAG).

Item 15 **Progress Report on the implementation of the ITTO Biennial Work Programme 2021-2022 – Decisions 9(XXXIV) and 2(LVI)**
[Documents ITTC(LVII)/11, ITTC(LVII)/12 and ITTC(LVII)/16]

The Council will receive the overall progress report on the implementation of the ITTO Biennial Work Programme for 2021 – 2022 with detailed presentations on selected BWP activities to follow.

Item 16 **Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations**
[Document ITTC(LVII)/13]

The Council will be updated on ITTO collaboration and consultation with other relevant international and regional organizations and institutions, past and present, including examples of how ITTO projects/activities have been instrumental in leveraging funding for substantially larger follow-up projects funded by other international and/or multi-lateral organisations in some countries.

Item 17 **Implementation of ITTO's New Financing Architecture, Phase II – Decision 4(LVI)**
[Document ITTC(LVII)/14]

- (a) The Council will receive the progress report on the implementation of ITTO's new financing architecture, Phase II as contained in Document ITTC(LVII)/14.
- (b) The Council will consider the formal terms of reference developed by the Advisory Board in accordance with Decision 4(LVI) as appended to Document ITTC(LVII)/14.

Item 18 **Special Account and Bali Partnership Fund**
[Document ITTC(LVII)/15]

- (a) Pledges to the Special Account and the Bali Partnership Fund.
The Chairperson may invite Members and Observers to announce any new contributions they may wish to pledge to the Special Account and the Bali Partnership Fund.
- (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund.
The Council will decide whether it is necessary for the Panel on Sub-Account B of the Bali Partnership Fund established under Decision 4(XXX) to meet during the virtual session, taking account of the resources available. If the panel does meet during the virtual session to consider actions/activities, pre-projects and projects that are eligible for funding under Sub-Account B, the Council may consider and adopt the recommendations contained in its report [Document ITTC(LVII)/15].

Item 19 **Reports of the Committees**

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

Item 20 **Election of Chairperson and Vice-Chairperson of the Council for 2022**

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2022. Under Article 8 of the ITTA, 2006, the Council is required to elect a Chairperson and Vice-Chairperson for each calendar year, one from among the representatives of producer countries, and the other from among the representatives of the consumer countries. Under Article 8, paragraph 3, these offices are required to alternate each year between the two categories of Members, provided, however, that this shall not prohibit the re-election of either or both, under exceptional circumstances by the Council.

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

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

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

The Council shall consider the proposed Decision(s) and adopt it/them in accordance with the procedures and modalities governing the virtual Fifty-seventh Session of the Council in line with the ITTA, 2006 and the ITTO Rules of Procedure, as adopted under Agenda Item 9(b). In accordance with Rule 33 of the Rules of Procedure, a report on the proceedings shall be prepared by the Secretariat and shall be circulated to all Members as soon as possible.

Item 23 **Closing of the Session**

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

Annex**PROPOSED DISTRIBUTION OF VOTES FOR 2022-2023 BIENNIUM****PRODUCER MEMBERS**

	2021 <u>No. of Votes</u>	2022/2023 Biennium <u>No. of Votes</u>
Africa		
Benin	22	21
Cameroon	22	22
Central African Republic	22	22
Congo	22	22
Côte d'Ivoire	22	22
Democratic Republic of the Congo	22	22
Gabon	22	22
Ghana	22	22
Liberia	21	21
Madagascar	22	21
Mali	21	22
Mozambique	22	22
Togo	21	21
Asia & Pacific		
Cambodia	24	21
Fiji	14	14
India	28	29
Indonesia	90	95
Malaysia	83	73
Myanmar	30	26
Papua New Guinea	42	44
Philippines	15	15
Thailand	49	52
Vietnam	16	16
Latin America/Caribbean		
Brazil	121	127
Colombia	23	24
Costa Rica	13	13
Ecuador	19	19
Guatemala	12	12
Guyana	16	16
Honduras	11	12
México	24	24
Panamá	13	13
Peru	29	28
Suriname	15	15
Trinidad and Tobago	10	10
Venezuela	20	20
TOTAL:	1,000	1,000

CONSUMER MEMBERS

	2021 <u>No. of Votes</u>	2022/2023 Biennium <u>No. of Votes</u>
Albania	10	10
Australia	16	16
China	291	305
European Union	344	337
Austria	10	10
Belgium	15	15
Bulgaria	10	10
Croatia	10	10
Cyprus	10	10
Czech Republic	11	11
Denmark	11	11
Estonia	10	10
Finland	10	10
France	25	25
Germany	19	19
Greece	11	11
Hungary	10	10
Ireland	13	13
Italy	20	19
Latvia	10	10
Lithuania	10	10
Luxembourg	10	10
Malta	10	10
Netherlands	30	25
Poland	11	11
Portugal	13	13
Romania	10	10
Slovakia	10	10
Slovenia	10	10
Spain	14	13
Sweden	11	11
Japan	144	130
New Zealand	11	11
Norway	10	10
Republic of Korea	63	66
Switzerland	11	11
United Kingdom	27	28
United States of America	73	76
TOTAL:	1,000	1,000

ANNEX III

TEXT OF THE DECISIONS

ADOPTED BY THE COUNCIL AT ITS FIFTY-SEVENTH SESSION

DOCUMENT: ITTC(LVII)/17
DOCUMENT: ITTC(LVII)/18
DOCUMENT: ITTC(LVII)/19
DOCUMENT: ITTC(LVII)/20
DOCUMENT: ITTC(LVII)/21
DOCUMENT: ITTC(LVII)/22
DOCUMENT: ITTC(LVII)/23
DOCUMENT: ITTC(LVII)/24



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/17
3 December 2021

Original: ENGLISH

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

DECISION 1(LVII)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Fifty-seventh Session the recommendations of the three Committees on Projects, Pre-Projects and Activities and the Report of the Expert Panel for Technical Appraisal of Project Proposals for the 2021 project cycle, as contained in documents CEM-CFI(LV)/3, CRF(LV)/7 and ITTC(LVII)/5, respectively;

Noting that the time-bound electronic no objection procedures to approve relevant projects taking into account Expert Panel Ratings for Projects and Pre-Projects were conducted during the project cycle for 2021;

1. Decides to:

- (i) Endorse the approval obtained through the time-bound electronic no objection procedure for the following Projects and Pre-Projects for the project cycle of 2021:

PPD 198/21 Rev.1 (F)	Study for the Restoration and Sustainable Management of Gallery Forests in the Mono Delta Biosphere Reserve in Benin (Benin) ITTO Budget \$91,504.00
PPD 200/21 Rev.1 (I)	Capacity-building of Woodworking Artisans in Southern Benin (Benin) ITTO Budget \$88,704.00
PPD 201/21 Rev.1 (F)	Study for Capacity Building of Private and Community Tree Farmers in Benin (Benin) ITTO Budget \$81,984.00
PD 916/21 Rev.1 (F)	Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-Descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia) ITTO Budget \$578,185.00
PD 922/21 Rev.1 (I)	Promotion of Sustainable Domestic Wood Consumption in Vietnam (Vietnam) ITTO Budget \$339,500.00

- (ii) To reinstate the approved status of the following projects under the sunset provisions of Decision 2(X) as of the date of adoption of the report of the Fifty-fifth Session of the CEM-CFI and CRF and that funding be made available for their implementation;

PD 808/16 Rev.4 (F)	Conservation of African Barwood (<i>Pterocarpus Erinaceus</i> Poir) in the Forest Reserves of La Palee and Boundiali in Northern Côte d'Ivoire with the Participation of Local Communities (Côte d'Ivoire)
PD 818/16 Rev.4 (F)	"Boss - Cushabatay" Project - Forest Management and Restoration in the

	Cushabatay Basin on the Eastern Slope of the Cordillera Azul National Park (PNCAZ), Peru (Peru)
PD 879/18 Rev.2 (M)	Building the Capacity of the National Forest Information and Statistics System (Benin)
PD 890/18 Rev.3 (F)	Rehabilitation of the Upper Bandama Gazetted Forest in the North of the Côte d'Ivoire with the participation of the Local People (Côte d'Ivoire)
PD 900/19 Rev.2 (I)	Developing Gender Sensitive, Community-based Bamboo Industry Development to Support Sustainable Bamboo Resource Management and Conservation in Lake Toba Catchment Area (LTCA) of the North Sumatra Province of Indonesia (Indonesia)
PD 905/19 Rev.2 (F)	Providing Support for the Sustainable Management of the Fosse-aux-Lions Gazetted Forest in the Savanna Region in Togo (Togo)

- (iii) Authorize the financing for immediate implementation of the Projects, Pre-Project and Activities as listed in the Annex to this Decision; and
 - (iv) Authorize the financing for immediate implementation of all the other approved Projects, Pre-Projects and Activities as soon as earmarked funds are available in the Special Account or in the Bali Partnership Fund Account.
2. Urges Members to consider financing those approved Projects, Pre-Projects and Activities for which funds are not immediately available,
3. Appeals to Members to make unearmarked contributions to the Thematic Programmes Account and the Special Account,
4. Further appeals to Members to also make voluntary contributions to the Bali Partnership Fund, particularly to the Sub-Account B of this Fund to finance Projects, Pre-Projects and Activities, and
5. Requests the Executive Director to continue consultations with potential donors in order to secure financing for those Projects, Pre-Projects and Activities for which funds are not immediately available.

ANNEX

Financing during 2021 for Projects, Pre-Project and Activities

(i) Pre-Project and Projects:	
PPD 201/21 Rev.1 (F) Study for Capacity Building of Private and Community Tree Farmers in Benin (Benin) – Partial funding [Outstanding balance \$16,984.00] [USA \$65,000.00 (Note 4)]	\$65,000.00
PD 902/19 Rev.2 (F) Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia (Malaysia) – Partial funding (Outstanding balance \$258,045.40) [Bruno Manser Fonds \$200,000 (Note 1), City of Basel (Switzerland) \$200,000.00 (Note 1), Japan \$100,000.00 (Note 4), Unearmarked Fund \$56,082.60 (Note 4)]	\$556,082.60
PD 916/21 Rev.1 (F) Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-Descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia) – Partial funding [Outstanding balance\$428,185.00] [USA \$150,000.00 (Note 4)]	\$150,000.00
PD 922/21 Rev.1 (I) Promotion of Sustainable Domestic Wood Consumption in Vietnam (Vietnam) [Japan \$339,500.00 (Note 2)]	\$339,500.00
PD 849/17 Rev.2 (F) Increasing Commercial Reforestation Competitiveness in Costa Rica (Costa Rica) – Balance funding [Japan \$235,765.00 (Note 2)]	\$235,765.00
(ii) Concept Note:	
CN-1523: Development of an Information System on the Potential for Wood and Carbon to support Sustainable Forest Management in South Kalimantan (Indonesia) – Partial funding [Outstanding balance \$118,320.00] [USA \$150,000.00 (Note 4)]	\$150,000.00
(iii) Activities approved through Decision 2(LVI) Biennial Work Programme for the Years 2021-2022:	
PP-A/57-349 Global Timber Outlook 2050 and its Environmental and Socioeconomic Impacts in the Context of the Bioeconomy (ITTO Biennial Work Programme 2021-2022 Activity: 1) [FAO \$77,000.00 (Note 1)]	\$77,000.00
PP-A/53-323 Building Legal and Sustainable Forest Product Supply Chains (LSSC) (ITTO Biennial Work Programme 2021-2022 Activity: 2 – Additional funding) [China \$100,000.00 (Note 2)]	\$100,000.00
PP-A/53-323C LSSC Education Programme (ITTO Biennial Work Programme 2021-2022 Activity: 2 – Additional funding) [FAO \$10,000.00 (Note 1)]	\$10,000.00

PP-A/52-323E Review of Sustainable Forest Trade in the Lower Mekong Region (ITTO Biennial Work Programme 2021-2022 Activity: 2) [FAO \$70,000.00 (Note 1)]	\$70,000.00
PP-A/52-320 Enhance Cooperation between ITTO and CITES (ITTO Biennial Work Programme 2021-2022 Activity: 5) [USA \$100,000.00 (Note 4)]	\$100,000.00
PP-A/52-320D Contract with CITES for CTSP – ITTO CITES Programme (ITTO Biennial Work Programme 2021-2022 Activity: 5) [CITES Secretariat \$375,538 (Note 1)]	\$375,538.00
PP-A/54-332 Statistical Capacity Workshops (ITTO Biennial Work Programme 2021-2022 Activity: 8) [Japan \$11,760.96 (Note2)]	\$11,760.96
PP-A/56-344 Disseminating the ITTO FLR guidelines in the Tropics (ITTO Biennial Work Programme 2021-2022 Activity: 11 (b)) [USA \$20,000.00 (Note 4)]	\$20,000.00
PP-A/56-341A Support for women's group with the restoration of forest landscapes in the Prefectures of Blitta and Lacs, Togo – Phase 2 (ITTO Biennial Work Programme 2021-2022 Activity: 11 (c)) [Soka Gakkai \$89,581.65 (Note 1)]	\$89,581.65
PP-A/50-305 Cooperation and consultation with the CPF, UNFF and others / Matters related to Article 15 of the ITTA (ITTO Biennial Work Programme 2021-2022 Activity: 13) [Japan \$100,000.00 (Note 4), USA \$10,000.00 (Note 4)]	\$110,000.00
PP-A/57-347 Publish Report “Not only timber” (ITTO Biennial Work Programme 2021-2022 Activity: 17 (a)) [Precious Forests Foundation \$11,000.00 (Note 1)]	\$11,000.00
PP-A/57-348 Translation of the ITTO website and relevant PR materials into Japanese (ITTO Biennial Work Programme 2021-2022 Activity: 17 (c) – balance funding) [Japan \$50,000.00 (Notes 2 and 4)]	\$50,000.00
PP-A/50-304 Trade (TAG) and Civil Society (CSAG) Advisory Group involvement (ITTO Biennial Work Programme 2021-2022 Activity: 18) [USA \$20,000.00 (Note 4)]	\$20,000.00
PP-A/52-319 ITTO Fellowship Programme (Year 2021) (ITTO Biennial Work Programme 2021-2022 Activity: 21) [Japan \$11,363.00 (Note 4), Kisso-an (Private) \$1,720.77 (Note 2), USA \$40,000.00 (Note 4), BPF-B \$26,828.21 (Note 4), Unearmarked Fund \$33,171.79 (Note 4)]	\$113,083.77

PP-A/57-346 Case Studies on Sustainable Intensification of Wood Production from Planted Forests (ITTO Biennial Work Programme 2021-2022 Activity: 23) [FAO \$10,000.00 (Note 1)]	\$10,000.00
PP-A/57-350 Secondment of Programme Officer from the Korea Forest Service (ITTO Biennial Work Programme 2021-2022 Activity: 41) [Korea \$1,109,958.04 (Notes 1 and 3)]	\$1,109,958.04
Total pledges confirmed after the Fifty-sixth Session of the Council to-date:	\$3,774,270.02

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

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

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

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

* * *



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(LVII)/18
3 December 2021

Original: ENGLISH

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

DECISION 2(LVII)

ADMINISTRATIVE BUDGET FOR THE 2022 AND 2023 FINANCIAL BIENNIUM

The International Tropical Timber Council,

Recalling the Financial Rules and Rules Relating to Projects of the ITTO, Rule 3.3, which stipulates that Council shall approve and adopt the budget for the Administrative Account through a Council Decision;

Decides to:

1. Approve and adopt the Biennial Administrative Budget for the Financial Years 2022 and 2023 as contained in document CFA(XXXVI)/2 Rev.1, in the amount of US\$7,031,320 and US\$7,104,295, respectively.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/19
3 December 2021

Original: ENGLISH

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

DECISION 3(LVII)

MANAGEMENT OF THE ADMINISTRATIVE BUDGET FOR 2021-2022

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Officer-in-charge and his staff in exercising cost savings in the expenditures from the Administrative Budget for the year 2021;

Noting with concern the insufficient receipts of contributions to-date from Members to the Administrative Budget for 2021;

Acknowledging that the Working Capital Reserve is made available to meet the shortfall of funds to implement the work programme of the Organization, and that it ensures continuity of basic operations in the event of a temporary shortfall of cash;

Recognizing that late payments can arise from emergencies and global economic downturns in the future, and also recognizing that in 2020, a deficit of approximately US\$600,000 was incurred between expenditures under the approved Administrative Budget and assessed contributions received from Members, and that the receipts of contributions from Members to the Administrative Budget for the remainder of 2021 might fall short of the estimated total expenditure for 2021;

Recalling Decision 2(XXXIV) which authorizes the Executive Director to transfer, if and when necessary, an amount not exceeding US\$300,000 annually, which is about 5% of the current annual budget, from the Working Capital Reserve to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization;

Further noting that the current balance of the Working Capital Reserve is approximately US\$5.6 million, but that the Organization is limited to covering annual budget expenditures from the cash receipts from contributions made in that year, in addition to the US\$300,000 authorized from the Working Capital Reserve;

Decides to:

1. Authorize the Executive Director to transfer, if necessary, such as in emergency situations, an amount not exceeding 10% of budget from the Working Capital Reserve, with immediate effect, to meet any shortfall of funds to implement the work programme of the Organization, as long as expenditures stay within the specified annual budget;
2. Request the Executive Director to report to the Committee on Finance and Administration, through its Chair on a timely basis with regard to any drawdowns from the Working Capital Reserve, and to take measures to ensure that drawdowns from the Working Capital Reserve are restored from contributions as soon as possible;
3. Requests the Executive Director to reflect paragraphs 1 and 2 in Rule 5.5 of the Financial Rules and Regulations;

4. Request members to pay as early as possible, and in full, their contributions to the Administrative Budgets, including for 2021 and 2022, as well as all arrears in contributions from previous years, to prevent further depletion of the Organization's savings through the utilization of the Working Capital Reserve to meet the shortfall in contributions;
5. Urge the Secretariat to continue to undertake appropriate cost saving and efficiency measures as necessary under the Administrative Budgets for 2021 and 2022;
6. Establish a virtual intersessional group made up of 6 producer members and 6 consumer members to: (i) make recommendations on any change to the threshold for annual use of the Working Capital Reserve by the Executive Director without Council approval; (ii) propose ways to prompt members to pay contributions to the administrative budget; (iii) explore ways to adapt the budget of the Organization to the long-term trends in payment of contributions; and (iv) prepare a report for consideration of Council at its 58th Session;

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/20
3 December 2021

Original: ENGLISH

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

DECISION 4(LVII)

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

The International Tropical Timber Council,

Recalling Article 44 of the ITTA, 2006;

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

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

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

Decides to establish an inclusive virtual intersessional working group with a maximum of 10 representatives each from the producer and consumer caucuses to assess the need for renegotiation or further extension of the ITTA, 2006. The working group is to submit a report, including recommendations, for consideration by the Council at its Fifty-eighth Session;

Authorizes the Executive Director to utilize an amount not exceeding US\$50,000 from the Working Capital Reserve to meet the costs of the working group.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/21
3 December 2021

Original: ENGLISH

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

DECISION 5(LVII)

ADOPTION OF THE ITTO STRATEGIC ACTION PLAN 2022-2026

The International Tropical Timber Council,

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

Decides to:

1. Adopt the ITTO Strategic Action Plan (SAP) 2022-2026 contained in the annex to this Decision;
2. Request the Executive Director to: (a) publish and widely disseminate the ITTO SAP 2022-2026 and (b) identify the resources necessary for achieving the targets contained in Tables 2 and 3 of the SAP annexed to this Decision;
3. Request the Executive Director to develop, in consultation with the Advisory Board, an “indicative five-year resource mobilization goal” and related resource mobilization strategy taking into account the outputs of the work related to the new financing architecture, to be presented for adoption by Council at its Fifty-eighth Session;
4. Authorize the Executive Director to utilize funds pledged to Activity 10 of the Biennial Work Programme 2021-2022 to cover the costs associated with paragraphs 2 and 3.

ANNEX

Proposed ITTO Strategic Action Plan (SAP) 2022-2026

Prepared for ITTC 57 by the SAP Working Group

Foreword by ED/OIC

Note to Council:

As is common practice, the text of the foreword will be developed by the Secretariat (ED/OIC) following adoption of the SAP 2022-2026. The foreword will include key messages about the SAP and highlight the four Strategic Priorities and four Crosscutting Strategies which are at the heart of the SAP (see Section III).

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

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

Table of Contents

List of Acronyms

I. Introduction to ITTO

- *A. Tropical forests are crucial to human well-being*
- *B. ITTO: The only international organization focused solely on tropical forest resources and sustainable management*
- *C. ITTO partnerships leverage sustainable benefits*

II. Trends and challenges in the tropical forest sector

- *A. Threats to forests continue*
- *B. COVID-19 impacts and outlook for recovery*

III. ITTO Strategic Priorities, Crosscutting Strategies and Targets 2022-2026

IV. Implementation framework

- *A. SAP implementation through ITTO's Biennial Work Programmes*
- *B. SAP implementation through ITTO's project financing/project cycle*
- *C. SAP implementation through actions by Members, partners and stakeholders*

V. Monitoring and review

- *Monitoring and reporting*
- *Review*

Boxes

1. ITTO Objectives
2. Shared United Nations Vision and Mission
3. Sustainable Development Goal 15 and Six Global Forest Goals
4. Forest facts
5. ITTO organizational chart

Tables

1. ITTO's Strategic Priorities and Crosscutting Strategies 2022-2026
2. Targets to be achieved by 2026 by Strategic Priority
3. Targets to be achieved by 2026 by Crosscutting Strategy

Figure

1. Area of tropical forest by region and management status as of 2020

Annexes

1. Text of Article 1 of the ITTA, 2006 (Objectives)
2. List of ITTO Members

Acronyms

ACTO	Amazon Cooperation Treaty Organization
APFNet	Asia-Pacific Network for Sustainable Forest Management and Rehabilitation
C&I	Criteria and indicators
CBD	Convention on Biological Diversity
CBFP	Congo Basin Forest Partnership
CIFOR	Center for International Forest
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
CPF	Collaborative Partnership on Forests
CS	Crosscutting Strategy
CSAG	Civil Society Advisory Group
FAO	Food and Agriculture Organization of the United Nations
FLR	Forest landscape restoration
FRA	Global Forest Resources Assessment
GBF	Post-2020 Global Biodiversity Framework
GCF	Green Climate Fund
GEF	Global Environmental Facility
GFG	Global Forest Goal
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
IUCN	World Conservation Union
LSSC	Legal and sustainable supply chain
MOU	Memorandum of Understanding
PLs	Programme Lines
SDG	Sustainable Development Goal
SFM	Sustainable forest management
SME	Small and medium forest enterprise
SP	Strategic Priority
TAG	Trade Advisory Group
TP	Thematic Programmes
UNECE	United Nations Economic Commission for Europe
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
UNSPF	United Nations Strategic Plan for Forests 2017-2030

I. Introduction to ITTO¹

1. The purpose of the ITTO Strategic Action Plan (SAP) 2022-2026 is to guide ITTO's policy and project work and identify priorities toward meeting the Organization's twin objectives set out in Article 1 of the International Tropical timber Agreement of 2006 (ITTA, 2006) over the next five years (see [Annex 1](#))². The SAP 2022-2026 also provides a reference framework for ITTO Members, partners and stakeholders and communicates ITTO's priorities to the wider international community.

Box 1: ITTO's Overarching Objectives

- To promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and
- To promote the sustainable management of tropical timber-producing forests

2. In pursuing its twin objectives, ITTO supports the shared vision and mission set out in the United Nations Strategic Plan for Forests 2017-2030 and is committed to contributing to the plan's six Global Forest Goals³. ITTO is also committed, consistent with its mandate, to advancing the Sustainable Development Goals (SDGs) contained in the 2030 Agenda for Sustainable Development, particularly SDG 15 "Life on Land", as well as the forest-related aims of the Paris Agreement, the Post-2020 Global Biodiversity Framework and the UN Decade on Ecosystem Restoration 2021-2030.

Box 2: Shared United Nations Vision and Mission

Vision: A world in which all types of forests and trees outside forests are sustainably managed, contribute to sustainable development and provide economic, social, environmental and cultural benefits for present and future generations.

Mission: To promote sustainable forest management and the contribution of forests and trees outside forests to the 2030 Agenda for Sustainable Development, including through strengthening cooperation, coordination, coherence, synergies and political commitment and action at all levels.

¹ <https://www.itto.int/>

² Full text of the ITTA, 2006 can be found at https://www.itto.int/council_committees/itta/. The SAP 2022-2026 replaces the SAP 2013-2018 (extended through 2021).

³ The UNSPF 2030 was adopted in 2017 by the UN General Assembly which includes all ITTO Member countries. The UN Forum on Forests is responsible for follow up and review of the plan's implementation. <https://www.un.org/esa/forests/documents/un-strategic-plan-for-forests-2030/index.html>

➤ **A. Tropical forests are crucial to human well-being**

3. Forests cover 31% of the earth's land surface⁴ and are among the world's most productive land-based ecosystems. Forests are essential to life on Earth and the well-being of an estimated 1.6 billion people who depend on forests for subsistence (food, fuel, fodder, shelter), livelihood, employment and income generation.

Box 3

Sustainable Development Goal 15

Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Six Global Forest Goals (GFGs) to be achieved by 2030:

1. Reverse the loss of forest cover worldwide through sustainable forest management, including protection, restoration, afforestation and reforestation, and increase efforts to prevent forest degradation and contribute to the global effort of addressing climate change
2. Enhance forest-based economic, social and environmental benefits, including by improving the livelihoods of forest-dependent people
3. Increase significantly the area of protected forests worldwide and other areas of sustainably managed forests, as well as the proportion of forest products from sustainably managed forests
4. Mobilize significantly increased, new and additional financial resources from all sources for the implementation of sustainable forest management and strengthen scientific and technical cooperation and partnerships
5. Promote governance frameworks to implement sustainable forest management, including through the United Nations Forest Instrument, and enhance the contribution of forests to the 2030 Agenda for Sustainable Development
6. Enhance cooperation, coordination, coherence and synergies on forest-related issues at all levels, including within the United Nations system and across member organizations of the Collaborative Partnership on Forests, as well as across sectors and relevant stakeholders

4. Tropical forests represent 45% of all forests, or 1.84 billion hectares, and provide a wide range of goods and services to people.⁵ The sustainable harvesting and processing of tropical timber and other forest products is a cornerstone of the tropical forest sector. International trade in these products supplies residential and commercial consumers worldwide, contributes to local and national economies, and gives value to tropical forests, which is a key factor in reducing forest conversion to agriculture and other land uses.

5. Tropical forests provide vital ecosystem services, conserving soil and water, filtering the air we breathe, preventing land degradation and desertification and reducing risks of floods, landslides, droughts and other natural disasters. Tropical forests are home to half of all terrestrial species⁶ and contribute significantly to climate change mitigation and

⁴ Source: FRA 2020

⁵ Source: FRA 2020

⁶ Source: rainforests.mongabay.com (14 August 2020)

adaptation.

6. When sustainably managed, tropical forests are healthy, productive, resilient and renewable ecosystems, providing essential goods and services to people and communities locally, nationally and globally.

7. The COVID-19 pandemic has highlighted the value of forests as a safety net for meeting basic human needs in times of widespread economic disruptions and as a refuge during stay-at-home orders. By acting as natural buffers against zoonoses, forests can help reduce the risk of future pandemics.⁷

Box 4: Forest facts⁸

- Forest cover nearly 1/3 of the Earth's land surface or 4 billion hectares
- 93% of the world's forests are naturally regenerating while 7% are planted
- Tropical forests represent 45% of all forests:
22% in Latin America, 16% in Africa and 7% in South/Southeast Asia
- Tropical forests are home to 50% of all terrestrial species

➤ ***B. ITTO: The only international organization focused solely on tropical forest resources***

8. ITTO is a treaty-based international organization headquartered in Yokohama, Japan. ITTO was established by the International Tropical Timber Agreement of 1983 (ITTA, 1983) to bring together governments to jointly consider issues facing the tropical forest sector and related international trade, including the crucial importance of the tropical forest resource base. Following the expiration of the 1983 Agreement, ITTO continued operations under a successor agreement, the ITTA, 1994. Today, ITTO operates under the ITTA, 2006.

9. ITTO is the only intergovernmental organization focused exclusively on the sustainable management of tropical forests and the sustainable and legal trade in tropical timber and timber products. The Organization's 74 Members include "producer" countries and "consumer" countries (see [Annex 2](#)). As such, ITTO provides a unique forum and framework for negotiation, consultation, international cooperation and policy development with regard to all relevant aspects of the world timber economy and for promoting non-discriminatory timber trade practices.

⁷ Source: The Global Forest Goals Report 2021; UN Secretary General remarks, International Day of Forests 2021

⁸ Source: FRA 2020

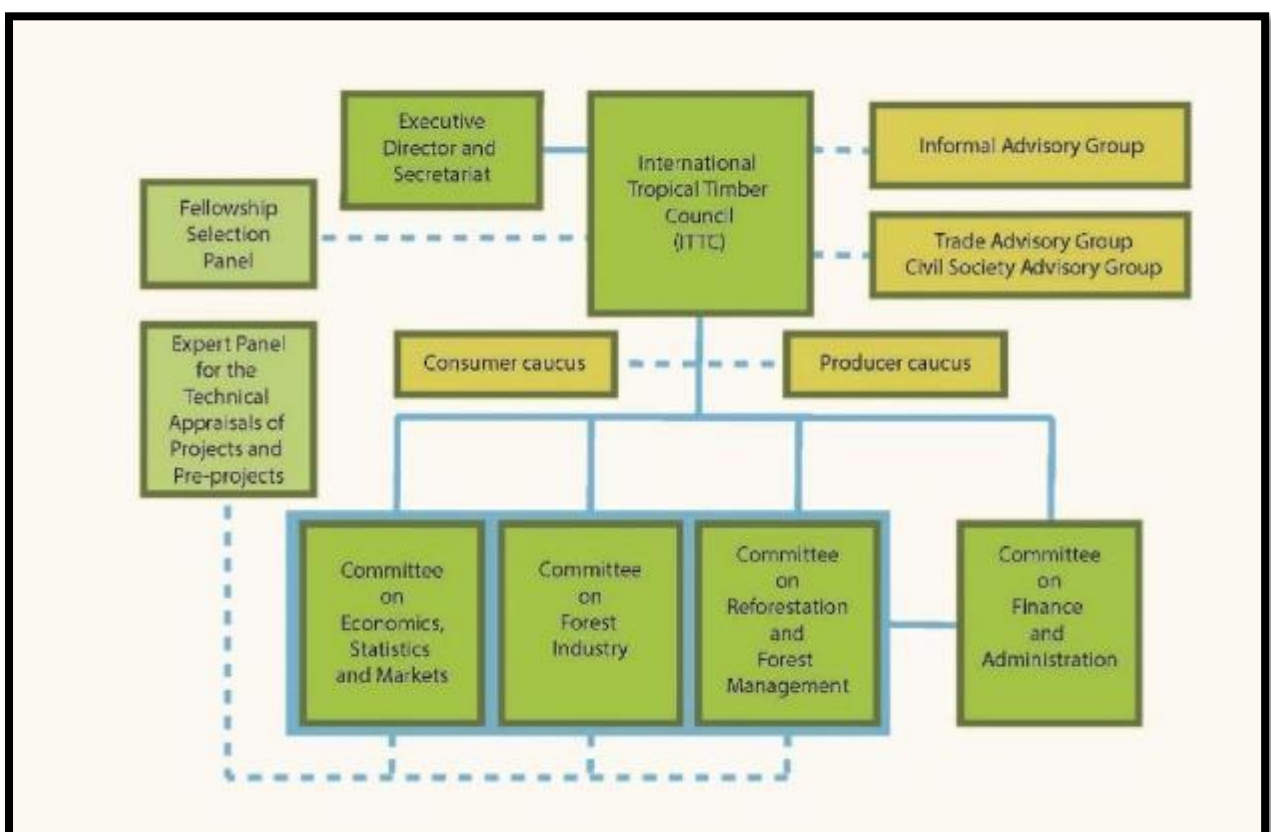
ITTO provides a unique framework for consultation, international cooperation and policy development among its 74 Members which represent

80% of the world's tropical forests and

90% of the global trade in tropical timber and timber products

10. ITTO is governed by the International Tropical Timber Council (ITTC) which is open to all Members and meets annually in Yokohama or a Member country. The Council is supported by four subsidiary standing committees, a highly experienced and professionally diverse Secretariat, and a number of advisory groups and expert panels (see [Box 5](#)).

Box 5: ITTO organizational chart



11. ITTO undertakes policy and project work in an integrated manner. Policy work contributes to achieving ITTO’s objectives for Members broadly, while projects contribute to advancing ITTO’s objectives in beneficiary countries. ITTO’s work is largely supported by voluntary contributions from donor Members.⁹

12. ITTO pioneered the concept of “sustainable forest management” in the early 1990’s and has been a leader in the development and application of “criteria and indicators for sustainable forest management”. The Organization has also formulated a comprehensive set of internationally agreed

⁹ Current ITTO donors include Japan, EU, USA, Germany, Republic of Korea, China, Netherlands and Sweden.

guidelines to support the sustainable management of natural tropical forests, from forest landscape restoration to conservation of biodiversity in production forests.

13. Since it became operational in 1987, ITTO has funded over 1200 projects, pre-projects and activities valued at more than US\$ 430 million. The majority of these have been field projects which aim to operationalize ITTO's policies and guidelines and build capacity in tropical Member countries. Many projects have provided multiple benefits, including contributing to climate change mitigation, conservation of biodiversity and ecosystem services, disaster risk reduction and other global challenges.

**Since ITTO became operational in 1987, the Organization has funded over
1200 projects, pre-projects and activities valued at more than US\$ 430
million**

14. The ITTO Fellowship Programme has been promoting human resource development in Member countries since 1989. As of 2020, fellowships totaling US\$8 million have enabled more than 1400 young and mid-career men and women from 50 countries to strengthen their professional expertise in tropical forestry and related disciplines and bring improved skills to bear on government, academia, the private sector and civil society.

15. Through its bi-monthly Market Information Service, quarterly Tropical Forest Updates and annual market discussions, ITTO is the foremost source of real-time information, statistics and trends related to the world tropical timber economy and the tropical forest resource base. ITTO's biennial review and assessment of the world timber situation compiles the most up-to-date and reliable international statistics available on global production of and trade in timber, with a focus on the tropics.

➤ ***C. ITTO partnerships leverage sustainable benefits***

16. ITTO works in close collaboration and partnership with a wide variety of intergovernmental, non-governmental and private sector organizations at national, regional and global levels to advance its objectives and leverage synergies across sectors:

- ITTO is uniquely supported by the open-ended Trade Advisory Group (TAG) and Civil Society Advisory Group (CSAG) which are actively involved in providing advice and recommendations, including on the development of the SAP 2022-2026, based on their special expertise and perspectives:
 - TAG's contributions focus on market access and supply and demand issues. TAG also organizes ITTO's annual market discussions on tropical timber trade issues of interest to ITTO Members.
 - CSAG's contributions focus on conservation, local and indigenous communities, and improving the livelihoods of women, including through their involvement in the implementation of ITTO funded projects.

- ITTO is a core member of the Collaborative Partnership on Forests (CPF) created in 2001 to support the new United Nations Forum on Forests (UNFF)¹⁰ and chaired by the Food and Agriculture Organization of the United Nations (FAO). Today, the Partnership includes representatives of 15 international organizations committed to enhancing coherence and synergies among its members to reduce deforestation and promote sustainable forest management.¹¹
- ITTO and FAO co-lead the CPF Joint Initiative on “Sustainable Wood for a Sustainable World” (SW4SW)¹² which aims to strengthen sustainable wood value chains, enhance their social, economic and environmental benefits from production to consumption, and increase the supply of low carbon products for a climate resilient planet.
 - ITTO and CITES are long-term partners and collaborators through the ITTO-CITES Programme which helps ensure that international trade in CITES-listed timber species is consistent with their sustainable management and conservation.
 - The long-standing ITTO-CBD Collaborative Initiative on Tropical Forest Biodiversity, renewed through 2025, aims to enhance the conservation and sustainable use of biodiversity in tropical forests and address the main drivers of biodiversity loss from deforestation and forest degradation.
- **ITTO and the World Conservation Union (IUCN) teamed up to develop the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests.**¹³
 - Every year, ITTO partners with Eurostat, FAO and the United Nations Economic Commission for Europe (UNECE) to collect the latest information on global timber production and trade through the Joint Forest Sector Questionnaire. Annual updates are posted on the ITTO website.
 - ITTO is in discussions with the Global Environment Facility (GEF) Secretariat on how ITTO can help advance the GEF Sustainable Forest Management Impact Program and the tropical deforestation component of the GEF [Food Systems, Land Use and Restoration Impact Program under the GEF-8 replenishment 2022-2026](#).¹⁴
 - ITTO has co-sponsored a number of collaborative activities with regional organizations and processes, including the Amazon Cooperation Treaty Organization (ACTO), the Congo Basin Forest Partnership (CBFP), the Asia-Pacific Network for Sustainable Forest Management and Rehabilitation (APFNet) and FOREST EUROPE.

¹⁰ The UN Forum on Forests (UNFF) was established by the UN General Assembly in 2000 as a subsidiary body of the UN Economic and Social Council: <https://www.un.org/esa/forests/index.html>

¹¹ <http://www.cpfweb.org/en/>

¹² <http://www.fao.org/forestry/sustainable-wood/en/>

¹³ https://www.itto.int/direct/topics/topics_pdf_download/topics_id=1918&no=0&disp=inline

¹⁴ The GEF-8 replenishment will be decided in early 2022 for the period July 2022 to June 2026.

II. Trends and challenges in the tropical forest sector

➤ A. Threats to forests continue

17. Despite the importance of forests to people, deforestation and forest degradation continue at alarming rates. From 2015 to 2020, the world lost an estimated 10 million hectares of forest a year (an area the size of the Republic of Korea). This represents only a small reduction from the 12 million hectares lost each year from 2010 to 2015.¹⁵ Most of this deforestation and degradation has been in the tropics and reflects a variety of underlying causes:

- Major drivers of tropical deforestation continue to be increasing development and policies that favor competing land uses which produce higher and more rapid financial returns: Agriculture, energy, mining, transportation. Global subsidies for agricultural commodities (beef, oil palm, soy beans, etc.) are estimated at US\$200 billion per year and are responsible for at least half of forest loss since 2001¹⁶.
- Forest conversion to agricultural plantations and other land uses is facilitated by the failure of the market place, public policies and national accounting systems to reflect the full value of forest ecosystem services (soil, water, carbon, biodiversity) and other non-market benefits (spiritual, cultural, pollination, insurance against future risk). The significant contribution of the informal forest economy to local livelihoods in many countries is also largely unaccounted for.
- Natural tropical forests remain under threat from unsustainable and illegal logging, fuelwood collection, fragmentation and disturbances from insects, disease, severe weather events and wildfires, all of which impact forest health and vitality. In 2015 alone, about 98 million hectares of forest were affected by fire, mainly in Africa and South America where some 4 percent of total forest area was burned.¹⁷
- The escalating impacts of climate change and the global biodiversity crisis where one million species are at risk of extinction¹⁸ also have serious long-term implications for tropical forest ecosystems and related trade in timber and other forest products.
- While forest-based enterprises and international trade add value to tropical forests and can contribute significantly to building sustainable economies and livelihoods, ITTO data shows that the share of tropical wood in major import markets has been affected by negative environmental images of tropical wood and substitution of tropical timber by home-grown wood and non-renewable materials (plastics, non-wood laminates, concrete, metals), which tend to be exacerbated during periods of exceptional market volatility and uncertainty. Such trends indicate that some consumer markets often overlook the significant benefits of tropical timber as a renewable, environmentally friendly resource, especially during recessions.

¹⁵ Source: FRA 2020

¹⁶ <http://www.cpfweb.org/47013-0cdceb8e3687f9ec4f5ae61576d77a9d8.pdf>

¹⁷ Source: FRA 2020

¹⁸ Source: IPBES Global Assessment Report 2019

- With world population projected to reach 9.6 billion by 2050, the need to feed people will accelerate and competition for land will intensify, further threatening the vital goods and services natural tropical forests provide when sustainably managed.
- Rapid population growth, as well as rising per capita income, are also accelerating global demand for forest products and putting pressure on natural forests. The role of fast-growing plantations in meeting future demand for fiber (paper, paperboard, cardboard, etc.) will be increasingly important.

B. Covid-19 impacts and outlook for recovery

18. The rapid onset of the COVID-19 pandemic in early 2020 and related global economic contractions and government lock-down measures have exacerbated these trends, devastating the tropical forest sector, economically, socially and environmentally, in many countries:

- Factory and mill closures, sharply reduced sales, falling prices, shipping disruptions/freight rate spikes, disrupted supply chains and suspended capital investments led to severe unemployment and the collapse of small and medium forest enterprises.
- Significant migration from cities to rural forest areas put increased pressure on forest resources as people sought to escape the pandemic and find alternative means of subsistence (food, fuel, shelter).
- Increased incidents of illegal logging, wildlife poaching and slash-and-burn farming and incursions into protected forests and indigenous forest lands often went unchecked due to reduced government presence and decreased monitoring and law enforcement.¹⁹

19. Recovery from the disruptions and impacts of the unprecedented COVID-19 pandemic can be expected to preoccupy many sectors of the global economy for the next few years, including the forest sector:

- The emergence of COVID variants in many countries is leading to new lockdowns, delaying renewed economic activity in the forest sector and prolonging impacts on forest-dependent communities and populations as well as forest health.
- As restrictions on the movement of goods and people are eased, tropical forests could be more at risk than ever. Domestic economic stimulus initiatives to accelerate recovery are in some cases rolling back or weakening enforcement of forest laws and regulations in favor of agricultural commodities, industrial agriculture plantations and mining.²⁰
- ITTO modelling suggests global timber production could reach pre-crisis levels by 2026.²¹ The outlook for tropical timber production is less clear and may vary significantly from region to region

¹⁹ UNFF Expert Group Meeting (January 2021) <https://www.un.org/esa/forests/wp-content/uploads/2020/12/CoChairs-Summary-EGM-covid19-impact-280121.pdf>

²⁰ UNFF Expert Group Meeting (January 2021)

²¹ https://www.itto.int/news/2020/11/05/itto_modelling_examines_recovery_timeframe_in_tropical_timber_sector/

and country to country depending on national circumstances and the structure of the tropical timber economy.

- In the post-COVID era, tropical wood producers/processors may rely more on domestic markets to stay in business, which could fundamentally change supply and value chains and also accelerate deforestation and forest degradation.
- While always important, the value of timely information on tropical timber markets is increasingly critical as disruptions in market conditions and supply chains continue due to the pandemic. Market participants (producers and consumers) acknowledge relying more than ever on ITTO's market information services to understand and address ongoing COVID-related market volatility.
- While the extent of COVID impacts in the medium and long-term remain unclear, the way forward will depend on national, regional and international initiatives and investments that recognize the economic, social and environmental contributions of tropical forests and forest-based enterprises to COVID recovery.

A resilient recovery from the COVID-19 pandemic, along with responses to the climate and biodiversity crises, must be rooted in the world's forests.

The Global Forest Goals Report 2021

III. ITTO Strategic Priorities, Cross-Cutting Strategies, Targets

20. ITTO's work over the next five years will be guided by 4 "Strategic Priorities" (SPs), 4 "Crosscutting Strategies" (CSs) and 38 associated targets to be accomplished or achieved by 2026 in order to advance ITTO's twin objectives, taking into account relevant global forest-related trends.

21. Table 1 sets out ITTO's SPs and CSs and indicates their relevance to the ITTA, 2006, the Global Forest Goals and the Sustainable Development Goals. Tables 2 and 3 set out the targets to be achieved for each SP and CS. These targets constitute ITTO's expected outputs by 2026. Given the integrated nature of ITTO's objectives, synergies exist between and across ITTO's five-year SPs and CSs, as well as among targets. A given target may contribute to more than one SP and/or CS.

Table 1: ITTO's Strategic Priorities and Crosscutting Strategies 2022-2026

ITTO Strategic Priorities (SPs)	Relevance to	
	ITTA, 2006	GFGs, SDGs
1. Promote good governance and policy frameworks to enhance financing and investment in sustainable tropical forest management, legal and sustainable forest product supply chains and related trade.	Article 1.a 1.c 1.i 1.k 1.n	GFG1 3 4 5 SDG13 15 16 17
2. Increase the contribution of the tropical forest sector to national and local economies and resilient livelihoods, including through further processing and trade in tropical timber and other forest products and services.	Article 1.a 1.c 1.i 1.k	GFG 2 SDG 8 15
3. Reduce tropical deforestation and forest degradation, enhance forest landscape restoration and the resilience of forest ecosystems to climate change, and conserve forest biodiversity and ecosystem services.	Article 1.a 1.c 1.i 1.j 1.k 1.m 1.q	GFG 1 2 3 5 6 SDG 13 15
4. Improve the quality, availability and timeliness of information on tropical forest product markets, supply chains and international trade, including challenges and opportunities related to market access, expansion and diversification.	Article 1.a 1.b 1.c 1.e 1.h 1.k 1.l 1.o, Articles 27-28	GFG 4 6 SDG 15
ITTO Crosscutting Strategies (CSs)		
1. Help build capacity in Member countries to advance the SAP 2022-2026	Article 1.a 1.c 1.d 1.g 1.q 1.r	SDG4 15
2. Enhance ITTO operational effectiveness	All articles	GFG 6 SDG 15
3. Promote integration of the tropical forest sector in COVID-19 recovery plans, measures and investments	Article 1.a 1.c 1.s	GFG 5
4. Promote gender equality and the empowerment of women	Article 1.a 1.c	SDG 5 15

Table 2 – Targets to be achieved by 2026 by Strategic Priority

SP	Targets
SP1: Governance investment	<ul style="list-style-type: none"> • Develop a strategy/roadmap for meeting GEF and GCF requirements for accreditation as a partner agency and in the interim pursue effective participation in GEF and GCF multi-stakeholder engagement arrangements • Leverage financing through enhanced international partnerships and synergies • Develop and promote tools to monitor/increase transparency/traceability in supply chains • Promote ITTO's leadership as a platform for dialogue and cooperation on legal and sustainable supply (LSSC) chains • Promote actions to combat illegal trade in tropical timber species and reinforce collaboration with CITES to this end • Explore opportunities/constraints to investment in tropical timber processing industries and technologies
SP2: Economies and tropical timber trade	<ul style="list-style-type: none"> • Analyze the effects of domestic wood production and trade in producer countries on sustainable forest management (SFM) and promote sustainable domestic wood production and supply chains • Establish an ITTO working group to include the Trade Advisory Group and Civil Society Advisory Group to look at market/trade issues, resiliency in the tropical timber business, and ways to build global demand for sustainably produced/supplied tropical timber • Develop and promote indigenous and local community forest management and business models for small and medium enterprises, including legal and sustainable value chains • Explore opportunities for sustainable value creation in producer countries • Assess the role of tropical plantations and agroforestry systems in local and national economies and opportunities to rehabilitate degraded land for these uses
SP3: Deforestation Restoration Biodiversity Ecosystem services	<ul style="list-style-type: none"> • Articulate/promote ITTO's role in reducing tropical deforestation and forest degradation and contributing to climate change mitigation/adaptation and forest landscape restoration • Promote positive interactions between forest, agriculture and other sectors to reduce illegal deforestation, including through land use policies and landscape planning • Analyze and promote approaches to managing forest landscape in an integrated manner in the context of a changing climate • Seek to establish an MOU with UNFCCC to promote collaboration/synergies, including on forest restoration and integration of SFM in climate mitigation/ adaptation strategies • Refine the MOU with CBD as needed to reflect the Post-2020 Global Biodiversity Framework • Extend/renew the MOU with UNCCD through 2026 • Promote use of ITTO Guidelines for Forest Landscape Restoration in the Tropics (2020) and update as needed ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Production Forests (2009)
SP4: Statistics Information	<ul style="list-style-type: none"> • Make strategic use of ITTO's market/trade databases to inform and support LSSC discussions in international fora and within the Collaborative Partnership on Forests • Prepare an updated SFM Tropics report based on ITTO's Criteria & Indicators for SFM • Upgrade ITTO databases on projects and activities, taking into account the database being developed as part of piloting a streamlined project cycle

Table 3 – Targets to be achieved by 2026 by Crosscutting Strategy (CS)

CS	Targets
<p>CS1: Capacity building in Member countries</p>	<ul style="list-style-type: none"> • Upscale best practices, tools, scientific/research applications and innovation • Enhance training, education and extension, including through the ITTO Fellowship Programme, regional/subregional workshops, and development and dissemination of targeted materials and packages • Finalize and operationalize an ITTO knowledge management strategy and guidelines • Support initiatives to promote cross-sectoral coordination at national and local levels
<p>CS2: ITTO's operational effectiveness</p>	<ul style="list-style-type: none"> • Adopt and operationalize a new ITTO financial architecture to include an ITTO resource mobilization strategy and streamlined ITTO project cycle focused on PLs based on the results of the pilot phase • Revise/update ITTO's project-related manuals as needed to reflect the new project cycle • Adopt and implement a communication and outreach strategy highlighting ITTO's contributions to global forest-related goals/commitments • Enhance partnerships with the Trade Advisory Group and Civil Society Advisory Group, including Indigenous Peoples and local communities, as well as with relevant international organizations • Enhance the effectiveness and sustainability of the Administrative Account in supporting core activities and operations
<p>CS3: Integration of the tropical forest sector in COVID-19 recovery</p>	<ul style="list-style-type: none"> • Building on existing reporting, assess economic, social and environmental impacts of COVID on the tropical forest sector and related trade • Identify post-COVID recovery challenges and opportunities, including through annual market discussions and biennial reviews of world timber situation • Promote post-COVID recovery investments in tropical forest-based enterprises and sustainable and resilient supply chains • Promote mechanisms that highlight the contribution of SFM, LSSC and trade to post-COVID employment and economic reactivation • Work with the Collaborative Partnership on Forests to identify links between tropical forests and reducing risk of future pandemics • Widely publicize and disseminate findings and reports on the above to highlight ITTO's role in assisting post-pandemic recovery
<p>CS4: Gender equality and empowerment of women</p>	<ul style="list-style-type: none"> • Enhance/accelerate application and operationalization of ITTO's Policy Guidelines on Gender Equality and Empowering Women, including in the context of ITTO's data collection and statistical processes and the new streamlined project cycle now being piloted • Conduct a study on the role of women in the tropical forest sector, including primary forest industries, and the impacts of gender gaps on women's resilience in the sector to climate change challenges

IV. Implementation framework

22. The SAP 2022-2026 will be implemented through policy activities financed under ITTO's Biennial Work Programmes (BWPs) and through projects financed under the ITTO project cycle, as well as through actions by Members, partners and stakeholders at national, regional and international levels. Policy activities and projects will be supported primarily by voluntary contributions earmarked by donor Members and will be undertaken in an integrated manner consistent with Article 24.1 of the ITTA, 2006.

23. The outlook for voluntary contributions to implement the SAP 2022-2026 is not clear at this time. ITTO is currently piloting a new financial architecture to be decided in 2022/2023 with a view to attracting additional resources to the Organization. COVID-19 continues to reverberate throughout the tropical forest sector, impacting forest-based enterprises, international trade and the tropical forest resource base. While the availability of effective vaccines is promising, the emergence of highly transmissible virus variants is delaying COVID recovery efforts worldwide.

24. In this context, the Council should, within one year of adoption of the SAP 2022-2026, establish "an indicative five-year resource mobilization goal" for voluntary contributions to implement the targets in Tables 2 and 3. The indicative five-year goal should be based on and reflect estimated costs to carry out the targets, and also take into account discussions on a new resource mobilization strategy as referred to in Table 3 CS2. ITTO Members in a position to do so are urged to provide voluntary contributions to support the five-year goal.

25. All ITTO Members are urged to pay their annual assessed contributions and any arrears to the ITTO Administrative Account, which supports the Secretariat and other core operational activities.²²

➤ A. SAP Implementation through ITTO's Biennial Work Programmes

26. ITTO's Biennial Work Programmes (BWPs) are approved by Council and focus on policy-relevant activities that benefit Members broadly. These activities are typically carried out or facilitated by the Secretariat. Consistent with Article 24.3 of the ITTA, 2006, the targets in Tables 2 and 3 constitute priority activities for the next five years. These activities will be implemented primarily through the BWP 2023-2024 and BWP 2025-2026 to be adopted by Council in 2022 and 2024, respectively. Initial priority activities will be integrated into the BWP 2021-2022 based on available funding.

27. These BWPs will describe the target activities, including the implementation approach, cost estimates and other details as appropriate. Some activities may be implemented in phases or include more than one element.

28. Target activities contained in the BWPs are expected to be financed primarily from voluntary contributions earmarked by donor Members, though this does not preclude other forms of voluntary

²² Consistent with Article 19 of the ITTA, 2006, ITTO Members pay an annual assessed contribution to the Administrative Account which covers Secretariat costs and other core operations. Secretariat costs are shared equally by producer members (50%) and consumer members (50%). Core operational costs are covered 80% by consumers and 20% by producers.

financing. Some operational targets, such as those related to communication and outreach and the preparation and publication of studies, statistics, guidelines and manuals, may be funded through ITTO's core budget.

29. Council may include other activities in the BWPs that directly contribute to the SPs/CSs and complement the target activities, assuming additional funding is available. The relevance of such additional activities to the SPs, CSs and targets will be made clear in the BWP. Council may also add activities to the BWPs as needed to respond to new and emerging issues.

➤ ***B. SAP Implementation through ITTO's project financing/project cycle***

30. Article 20 of the ITTA, 2006 establishes the Project Sub-Account to facilitate "earmarked" voluntary contributions for the financing of approved projects and activities. Consistent with Article 25.1 of the ITTA, 2006, ITTO Members and the Executive Director may submit project proposals to the Organization for financing consideration through the ITTO project cycle.

31. Following the completion of a multi-year pilot phase, Council is expected to adopt a streamlined project cycle focused on "programme lines" as part of ITTO's new financial architecture. The following four programme lines are the focus of the pilot phase:

1. Legal and sustainable supply chains for tropical forest products
2. Conservation of tropical forest biodiversity and ecosystem services
3. Tropical forest landscape restoration and resilient livelihoods
4. Emerging issues and innovation

32. The pilot phase includes the development of "project concept notes" to bring forward project ideas related to one or more programme lines for potential donor funding prior to the development of full project proposals. A proposal's relevance to Article 1 of the ITTA, 2006 (see [Annex 1](#)), the GFGs and SDGs is also indicated. Following adoption of the SAP 2022-2026, concept notes will indicate the proposal's contribution to the SPs and CSs set out in [Table 1](#). Project proposals submitted after adoption of ITTO's new financial architecture will be subject to the new project cycle process and procedures.

33. Consistent with ITTO's Policy Guidelines on Gender Equality and Empowering Women (Section V.2),²³ the new project cycle will integrate and mainstream gender issues, which will be addressed in all phases of the project cycle, from project concept notes to project formulation, implementation, monitoring, review and evaluation.

34. Consistent with ITTO's Environmental and Social Management Guidelines,²⁴ concept notes for field projects will include an initial "Environment and Social Screening" to provide a preliminary assessment of the proposal's potential risks and impacts (negative and positive). A completed Environment and Social checklist questionnaire will be attached to the project concept note.

²³ https://www.itto.int/direct/topics/topics_pdf_download/topics_id=6107&no=1&disp=inline

²⁴ https://www.itto.int/direct/topics/topics_pdf_download/topics_id=6436&no=1&disp=inline

35. Article 20 of the ITTA, 2006 establishes the Thematic Programmes (TP) Sub-Account to facilitate “unearmarked” voluntary contributions for approved projects and activities. Five ITTO TPs were established in 2009 and attracted nearly US\$22 million in unearmarked project funding, including from non-traditional ITTO donors. However, recent years have seen a trend away from unearmarked voluntary contributions to international organizations. While Council should be receptive to unearmarked financing in support of the SAP 2022-2026, the focus should be on attracting funds for specific projects aligned with the programme lines from all available sources.

➤ ***C. SAP implementation through actions by Members, partners and stakeholders***

36. ITTO Members, partners and stakeholders have an important role to play, individually and collectively, in contributing to the implementation of the SAP 2022-2026.

37. Annual Council sessions will include an agenda item inviting Members to share the steps they have taken to contribute to the SAP’s SPs and CSs. Such steps may include national and local policies and actions, as well as measures taken bilaterally, regionally and internationally.

38. ITTO partners, including the Trade Advisory Group (TAG), Civil Society Advisory Group (CSAG) and international and regional partners, will also be invited to share their contributions to SAP implementation at annual Council sessions. The Executive Director will facilitate the participation of TAG and CSAG, including Indigenous Peoples and local communities, in Council sessions for this purpose.

39. All reports and updates provided by Members and partners on their efforts to contribute to the SPs and CSs will be made publicly available on the ITTO website.

40. As a member of the Collaborative Partnership on Forests, the Executive Director will promote joint initiatives that advance the SPs and CSs of mutual interest to other members.

41. As members of the governing bodies of CPF member organizations, other forest-related international organizations and regional organizations and processes, ITTO Members are encouraged to promote the SPs and CSs through such organizations and processes, consistent with their mandates and priorities. ITTO focal points are also encouraged to coordinate closely in capitals with focal points for other CPF member organizations, including the Global Environment Facility, the UN Forum on Forest and the Rio Conventions.

V. Monitoring and review

➤ A. Monitoring and reporting

42. The Executive Director will report annually to Council on progress in implementing the SAP 2022-2026, including financing, accomplishments and challenges. The Executive Director may also report intersessionally as requested by Council or as needed to keep Members apprised of developments.

43. Project executing agencies will report to the Secretariat biannually on the status of projects financed through ITTO. The Secretariat will continue to report annually to the relevant Committee on new project financing, projects in progress and completed projects. The report on completed projects will include an evaluation of project effectiveness in meeting its objectives.

44. Based on progress reports by the Executive Director and Committees, the Council may take action as it deems necessary to facilitate and enhance SAP implementation.

➤ B. Review

45. The Council will review and assess the effectiveness of the SAP in 2026. The review should assess to what extent the targets in Section III have been met or accomplished and take into account global and regional trends in the value and volume of traded tropical timber products over the life of the SAP. The Council should decide on review parameters/indicators as soon as possible following adoption of ITTO's new financial architecture. The Council may undertake a mid-term review in 2024 as it deems necessary.

46. Following its review and assessment in 2026, Council may decide to extend the SAP 2022-2026 through 2029 if it decides on a three-year final extension of the ITTA, 2006 to December 2029, with refinements or amendments to the SAP as needed.

Annex 1
Text of Article 1 of the ITTA, 2006

Article 1: Objectives

The objectives of the International Tropical Timber Agreement, 2006 (hereinafter referred to as "this Agreement") are to promote the expansion and diversification of international trade in tropical timber from sustainably managed and legally harvested forests and to promote the sustainable management of tropical timber producing forests by:

- a. Providing an effective framework for consultation, international cooperation and policy development among all members with regard to all relevant aspects of the world timber economy;
- b. Providing a forum for consultation to promote non-discriminatory timber trade practices;
- c. Contributing to sustainable development and to poverty alleviation;
- d. Enhancing the capacity of members to implement strategies for achieving exports of tropical timber and timber products from sustainably managed sources;
- e. 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;
- f. Promoting and supporting research and development with a view to improving forest management and efficiency of wood utilization and the competitiveness of wood products relative to other materials, as well as increasing the capacity to conserve and enhance other forest values in timber producing tropical forests;
- g. Developing and contributing towards mechanisms for the provision of new and additional financial resources with a view to promoting the adequacy and predictability of funding and expertise needed to enhance the capacity of producer members to attain the objectives of this Agreement;
- h. 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;
- i. Promoting increased and further processing of tropical timber from sustainable sources in producer member countries, with a view to promoting their industrialization and thereby increasing their employment opportunities and export earnings;

- j. Encouraging members to support and develop tropical timber reforestation, as well as rehabilitation and restoration of degraded forest land, with due regard for the interests of local communities dependent on forest resources;
- k. Improving marketing and distribution of tropical timber and timber product exports from sustainably managed and legally harvested sources and which are legally traded, including promoting consumer awareness;
- l. Strengthening the capacity of members for the collection, processing and dissemination of statistics on their trade in timber and information on the sustainable management of their tropical forests;
- m. Encouraging members to develop national policies aimed at sustainable utilization and conservation of timber producing forests, and maintaining ecological balance, in the context of the tropical timber trade;
- n. Strengthening the capacity of members to improve forest law enforcement and governance, and address illegal logging and related trade in tropical timber;
- o. Encouraging information sharing for a better understanding of voluntary mechanisms such as, inter alia, certification, to promote sustainable management of tropical forests, and assisting members with their efforts in this area;
- p. Promoting access to, and transfer of, technologies and technical cooperation to implement the objectives of this Agreement, including on concessional and preferential terms and conditions, as mutually agreed;
- q. Promoting better understanding of the contribution of non-timber forest products and environmental services to the sustainable management of tropical forests with the aim of enhancing the capacity of members to develop strategies to strengthen such contributions in the context of sustainable forest management, and cooperating with relevant institutions and processes to this end;
- r. Encouraging members to recognize the role of forest-dependent indigenous and local communities in achieving sustainable forest management and develop strategies to enhance the capacity of these communities to sustainably manage tropical timber producing forests; and
- s. Identifying and addressing relevant new and emerging issues.

Annex 2
List of ITTO Members

Producer members (36):

Africa (13)	Asia-Pacific (10)	Latin America (13)
Benin	Cambodia	Brazil
Cameroon	Fiji	Colombia
Central African Republic	India	Costa Rica
Congo	Indonesia	Ecuador
Côte d'Ivoire	Malaysia	Guatemala
Democratic Republic of the Congo	Myanmar	Guyana
Gabon	Papua New Guinea	Honduras
Ghana	Philippines	Mexico
Liberia	Thailand	Panama
Madagascar	Vietnam	Peru
Mali		Suriname
Mozambique		Trinidad and Tobago
Togo		Venezuela (Bolivarian Republic of)

Consumer Members (38):

Albania	European Union ²⁵ and its 27 member states		
Australia	Austria	France	Malta
China	Belgium	Germany	Netherlands
Japan	Bulgaria	Greece	Poland
New Zealand	Croatia	Hungary	Portugal
Norway	Cyprus	Ireland	Slovakia
Republic of Korea	Czech Republic	Italy	Slovenia
Switzerland	Denmark	Latvia	Spain
United Kingdom	Estonia	Lithuania	Sweden
United States of America	Finland	Luxembourg	

* * *

²⁵ The EU is an ITTO member in its own right.



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/22
3 December 2021

Original: ENGLISH

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

DECISION 6(LVII)

APPOINTMENT OF THE EXECUTIVE DIRECTOR

The International Tropical Timber Council,

Acting pursuant to Article 14, paragraphs 1 and 2 of the International Tropical Timber Agreement (ITTA), 2006;

Recalling Decision 5(LVI) on matters related to Article 14 of the ITTA, 2006, regarding the recruitment, selection and term of the Executive Director;

Further recalling the Report of the Panel on Matters Related to Article 14 of the ITTA, 2006, regarding the recruitment, selection and term of the Executive Director (Document ITTC(LVII/8));

Underscoring the strategic role of the Executive Director as the Head of the Organization;

Welcoming the spirit of partnership between consumer and producer members in the selection of the Executive Director;

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

Also taking into consideration Decision 6(LIV) on the selection of the candidates for the position of Executive Director of the ITTO;

Noting with appreciation the applications for the position of Executive Director of ITTO;

Also noting the obligation on the Executive Director to respect the Standards of Conduct set out in Decision 8(LII);

Decides:

1. To appoint by consensus Ms. Sheamala Satkuru as Executive Director of the International Tropical Timber Organization for a period of four years, with a contract of employment to be signed no later than 1 January 2022 for a start date no later than 1 April 2022. The term of the appointment may be extended for up to 2 years if approved by Council.
2. That the appointment will be at the UN ASG level and includes benefits in accordance with the most recent ITTO Staff Regulations and Rules, such as removal expenses, home leave travel every 24 months, children's education grant, rental subsidies and others.
3. That the Executive Director shall be subject to the ITTO Staff Regulations and Rules in so far as they can be applied to her/him.
4. That the Executive Director shall be subject to Regulation 7.4a which sets the retirement age as prescribed by the United Nations, currently 65 years.

5. That the Executive Director shall be subject to the ITTO provisions for early dismissal (for poor performance, misconduct or other violations).
6. That the Executive Director shall be subject to the Standards of Conduct set out in Decision 8(LII).

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/23
3 December 2021

Original: ENGLISH

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

DECISION 7(LVII)

MATTERS RELATED TO ARTICLE 15 OF THE ITTA, 2006 ON COOPERATION AND COORDINATION WITH OTHER INTERNATIONAL ORGANIZATIONS

The International Tropical Timber Council,

Recalling Article 15 of the International Tropical Timber Agreement, Decision 7(XXX), Decision 8(LV) and Decision 4(LVI) on the role of ITTO in international and regional fora;

Noting with appreciation the efforts made in seeking collaboration and cooperation with international partners under ITTO's Biennial Work Programme, including the Collaborative Partnership on Forests (CPF), in carrying out the Organization's mandate as specified in the ITTA, 2006 and as summarized in Document ITTC(LVII)/13 presented during the Fifty-seventh Session of Council;

Reaffirming the importance of maintaining and further strengthening cooperation with relevant international organizations, institutions and partners in order to advance the objectives and implementation of the Agreement, in light of the special acknowledgement accorded in other fora including the 2021 G7 Environment Ministers' Communique;

Noting that some measures for enhancing the ITTO's role in international and regional organizations and fora can be accommodated with existing resources while other measures will require additional funding from other sources;

Decides to:

1. Request the Executive Director to further pursue the measures in the Annex to this decision for effective ITTO involvement in international and regional organizations and fora, in particular with regard to the Green Climate Fund (GCF), the Global Environment Facility (GEF) and the recently established Forest, Agriculture and Commodity Trade (FACT) Dialogues under the United Nations Framework Convention on Climate Change (UNFCCC), taking into account the expected mutual benefits and timing of relevant international and regional events, and to provide progress reports to Council during this time frame;
2. Request the Executive Director to undertake measures that support the implementation of the new Strategic Action Plan 2022-2026, including through measures identified within the approved budget of the Administrative Account, and to seek voluntary contributions from member countries to support the measures identified in the Annex to this decision;
3. Encourage members to seek ways to assist ITTO and/or member countries to access funding sources (such as GEF8 replenishment funds and future replenishment cycles) through country driven programmes which could help realize ITTO priorities through funding some of the smaller pilot projects approved by ITTO which could be upscaled later with funding from the GEF or others;

4. Authorize the Executive Director to offer ITTO co-sponsorship, pending availability of funds, to any country-led initiatives on issues relevant to ITTO objectives, including measures outlined in the Annex to this decision, and urge member countries to engage with their respective country focal points of these organizations to realize mutual synergies;
5. Request the Executive Director to seek voluntary contributions from members of US\$100,000.00 to meet the costs of implementing this decision in 2022-23 and to report to Council on funds raised and their use during this period;
6. Review the effectiveness and benefits of undertaking such measures and update as needed the measures contained in the Annex to this decision at its Fifty-eighth Session in Yokohama in 2022, in view of progress made and developments in relevant international and regional events.

Annex

International Organizations and Conventions

UNFF

- Continue to be actively involved in UNFF meetings (especially regarding trade and environmental issues, forest monitoring, forest conservation and sustainable management).
- Prepare briefs and/or contribute to the UNFF Programme of Work 2021-2024 on issues where ITTO has comparative advantage.
- Continue to be actively involved in UNFF ministerial segments and multi-stakeholder dialogues.
- Continue to host and lead side events at UNFF meetings (with CPF partners as appropriate) on key UNFF topics related to ITTO's mandate to facilitate highlighting recent ITTO accomplishments and innovations.
- Continue to participate in relevant ad hoc technical expert groups convened by UNFF.

CPF

- Continue to serve as the lead agency on issues where ITTO has comparative advantage.
- Continue to participate in and contribute to select CPF Joint Initiatives which fit ITTO's mandate under the ITTA, 2006 and the CPF Workplan 2021-2024.

FAO

- Continue and enhance coordination and cooperation on trade statistics, including collaborative reporting on statistics.
- Strengthen coordination with FAO regional commissions, including having the three ITTO Technical Committees report on activities of the commissions during Committee sessions, with a view to considering areas for joint project work.
- Continue to strengthen communication and cooperation between Secretariats on areas of mutual interest, such as capacity building, criteria and indicators, Forest Resource Assessment, forest contribution to carbon cycles, forest fires, improved harvesting and processing techniques, forest education and, where appropriate, certification, legality verification and mutual recognition.

CITES

- Continue to actively participate, in preparatory work within the Plants and Animals Committees leading up to the CITES COP 19 to be held in Panama City, Republic of Panama, with a view to providing technical advice and guidance to support informed discussions at CITES COP 19 in 2022.

WTO

- Re-engage with the WTO to provide information on ITTO's trade and environment activities.
- Monitor and report to Council developments in WTO Trade Policy Reviews particularly on potential impacts on the tropical forestry sector, revision in the agriculture negotiations and other relevant developments and/or outputs from the WTO Ministerial Conferences.
- Participate in WTO meetings where feasible if relevant to providing assistance to ITTO members on trade issues.

CBD

- Continue to seek collaborative avenues with the CBD Secretariat and its members with a view to operationalizing the MOU finalized in 2021, particularly in relation to the post-2020 Global Biodiversity Framework when finalized and agreed upon.

CIFOR

- Continue cooperation on issues of mutual interest.

ICRAF

- Explore the possibility of dialogue and collaborative work in areas of mutual interest.

IUFRO

- Continue to collaborate with IUFRO on activities of mutual interest, including Global Forest Expert Panel reports undertaken by IUFRO relevant to tropical forests.

UNEP

- Continue and explore the possibility for increased cooperation, including joint sponsorship of workshops in areas of mutual interest related to sustainable forest management, such as forest fires, and explore avenues on joint UNEP-UNDP-World Bank activities and/or programmes with a view to seeking a role for the ITTO as an implementing agency in producing regions.

UNFCCC/IPCC

- Continue to participate at, monitor developments and contribute where relevant and appropriate to UNFCCC/IPCC discussions regarding forests post-COP 26, especially on the Forests, Agriculture and Commodity Trade (FACT) Dialogues and discussions on deforestation and their potential implications for tropical forests and the world tropical timber economy.
- Invite, as appropriate, representative(s) of the UNFCCC/IPCC and other relevant institutions to report to Council on the status of forest/timber related discussions under UNFCCC/IPCC/FACT.
- Continue to strive to achieve an MOU between ITTO and UNFCCC to promote cooperation on work related to tropical forests.

UNCCD

- Continue to explore opportunities for dialogue and potential cooperation in areas of mutual interest.
- Continue to strive to renew an MOU between ITTO and UNCCD to promote cooperation on work related to tropical forests.

International Financial Institutions

GEF

- Recommend to Council areas for increased dialogue and potential technical collaboration on GEF policy and project funding, particularly in relation to GEF-8 including co-financing with GEF implementing agencies of ITTO and producer member projects that may be suitable for funding under the GEF biodiversity, land degradation and climate change focal areas, and the potential for an ITTO role as an implementing or executing agency under GEF, particularly in the Small Grants Program which is likely to open up to new Partner agencies.
- Extend and deepen ITTO's ongoing cooperation with the GEF Secretariat and the GEF implementing agencies: the World Bank, UNDP and UNEP.
- Exchange information (markets and statistics, guidelines and project experience) and cooperate with the GEF's Scientific and Technical Advisory Panel (STAP) to explore mutual synergies that can increase ITTO's global influence and branding as an expert on tropical timber/forestry-related matters.
- Engage with member countries to coordinate their approach to ITTO and GEF, aimed at member qualification for country-driven project funding under GEF programming which could facilitate the realization of mutual synergies that may assist with the implementation of the ITTO Strategic Action Plan 2022-2026 in their own territories.

World Bank

- Continue to explore possibilities for increased cooperation with the World Bank with respect to implementing ITTO objectives in member countries based on "lessons learned" through ITTO project implementation and evaluation.
- Engage in dialogue with the World Bank on the implementation of the World Bank Forest Investment Programme (FIP) and the World Bank Climate Change Action Plan (CCAP) with a view to promoting synergies where possible, in all producing regions.

Regional Development Banks

- Initiate a dialogue with relevant regional development banks, including the Inter-American Development Bank, African Development Bank and Asian Development Bank on their policy review and project implementation processes relevant to ITTO objectives, including implementation of national forest plans and strategies, research and development and plantation management.

Regional Organizations and Fora

COMIFAC

- Continue collaborative work and explore new avenues with COMIFAC to build on successful projects implemented to facilitate knowledge-sharing and enable strengthening relationships between Francophone countries and ITTO with a view to promoting more active support for ITTO activities and in implementing ITTO criteria and indicators and guidelines.
- Participate in high level African regional forest law enforcement conferences as appropriate.

ASEAN and ASEAN Foundation

- Explore possibility of joint projects on training programmes for prevention of forest fires and other relevant matters and knowledge-sharing on sustainable forest management with participation of local communities within the region.

APEC

- Continue to collaborate in the APEC-EGILAT process by participating actively in meetings and contributing to relevant joint activities

Criteria and Indicators Processes

- Continue to actively participate in meetings of the Montreal and Pan-European processes on temperate and boreal forests, including as appropriate meetings of their technical advisory committees.
- Continue to actively participate in the FAO Forest Resource Assessment (FRA) process and other CPF work to streamline international reporting on forests using C&I.
- Consider as appropriate expanding cooperation on C&I previously undertaken with the (now defunct) African Timber Organization to other regional tropical forest criteria and indicators processes involving ITTO producer members.

South Pacific Forum

- Participate in relevant activities of mutual interest.

Non-Governmental and Private Sector Groups

IUCN

- Continue to strengthen collaboration related to forest rehabilitation and restoration in development of transboundary conservation areas, bushmeat issues, and the IUCN red list of endangered species, consistent with ITTO's mandate aimed at supporting the implementation of the ITTO Guidelines on Forest Landscape Restoration in the Tropics.

Environmental Non-Governmental Organizations (NGOs)/Civil Society Organizations (CSOs)

- Continue to strengthen outreach to international and regional NGOs/CSOs to encourage their greater participation in ITTO policy and project activities and explore opportunities for collaboration in areas of mutual interest.
- Strengthen the Civil Society Advisory Group (CSAG) established pursuant to Decision 9(XXVIII) to facilitate greater contribution and participation by civil society to the work of ITTO.

Trade/Industry Groups

- Strengthen the Trade Advisory Group (TAG) established pursuant to Decision 9(XXVIII) to facilitate greater contribution and participation by the trade/industry to the work of ITTO.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/24
3 December 2021

Original: ENGLISH

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

DECISION 8(LVII)

ADOPTION OF THE TERMS OF REFERENCE FOR THE DECISION 4(LVI) ADVISORY BOARD AND THE TIMELINE AND TERMS OF REFERENCE FOR THE REVIEW UNDER DECISION 5(LIV) ON THE PILOT PROGRAMMATIC APPROACH

The International Tropical Timber Council,

Recalling Decision 4(LVI) requesting the Advisory Board to develop formal terms of reference for its work, to be considered by the Council at its Fifty-seventh Session;

Further recalling Decision 5(LIV) which requested the Executive Director to undertake a review of its implementation in 2022, including the long-term effectiveness and feasibility of the pilot programmatic approach;

Taking into consideration the work and recommendations of the Advisory Board established under Decision 8(LV) as well as the progress report on the implementation of ITTO's New Financing Architecture - Phase II as contained in document ITTC(LVII)/14;

Noting that to date only one concept note has been developed into an approved project and funded under the pilot programmatic approach following the initial open call for proposals that was undertaken in December 2020, and that it is therefore premature for a review to be undertaken in 2022;

Decides to:

1. Adopt the formal terms of reference for the work of the Advisory Board as contained in the Annex;
2. Request the Executive Director to prepare a second progress report on the implementation of the pilot programmatic approach for consideration at ITTC 58; and
3. Postpone the review of the implementation of Decision 5(LIV) until at least 2023, and take a final decision on the timing and terms of reference of the review at ITTC 58.

Annex

Draft Terms of Reference for the Decision 4(LVI) Advisory Board (established under Decision 8(LV) and augmented under Decision 4(LVI))

Introduction

The establishment and general role of the Advisory Board (AB) is governed by decisions 8 (LV) ²⁶ Implementing ITTO's New Financing Infrastructure – Phase I and 4 (LVI) Implementing ITTO's New Financing Infrastructure - Phase II. ²⁷

Composition of the AB

The AB is composed of the ITTO Informal Advisory Group (IAG) complemented by representatives of the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG), or their designated alternates.

Mode of Operation

1. The AB will be chaired by the Chairperson of Council, or in his/her absence, by the Vice-Chairperson of Council.
2. The AB will meet three times a year including one meeting immediately prior to, during or following Council sessions. Intersessional work by the AB will be conducted virtually, by e-mail and telephone, as appropriate.
3. The AB may propose informal joint producer/consumer sessions for the consideration of the ITTC Chairperson, as appropriate, to address key financial matters during respective Council sessions.
4. The AB will liaise closely with the Executive Director, the Committee on Finance & Administration (CFA) and the Secretariat in carrying out its functions.
5. The AB will be supported by the ITTO Secretariat to plan meetings, provide meeting and documentary support and undertake any intersessional work as deemed appropriate and necessary.
6. The AB may make recommendations based on its remit under the appropriate Council Decisions for the Consideration of Council. In doing so, the AB will take direction solely from Council and will not give direction to, nor take direction from the IAG, the producer/consumer caucuses, individual members or the Secretariat.
7. The final minutes of all AB meetings will be made publicly available/available to the ITTO membership by being posted on the ITTO website within a reasonable timeframe following each AB meeting and final clearance by the AB.

Role and Responsibilities of the AB

8. To request and receive regular updates from the Executive Director on the implementation of the pilot programmatic approach and ITTC-endorsed Programmatic Lines, including engagement with international bodies such as potential funding partners, as stipulated in applicable Council decisions.
9. To advise the Executive Director on the ongoing implementation of applicable decisions on ITTO's financing architecture including on new/emerging funding opportunities that the AB may be aware of and/or appropriate timing of new calls for proposals under any of the four funding scenarios described in Decision (4(LVI)).
10. To provide guidance to the Executive Director on the most appropriate methods of implementation of the finance architecture approved by council in order to achieve the objectives stipulated in the applicable decisions.
11. To specifically advise the Executive Director and make recommendations for Council's consideration on how the regular project cycle is to be dealt with during the pilot phase of implementation of the Programmatic Approach and applicable decisions.

²⁶ **Reference para in Decision 8 (LV)** 16. Establish an advisory board composed of the IAG complemented by representatives of TAG and CSAG, or their designated alternates, that meets via conference call every four months to receive an update on the implementation of the pilot programmatic approach, including engagement with international bodies such as potential funding partners, and to advise the Executive Director.

²⁷ **Reference para in Decision 4 (LVI)**: 9. Request the Executive Director to continue to implement the activities requested under Decision 8(LV), including periodically convening the Advisory Board; and engaging with funding mechanisms, including the GEF and its partners ahead of its eighth replenishment process; 10. Request the Advisory Board to develop formal terms of reference for its work, to be considered by the Council at its Fifty-seventh Session.

12. To provide guidance to the Executive Director on the most appropriate methodology for reviews of the implementation of the Programmatic Approach, including its long-term effectiveness and feasibility.
13. To review and advise the Executive Director on draft/proposed memorandums of understanding (MOUs) or other agreements of cooperation between the ITTO and other organizations or entities to ensure alignment with the intent of relevant Council decisions and directives.

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES

**Documents: CEM-CFI(LV)/3
CRF(LV)/7
CFA(XXXVI)/9**



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON ECONOMICS,
STATISTICS AND MARKETS**

COMMITTEE ON FOREST INDUSTRY

Distr.
GENERAL

CEM-CFI(LV/3
3 December 2021

ENGLISH ONLY

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

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

**FIFTY-FIFTH SESSION OF THE
COMMITTEE ON ECONOMICS, STATISTICS AND MARKETS
AND THE COMMITTEE ON FOREST INDUSTRY**

REPORT

1. Opening of the Session

The Fifty-fifth Session of the Committees was opened on 30 November 2021 at the Joint Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), chaired by Mr. Zahrul Muttaqin (Indonesia), Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI). The list of participants is presented in document ITTC(LVII)/Info. 2.

2. Adoption of Agenda and Organization of Work

The Agenda for the Joint Session of the CEM and the CFI as contained in document CEM-CFI(LV)/1 was duly adopted. The CEM and the CFI met on 30 November 2021 to consider items 1, 2, 3, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 of the Agenda. Items 4 and 5 of the Agenda were covered under the Council Agenda.

3. Admission of Observers

The Committees admitted the observers listed in document ITTC(LVII)/Info.3 Rev.1 as approved by the Council.

4. ITTO Annual Market Discussion – 2021

The Committees noted the summary of the ITTO Annual Market Discussion – 2021, held in the Joint Session of All Committees on 30 November 2021, as contained in Appendix A. The theme of the Market Discussion was “Challenges in Manufacturing and Trade during the COVID-19 Pandemic”. Mr. Barney Chan (TAG Co-coordinator) chaired the Market Discussion.

The following feature presentations were made during the Market Discussion (available on www.itto.int):

Mr. Ivan Tomaselli, President, STCP Brazil	<i>Impact of COVID-19 on the Latin American Forest Sector and Recovery</i>
Mr. Wu Shengfu, General Manager Beijing Greenwood Certification Co., Ltd.	<i>Challenges in Manufacturing and Trade during the COVID-19 Pandemic</i>
Mr. Bradley A. McKinney, Executive Director International Wood Products Association (IWPA)	<i>Challenges and Opportunities in International Wood Products Trade</i>
Mr. Benoît Jobbé-Duval, Managing Director Association Technique Internationale des Bois Tropicaux	<i>Major Challenges in Sustainable Tropical Timber Management and the Future of Tropical Forests</i>
Mr. Ernie Koh Jyh Eng, Executive Director, Koda Secretary General, ASEAN Furniture Industries Council	<i>ASEAN Furniture Production and Exports during this Pandemic – Multiple Challenges and Diverse Response</i>
Mr. Sigit Pramono, Senior Policy Analyst Ministry of Environment and Forestry, Indonesia	<i>Update on the Implementation of Indonesian TLAS (SVLK), FLEGT VPA, and Impact of COVID-19 Pandemic on Timber Exports from Indonesia</i>
Mr. Jan Hoffmann, Chief, Trade Logistics Branch Division on Technology and Logistics UNCTAD	<i>Presentation of the Review of Maritime Transport 2021</i>

The Committees further noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B.

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

The Council considered the report of the Fifty-sixth Virtual Expert Panel for Technical Appraisal of Project Proposals presented by the Secretariat, as contained in document ITTC(LVII)/5.

The Fifty-sixth Panel appraised 14 proposals (9 projects and 5 pre-projects), including one proposal, i.e., PD 922/21 Rev.1 (I) 'Promotion of Sustainable Domestic Wood Consumption in Vietnam', resulting from a concept note submitted under the first call for concept notes under ITTO's new financing architecture – phase II in accordance with Decision 4(LVI). The Panel noted that:

- Five (5) Project Proposals: 3 Pre-projects and 2 Project Proposals (36 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1);
- Seven (7) Project Proposals (50 percent of the total) will be sent back to proponents for essential revisions, rated as category 2;
- Zero (0) Project Proposal (0 percent of the total) received a category 3, indicating that the project requires a pre-project to better formulate a new proposal; and
- Two (2) Project Proposals: 1 Pre-project and 1 Project (14 percent of the total) received a category 4, indicating that the Expert Panel does not commend these to the Committee for approval as they require complete reformulation.

6. New Projects and Pre-projects

The Committees noted the project and pre-project that were approved in September 2021 under the time-bound electronic no objection procedures to accept Expert Panel ratings and circulated to member countries pursuant to Decision 6(XLIII), following the recommendations of the Expert Panel at its Fifty-sixth Meeting as follows:

Committee on Forest Industry		
PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 922/21 Rev.1 (I)	Promotion of Sustainable Domestic Wood Consumption in Vietnam	Vietnam
PPD 200/21 Rev.1 (I)	Capacity-Building of Woodworking Artisans in Southern Benin	Benin

7. Review of Projects and Pre-projects in Progress

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

(A) Projects under implementation

Committee on Economics, Statistics and Markets

1. PD 732/14 Rev.2 (M) Improve Forest Governance in Mozambique
2. PD 832/16 Rev.2 (M) Implementing Mechanisms to Improve Traceability in the Forest Production Chain in Guatemala
3. PD 845/17 Rev.3 (M) Enhancing the Capacity of Forest Communities in Forest Governance, Monitoring and Community Development Projects in Mankraso Forest District Ghana

Committee on Forest Industry

1. PD 737/14 Rev.2 (I) Developing Supply Capacity of Wood-based Biomass Energy through Improved Enabling Conditions and Efficient Utilization of Degraded Forest Lands Involving Local Communities in North Sumatra Province of Indonesia
2. PD 770/15 Rev.1 (I) Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras
3. PD 815/16 Rev.2 (I) Increasing Efficiency of Acacia Plantation and Timber Processing Industry in Vietnam
4. PD 922/21 Rev.1 (I) Promotion of Sustainable Domestic Wood Consumption in Vietnam

The Committees held discussions on the following projects:

Committee on Forest Industry

- PD 815/16 Rev.2 (I) Increasing Efficiency of Acacia Plantation and Timber Processing Industry in Vietnam

The Secretariat informed the members that the project activities have been successfully executed and the Executing Agency had submitted a satisfactory completion report and audited financial reports. The Committee duly declared the project complete.

- PD 922/21 Rev.1 (I) Promotion of Sustainable Domestic Wood Consumption in Vietnam

The Committees were informed that this project, previously listed under Projects and Pre-projects pending financing in the Agenda, arose from a concept note submitted under the call for proposals mandated by Decision 4(LVI). Following its approval in September 2021, the Japan Forestry Agency pledged funding to this project. The project agreement was signed on 14 October 2021 and first disbursement to the project was sent on 26 November 2021.

The representative of the Japan welcomed the start-up of this project and noted that his government is ready to support projects/concept notes with similar objectives submitted by member countries.

(B) Projects and Pre-projects pending financing

Committee on Economics, Statistics and Markets

1. PD 878/18 Rev.2 (M) Support for the Certification of National Teak Plantations of the National Timber Board (ONAB), Benin
2. PD 879/18 Rev.2 (M) Building the Capacity of the National Forest Information and Statistics System (Benin)
3. PD 913/20 Rev.1 (M) Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama

Committee on Forest Industry

1. PD 900/19 Rev.2 (I) Developing Gender Sensitive, Community-based Bamboo Industry Development to Support Sustainable Bamboo Resource Management and Conservation in Lake Toba Catchment Area (LTCA) of the North Sumatra Province of Indonesia
2. PD 912/20 Rev.1 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru

3. PPD 195/19 Rev.2 (I) Pre-project for a Feasibility Study on Processing and Valorizing Timber in Togo
4. PPD 200/21 Rev.1 (I) Capacity-building of Woodworking Artisans in Southern Benin

The Committees noted that projects PD 878/18 Rev.2 (M), PD 913/20 Rev.1 (M), PD 912/20 Rev.1 (I) and PPD 195/19 Rev.2 (I) would lose their approved status under the sunset provision of Decision 2(X) before the next session of the Committees. The Committees decided to recommend all of the above projects for immediate funding.

8. Report on Completed Projects and Pre-projects

Committee on Economics, Statistics and Markets

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

The Chairperson recalled that, after a long delay, the above project was declared complete at its Fifty-fourth Session in November 2020, with the financial account still containing an unspent balance of US\$61,045. The Secretariat informed the Committee that in Feb 2021, the Executing Agency (EA) submitted a request with detailed workplan for using these funds for implementing the “Additional Technical Functionalities of the National Forest Stocks Monitoring System (NFSMS)”. The EA committed to complete this work by September 2021 to allow a report to be presented to the Committee. Based on this workplan, it was agreed with the EA and ITTO’s auditors that if a satisfactory report on the use of the additional funds along with a detailed financial statement was not submitted to the Secretariat prior to ITTC 57, the agreement would be terminated and a refund would be requested. Unfortunately, due to various reasons including the COVID-19 pandemic, no reports have been received from the EA. The Secretariat will therefore terminate the agreement on the use of remaining funds and request the EA for a refund of the unspent balance. Unless there are problems in obtaining the refund from the EA, this project will not be brought back to the attention of the Committee.

The representative of the project donor (Japan) agreed with the termination procedure and urged the Executing Agency to submit a report and a detailed financial statement for the use of any of the remaining funds to the Secretariat as soon as possible. The Secretariat confirmed that the main part of this project was successfully completed with completion report and audited financial statement and the Secretariat will continue to work with the EA for refunding the unspent balance.

9. Ex-post Evaluation

(A) Ex-post Evaluation Reports

There were no ex-post evaluation reports on projects under CEM and CFI at this Session.

(B) Selection of Projects for Ex-post Evaluation

The Secretariat informed the Committees that the current balance available following consultation with donors on remaining monitoring and evaluation funds from completed projects for CEM is US\$57,930.26 and for CFI US\$15,000. It recommended that members review the table of recently completed projects contained in document CEM-CFI(LV)/1 with a view to making recommendation(s) for ex-post evaluation(s) at their next meeting when it will hopefully be possible to recruit consultants able to travel to project locations to undertake the evaluations.

The Committees agreed to defer selection of projects for ex-post evaluation to their next sessions.

The Secretariat informed the Committees of a proposal from Japan to fund an evaluation of ITTO projects completed in Africa under the current Strategic Action Plan as a contribution for TICAD 8 in July 2022.

10. Policy Work

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

Committee on Economics, Statistics and Markets

(i) Market Access

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

The representative of Peru recommended that all countries should try to develop due diligence protocols to verify timber from legal sources.

(ii) Forest and Timber Certification

The Secretariat reported on recent developments in forest certification in ITTO producer member countries. In 2020, the total area of certified forests in ITTO producing members was 35.9 million hectares, an increase of 11.4% from 2019, accounting for 6.6% of the world total. The number of chain of custody certificates in ITTO producer countries increased 20% to 4,990 in 2020 which accounted for 8.7% of the total in the world. The FSC certified forest area in ITTO producer countries reached 21.3 million hectares which was 9.6% of global FSC certified area, while the PEFC certified area reached 14.6 million hectares, accounting for about 4.5% of the world total of PEFC. The certification statistics of five national schemes, CERFLOR of Brazil, MTCC of Malaysia, IFCC of Indonesia, PAFC of Gabon and NCCF of India, had previously been endorsed by PEFC. Vietnam achieved the PEFC endorsement of its national systems (VFCO) in 2020, and Gabon, Cameroon and Congo submitted the regional system 'PAFC Congo Basin' for endorsement.

(iii) APEC EGILAT and ITTO collaboration

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

(iv) Progress report on Independent Market Monitoring of FLEGT-licensed timber in 2021

The consultants (Sarah Storck and Rupert Oliver) delivered a presentation on IMM informing the latest developments on Voluntary Partnership Agreement (VPA) and EU Timber Regulation (EUTR) related issues as contained in the detailed presentations in document CEM-CFI(LV)/Info. 1.

(v) Items for CEM Policy Work for 2022

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2022:

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

Committee on Forest Industry

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

The Committee took note of the brief report on this activity as contained in document ITTC(LVII)/11.

(ii) Items for CFI Policy Work for 2022

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2022:

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

11. Election of Chairpersons and Vice-Chairpersons for 2022

Following the usual consultations undertaken by the producer and consumer groups, Ms. Ana Tyler (New Zealand) was elected as the Chairperson of the CEM and CFI for 2022. The name(s) of the Vice-Chair(s) will be communicated prior to the next Session by the producer group and will be announced to the Committees at their next Session for their adoption.

12. Dates and Venues of the Fifty-sixth and Fifty-seventh Sessions of the Committees

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

The Fifty-seventh Session of the Committees will be held in conjunction with the Fifty-ninth Session of the International Tropical Timber Council in 2023.

13. Other Business

None.

14. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following pre-project approved under the time-bound electronic no-objection procedure for the project cycle 2021:

Committee on Forest Industry

PPD 200/21 Rev.1 (I) Capacity-Building of Woodworking Artisans in Southern Benin [US\$88,704]

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

Committee on Economics, Statistics and Markets

PD 878/18 Rev.2 (M) Support for the Certification of National Teak Plantations of the National Timber Board (ONAB), Benin [US\$444,752]

PD 879/18 Rev.2 (M) Building the Capacity of the National Forest Information and Statistics System (Benin)[US\$347,088]

PD 913/20 Rev.1 (M) Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama [US\$856,352]

Committee on Forest Industry

PD 900/19 Rev.2 (I) Developing Gender Sensitive, Community-based Bamboo Industry Development to Support Sustainable Bamboo Resource Management and Conservation in Lake Toba Catchment Area (LTCA) of the North Sumatra Province of Indonesia (Indonesia)[US\$499,184]

PD 912/20 Rev.1 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru [US\$385,706]

PPD 195/19 Rev.2 (I) Pre-project for a Feasibility Study on Processing and Valorizing
Timber in Togo [US\$93,632]

15. Report of the Session

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

APPENDIX A

REPORT ON THE ITTO ANNUAL MARKET DISCUSSION – 2021 “Challenges in Manufacturing and Trade during the COVID-19 Pandemic” 30 November 2021, Virtual Session

The theme of the 2021 Annual Market Discussion organized by the ITTO Trade Advisory Group (TAG) was: “Challenges in Manufacturing and Trade during the COVID-19 Pandemic”.

The speakers, and the titles of their presentations, were as follows:

Mr. Ivan Tomaselli President, STCP Brazil	<i>Impact of COVID-19 on the Latin American Forest Sector and Recovery</i>
Mr. Wu Shengfu General Manager Beijing Greenwood Certification Co., Ltd.	<i>Challenges in Manufacturing and Trade during the COVID-19 Pandemic</i>
Mr. Bradley A. McKinney, Executive Director International Wood Products Association (IWPA)	<i>Challenges and Opportunities in International Wood Products Trade</i>
Mr. Benoît Jobbé-Duval Managing Director Association Technique Internationale des Bois Tropicaux	<i>Major Challenges in Sustainable Tropical Timber Management and the Future of Tropical Forests</i>
Mr. Ernie Koh Jyh Eng Executive Director, Koda Secretary General, ASEAN Furniture Industries Council	<i>ASEAN Furniture Production and Exports during this Pandemic – Multiple Challenges and Diverse Response</i>
Mr. Sigit Pramono Senior Policy Analyst Ministry of Environment and Forestry, Indonesia	<i>Update on the Implementation of Indonesian TLAS (SVLK), FLEGT VPA, and Impact of COVID-19 Pandemic on Timber Exports from Indonesia</i>
Mr. Jan Hoffmann Chief, Trade Logistics Branch Division on Technology and Logistics UNCTAD	<i>Presentation of the Review of Maritime Transport 2021</i>

The presentations were followed by a question and answer session with members of the Council. Mr. Barney Chan (Trade Advisory Group co-Coordinator, Malaysia) presented the TAG Market Statement (Appendix B). Presentations made during the 2021 ITTO Annual Market Discussion and the TAG statement are available at <http://www.itto.int/ittc-57/presentations>.

Summary of Presentations

Ivan Tomaselli

Impact of COVID-19 on the Latin American Forest sector and Recovery

Dr. Tomaselli reported that COVID-19 created a global health, economic and social crisis and that Latin America was seriously affected. Brazil had almost 20% of global cases and Colombia, Mexico and Peru reported 2-5 million cases between them. The impact on GDP and manufacturing was severe.

In most Latin American the forest sector was considered an essential sector but, while companies were still operating, production suffered from the impact of control measures. Across the region the impact on industrial output varied between countries, industry sector and product. Domestic consumption of wood products in the region fell in the first half of 2020 but export demand was maintained however there were cases where prices for some solid wood products declined.

The timber industry was able to recover due to strong international demand and production increased in 2021. Commodity prices increased which had a positive impact on regional economies and job security. Tomaselli suggested for the next 3-4 years COVID-19 is expected to remain a problem exacerbated by the slow roll-out of vaccinations in some countries in the region. He anticipated that prices in international markets are likely to decline and persistent political and structural issues in the region will hold back a quick recovery.

Wu Shengfu

Challenges in Manufacturing and Trade during the COVID-19 Pandemic

Dr. Wu began saying the pandemic changed the World, it changed our lives and it required companies to change their business models. The main challenges were, and remain, rising costs. Labor cost in China increased, the cost of raw material including wood, glue, lacquers and film rose as did energy and fuel costs. Worst of all, shipping costs rose by more than 10 times. The rising cost of imported raw material has been exacerbated by exchange rate volatility.

Sourcing wood raw material is a challenge for all manufacturers in China, especially as so many countries have banned or restricted round wood exports however; this has prompted enterprises in China to embrace residue utilization and recycling to a greater degree. Where timber imports can be secured the priority is ensuring the products are certified or the legality can be verified.

The pandemic drove development of 'green' products for the domestic market and drove technology innovation aimed especially at reducing energy consumption and use of natural resources. To conclude Wu mentioned the Belt & Road Initiative, specifically the Yiyu China-Europe train service which ran 1,200 trains with 65,000 containers in 2020. Wood products travel in both directions.

Bradley A. McKinney

Challenges and Opportunities in International Wood Products Trade

Dr. McKinney informed that IWPA is the leading international trade association for the North American international wood products industry and members include North American importers, overseas suppliers and producers and Service providers. The IWPA mission is "To build acceptance and demand in North America for globally sourced wood products from sustainably managed forests".

After outline growth trends in the US, McKinney focused on trade and production issues in the US saying supply chains have become more complex and a challenge for importers. He pointed out that sales of tropical hardwood lumber in North American are currently limited mostly by supply chain constraints and the low level of supply of tropical hardwoods makes it difficult to meet the high demand in the US. As a result of the disruptions to supply inventories are low. In conclusion McKinney said demand is high, but supply chain disruptions complicate meeting that demand, inflation is eating into consumer purchasing power and company profitability.

Benoît Jobbé-Duval

Major Challenges in Sustainable Tropical Timber Management and Future of Tropical Forests

The focus of the presentation by Mr. Jobbé-Duval was on the markets' perception of sustainable tropical timber when it comes to timber from the Congo Basin forests. For various reasons, he said, European markets are turning away from tropical timber even if it is sustainable. He said in some major consuming countries the concept of sustainability is given scant recognition and within African domestic markets a variety of structural and fiscal reasons make this market virtually inaccessible to local producers of certified products.

As Director General of ATIBT he reminded that the organization aims to ensure that markets understand the sustainable management of the Congo Basin forests warning that certification in the management of forest concessions in Congo Basin is stagnating and needs to be revived. He continued with statistics on demand and production and the low level of species utilization in the Congo Basin and welcomed the new Forestry Codes released in Gabon and being readied in the Republic of Congo. He mentioned that in the Congo Basin countries discussion are being held on the concept of shared production, linking export oriented enterprises with domestic companies so legal and certified raw materials can be provided for domestic processing to meet local demand.

In calling for action he said the number one challenge is to create a good image for tropical timber and conduct lobbying with powerful messages to counter, for example, the spectacle of the exclusion of tropical timber from construction of the Paris 2024 Olympic village. In conclusion Jobbé-Duval urged continued dialogue and cooperation with the Chinese Global Green Supply initiative.

Ernie Koh Jyh Eng

ASEAN Furniture Production and Exports during this Pandemic - Multiple Challenges and Diverse Response

Mr. Koh provided a background on the establishment membership and aims of the ASEAN Furniture Industries Council (AFIC) for which he is, as of November this year, the President.

Of the ASEAN countries, Vietnam, Malaysia, Indonesia, Thailand and the Philippines are the fastest growing South East Asian furniture suppliers where around two thirds of production is exported.

ASEAN exports accounted for around 10% of global furniture demand in 2019 however, within ASEAN, demand for furniture has risen due to rapid urbanization, rising affluence, ease of shopping (e-commerce) and regional mobility he said.

ASEAN furniture manufacturers continue to be impacted by the pandemic and control measures to slow the rate of infections. The first lockdown was a nightmare said Koh, mills reduced production and some closed, prices for factory inputs rose and there were severe logistic problems. The second series of lockdowns in ASEAN countries came at a time when demand in export markets had started to rise which was a major challenge for enterprises; this was an uncertain time for companies. In early 2021 there were signs of a recovery in production and the switch from lockdowns to 'living with COVID' provided some relief even though the prices of raw material inputs and the cost of export shipping remained significant issues.

Looking ahead Koh commented that logistic problems remain , production has increased but this only means warehouse are filling up as shipping containers are not available and that overseas customers are frustrated by the slow deliveries. Koh's assessment is that freight costs will continue to increase as will raw material inputs and at some point customers will have to increase the prices offered to manufacturers in the ASEAN countries.

Sigit Pramono

Update on the Implementation of Indonesian TLAS (SVLK), FLEGT VPA and Impact of COVID-19 Pandemic on Timber Exports from Indonesia

Sigit Pramono outlined the history of SVLK which spanned 20 Years of working with international partners to develop and implement SVLK and FLEGT VPA. As of October 2021 more than 5,600 forest based enterprises had been SVLK-certified. Since 2013 more than 1.5 million V-Legal export documents (including FLEGT licenses for EU and UK destinations) had been issued with total value of US\$77.48 billion.

The number of importing countries has also increased from 155 countries in 2013 to 196 in 2020 reflecting buyer's confidence in Indonesian timber products.

On the impact of COVID-19 on exports Pramono reported that demand in China, the USA and EU remained strong throughout but exporters faced problems in securing shipping containers but production continued, supported by the various government policy interventions to assist manufacturers.

Pramono then offered some lessons learned and challenges ahead in getting the full benefit of the country's investment in the VPA and its SVLK. He commented that the SVLK has helped Indonesia to cope with illegal logging issue and regain confidence of global markets for its wood products but challenges remain. These include the costs of the certification process which is an issue especially for SMEs and there are inadequate incentives from the demand side to share burden of the certification process. Pramono is of the

view that importers impression of Indonesian timber products has not improved significantly despite the SVLK and VPA.

The Indonesian authorities plan to make implementation of SVLK certification simpler for companies and plans to work with its VPA partners to develop and implement effective promotion strategies emphasizing sustainability.

Jan Hoffmann

Presentation of the Review of Maritime Transport 2021

Dr. Hoffmann discussed the 'UNCTAD Review of Maritime Transport 2021' which offers some explanation for why freight rates are so high and are likely to remain so. UNCTAD expects world maritime trade to have recovered by around 4% in 2021. However, problems remain; Intra-African freight rates are 2.4 times higher than intra-Asian freight rates, it costs 2.6 times more to import goods from Asia to Africa than what it costs to ship goods from Africa to Asia and a container from North America to Oceania is 50% higher than from Asia to Oceania.

Other factors that will impact the shipping sector in the coming years will be the need to effectively protect vessels and the technology used on board from cyber threats and climate change adaption. Another issue is the need for investment in seaport infrastructure and technologies which are an increasingly urgent challenge particularly for developing countries.

The UNCTAD report simulated the impact of container freight rate surges. Assuming container freight rates continue at current rates UNCTAD is of the view that there will be an 11% increase in global import price levels. The Hardest hit will be Small Island Developing States which the simulation suggests could see a 7.5% increase in import costs. Least Developed Countries it is forecast would experience a rise of over 2% while the impact of rising shipping costs for Land-locked Developing Countries (LLDCs) would be minimal.

Looking ahead Hoffmann discussed six issues that will impact how freight costs evolve in the short-term: COVID-19, shipping cycles, consolidation in the shipping sector, how to address decarbonisation, the shortage of shipping capacity and the insurance risk premiums,

Discussion and interventions

As is often the case with the Annual Market Discussion the duration of the event was shortened such that the time for the Questions and Comments was limited; only 3 interventions were possible. There were two interventions from the Delegation of Peru and one from the Delegation of the USA.

The first Delegate from Peru said the presentations provided information on the problems faced by the timber manufacturing sector in tropical countries and provide valuable lessons should a similar situation such as the COVID-19 pandemic occur again. He noted the emphasis by speakers on the issue of high ocean transportation costs and the impact of rising cost of raw material input for manufacturers. He raised the point that there is a need to consider how these developments could affect efforts in sustainable forest management and the profitability and commercial viability of companies.

He noted the comments by some speakers on the growing interest and desire of manufacturers to expand sales in domestic/regional markets. He commented that greater added value production and sales in domestic markets could create jobs and contribute to domestic growth. In conclusion he commented that the timber sector is facing a lot of unknowns but some lessons have been learned from meeting the challenges posed by the current pandemic.

The second intervention, also from a Delegate from Peru, suggested it would be informative to know what export products are being most impacted by the current lack of shipping containers and the high freight rates. He suggested this issue could be included in the work of ITTO in 2022.

The Delegate from the USA commented that the Delegation recognises the important contribution the Annual Market Discussion has in allowing Council to engage with the private sector. On the issue of supply chain disruptions raised by speakers she said these are critical to all economies and that the USA is also experiencing problems with clearance of imported goods at ports and a shortage of domestic trucking capacity. She mentioned the US White House Supply Chain Disruptions Task Force, the USA government's effort to address the disruption of domestic transport capacities.

She commented that the U.S. Delegation is impressed by the resilience of the private sector in being able to continue operations in the face of the many challenges they faced due to the pandemic and the control

measures implemented. She noted reference by speakers to the variety of support offered to the private sector and suggested it would be useful if ITTO could, with the TAG, determine what were the most helpful measures offered to manufacturers by their governments.

Trade statement

The TAG coordinator read out a prepared statement to participants attending the Market Discussion. This statement is appended as it was presented in Appendix B.

Theme for 2022 Annual market discussion

The Trade Advisory Group (TAG) decided to defer its decision on the theme for the 2022 Annual Market Discussion. A theme will be conveyed to the ITTO Secretariat in advance of the next ITTC.

The 2021 Market Discussion was live-streamed on YouTube and is available at <https://ittc57.page.link/live>.

APPENDIX B

STATEMENT OF THE TRADE ADVISORY GROUP (TAG)

Presented at the 2021 Annual Market Discussion by
Barney Chan (TAG Coordinator)
30 November 2021

Chairman,

Ladies and Gentlemen,

No, it is not business as usual.

The world-wide COVID-19 pandemic hit the timber trade badly in both ITTO Consumer and Producer countries. As the virus cases escalated from early 2020, many countries went into various levels of lockdowns which created very different challenges for Consumers and Producers.

The worst of the pandemic is over in the consumer countries and business is roaring. Members of the European Timber Trade Federation (ETTF) report strong business, in both the northern and southern European countries.

As business activity improved, prices and turnover rose strongly until markets suffered a shortage of products. Demand in the home improvement and DIY sectors were good in 2020, though not as good so far this year. However, wholesale was strong in both 2020 and 2021. Imports were quite good but suffered from severe disruptions in the supply chain.

In contrast to the recovery in the consumer countries, most tropical timber producer countries are still battling the virus. Manufacturers suffer from a lack of raw material, not only raw timber because no logging was taking place, but also a lack of imported materials. Manufacturing was badly hit when workers were laid off and driving many to go back to their rural homes thus creating labour shortage for the manufacturers. Moreover, in some countries, foreign workers are kept away because of closed borders.

Shipping continues to be a major problem. Even as demand picked up exports of finished products faced problems of shipping, both in terms of availability of containers and the high ocean freight charges. Shipping containers are still scarce in some regions. Some ports, like Los Angeles in the US, have ships in long queues waiting to berth, discharge or pick up. All these disruptions added up and resulted in higher production costs which have fed into prices for the buying public.

Allow me to illustrate these problems by looking at the example presented by Vietnam, one of the top players in timber trading. Vietnam imports timber raw material from 110 countries and exports wood products to 140 countries. As one example of increasing production costs, prices of timber from the US alone have gone up 20 – 30%. Container sea freight from Vietnam to North American and some European ports went from US\$ 2400 – 4000 per box in pre-COVID times to US\$ 15,000 – 18,000 per box, some even as high as \$20,000 in late 2021. Such outrageous increases understandably boosted speculation of price abuses by shipping companies. This is the reality faced by Vietnam and it is by no means unique to that country. ITTO producers face the same scenario in varying degrees.

However, these severe disruptions to our supply chain also present opportunities for us all, including our Organisation, to re-think about utilisation of recycled timber, timber from rehabilitated forests, young timber from plantations: all these materials need significant R & D to come up with new engineered products which are acceptable to the markets.

Ladies and Gentlemen, there is a proposal for a new Regulation in EU concerning certain commodities and products associated with deforestation and forest degradation. We understand this is an enhancement of the existing EUTR, seemingly moving away from legality to sustainability in an effort to reduce the EU consumption footprint and to stop deforestation.

In general terms, TAG supports such a proactive move if it does not limit market access. However, there is serious apprehension over this proposal and TAG wants to draw the Council's attention to a few important points in this Proposal.

The proposed Regulation will only allow the import into the EU of commodities and products which are deemed to be “deforestation free” and it seems, “forest degradation free”. Everyone knows that timber harvests from sustainably managed forests do not cause deforestation. We urge the EU to clearly articulate this in the proposed Regulation.

Another point of concern is “plantation products” since these appear unacceptable in the proposed Regulation. The EU draft has defined plantation as follows, and I quote:

‘plantation’ means trees established through planting and/or deliberate seeding of native or introduced species that is intensively managed and that at maturity is composed of one or two species, has one age class, and has regular tree spacing’.

This appears to suggest products from planted forests will be ruled out of the EU market. Every ITTO member country with forest plantations needs to take a close look at the proposed EU Regulation.

There are also other elements in the proposed Regulation which make us in the TAG feel uncomfortable. For example: The EU has introduced the conceptual label ‘low risk country’, even though this has yet to be defined. One can imagine the controversy for any country which is not labelled low risk. If not low risk, what does this imply?

More striking is the lack of recognition of both FSC and PEFC by EU. Certificates from FSC and PEFC must also play an important role in the new Regulation. They can prove that certified products originated from sustainable forestry and have nothing to do with deforestation.

EU recognises there are many drivers of deforestation. This new Regulation will also cover meat of bovine animals, cocoa, coffee, palm oil and soya beans.

EU is part of the ITTO family, so TAG calls on EU to engage with ITTO members, the Secretariat and national and international timber trade organisations, both inside and outside EU, to ensure any proposal is practical and workable on the ground. TAG also calls on ITTO to work with EU on this proposed Regulation, more so since the proposal referenced FAO but not ITTO.

Ladies and Gentlemen, over the years TAG has pointed out the apparent lack of interest shown by the Council to our Trade Statements. This has been disappointing since members of TAG are keen to share their vast experience and deep expertise in the timber trade with the Council.

Lately, some TAG members have been talking about a closer working relation with the Council. Indeed, there is also a sense that some Member Countries are also looking for a similar closer relationship. This trend seems clear in the Proposed ITTO Strategic Action Plan (2022-2026) where there are many mentions of TAG and working with TAG. We look forward to the Council adopting this Proposed SAP.

The sentiments in the proposed SAP have encouraged TAG to make a proposal of our own to Council on how to improve communications and engagements between the Council and the trade experts.

We propose sharing our document, TAG Alerts, with the Council in March and September, well in advance of our Council Sessions in November. TAG Alerts is a brief document of two pages containing not more than five points. These are pertinent points --- good or bad --- which TAG feel useful for ITTO Members to know, well in advance of our usual November meetings so that they can, if needed, be taken up in discussions in Council or Committees. This will be a more efficient way of keeping the Members updated on the latest development affecting the trade and industry. In addition to the TAG Alerts we are, of course, on standby should any request come during the year for trade related information.

Finally, Ladies and Gentlemen, Climate Change is very much in the news lately, especially with the Conference of Parties COP 26 in Glasgow. At least two initiatives directly related to forests and timber were launched in conjunction with COP 26. A coalition of timber industry associations is collectively hosting the ‘World of Wood Festival’ in London, online, and virtually for six weeks. The Tropical Timber Accord called for a global solution, not only by FLEGT, to incentivising international legal trade framework for tropical forest and forest product supply chain governance and management.

Headlines flashed around the world saying “More than 100 countries agree to end and reverse deforestation by 2030 at COP 26” (CNN). Such a clarion call may mislead the already confused people about the role of timber trade and deforestation. We call upon ITTO, as the global leader working with the tropical forests and trade, to stand up and state very clearly that **HARVESTING TIMBER IS NOT DEFORESTATION**.

We do not want the general public to take away the call for action in COP 26 as to mean avoiding the use of tropical timber products. On the contrary, we want COP 26 to galvanise more demand of sustainably produced tropical timber products as our contribution to Climate Change mitigations.

We want ITTO to make this call loud and clear.

Thank you.

TAG can be contacted through <ti@itto.int>

* * *



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT**

Distr.
GENERAL

CRF(LV)/7
3 December 2021

ENGLISH ONLY

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

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

Item 1 - Opening of the Session

The Fifty-fifth Virtual Session of the Committee on Reforestation and Forest Management (CRF) was opened on 29 November 2021 by Ms. Aysha Ghadiali (USA), Chairperson of the CRF. The list of participants is presented in Document ITTC(LVII)/Info.2.

Item 2 - Adoption of Agenda and Organization of Work

The Provisional Agenda for the CRF, as contained in Document CRF(LV)/1, was adopted by the Committee. Due to the COVID-19 pandemic, the virtual session of the Fifty-seventh ITTC was decided and allowed limited time for the discussion of Committee agenda items. To expedite the proceedings of the Committee session within the limited time allocated to the Committee, the Chairperson of the CRF recommended that the Secretariat make briefs on the Committee agenda items 5 – 10. In addition, in case of any specific matters about projects, the Chairperson encouraged Delegates to discuss them with the Secretariat via emails during and after this virtual session.

Item 3 - Admission of Observers

The Committee admitted the observers listed in Document ITTC(LVII)/Info.3 Rev.1 as approved by the Council.

Item 4 - ITTO Annual Market Discussion - 2021

The Committees noted the summary of the ITTO Annual Market Discussion – 2021, held in the Joint Session of All Committees on 30 November 2021, as contained in Appendix A to Document CEM-CFI(LV)/3. The theme of the Market Discussion was “Challenges in Manufacturing and Trade during the COVID-19 Pandemic”. Mr. Barney Chan (TAG Co-coordinator) chaired the Market Discussion.

The following feature presentations were made during the Market Discussion (available on www.itto.int):

Mr. Ivan Tomaselli, President, STCP Brazil	<i>Impact of COVID-19 on the Latin American Forest Sector and Recovery</i>
Mr. Wu Shengfu, General Manager Beijing Greenwood Certification Co., Ltd.	<i>Challenges in Manufacturing and Trade during the COVID-19 Pandemic</i>
Mr. Bradley A. McKinney, Executive Director International Wood Products Association (IWPA)	<i>Challenges and Opportunities in International Wood Products Trade</i>
Mr. Benoît Jobbé-Duval, Managing Director Association Technique Internationale des Bois Tropicaux	<i>Major Challenges in Sustainable Tropical Timber Management and the Future of Tropical Forests</i>
Mr. Ernie Koh Jyh Eng, Executive Director, Koda Secretary General ASEAN Furniture Industries Council	<i>ASEAN Furniture Production and Exports during this Pandemic – Multiple Challenges and Diverse Response</i>
Mr. Sigit Pramono, Senior Policy Analyst Ministry of Environment and Forestry, Indonesia	<i>Update on the Implementation of Indonesian TLAS (SVLK), FLEGT VPA, and Impact of COVID-19 Pandemic on Timber Exports from Indonesia</i>
Mr. Jan Hoffmann, Chief, Trade Logistics Branch Division on Technology and Logistics UNCTAD	<i>Presentation of the Review of Maritime Transport 2021</i>

The Committees further noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B to Document CEM-CFI(LV)/3.

Item 5 - Policy Work

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

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

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

- The implementation of this Activity #3 under the ITTO Programme on Legal and Sustainable Supply Chains (LSSC) was extended until December 2021 because of the impact of the COVID-19 pandemic.
- Six national consultants had prepared country-led studies on forest landscape restoration (FLR) in their respective countries (Benin, Cote d'Ivoire, Ghana, Liberia, Mali and Togo) under the guidance of the international lead consultant, Professor Juergen BLASER, Bern University of Applied Sciences, Switzerland. National validation workshops were held under the leadership of the regional consultant, Professor Kouami KOKOU of the University of Lomé (Togo), as experts from Switzerland could not travel to Africa because of the COVID-19 pandemic restrictions.
- The completion report, which was submitted in September 2021, will be considered as an annex of the final report to be prepared by the Division of Operations for submission to BMEL-Germany (financial donor) in the first half of 2022.
- A draft TFU article was submitted to the ITTO Communication and Outreach Unit for review, while other outreach materials (short video and PowerPoint presentations) resulting from the implementation of the Activity are expected to be submitted early December 2021.

The Committee took note of the progress made in the implementation of this Policy Work related Activity, which is expected to be completed by end of December 2021, in ITTO member countries in West Africa.

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

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

- The Activity #5 of the ITTO LSSC Programme, which was extended until December 2021 because of the impact of the COVID-19 pandemic, is implemented by the RIFFEAC Secretariat on LSSC-related issues in ITTO member countries in the Congo Basin region (Cameroun, Central African Republic, Congo-Brazzaville, Congo-Kinshasa and Gabon). It is implemented by the RIFFEAC Secretariat, which is also in charge of the supervision of four consultants in charge of the preparation of four draft of training modules/curricula which were reviewed by experts during the holding of validation workshops. These four training modules/curricula and related four consultants are, as follows:
 - Module/curriculum 1: "*Understanding deforestation-free*" [by Dr. Bonaventure LELE NYAMI]
 - Module/curriculum 2: "*Assessing legality and achieving accountability*" [by Dr. Felix KOUBOUANA]
 - Module/curricula 3: "*From legality to sustainability*" [by Dr. François HIOL HIOL]
 - Module/curriculum 4: "*Markets and access to markets*" [by Dr. Jean Marcial BELL]
- These four training modules/curricula are being finalized by consultants, based on the comments and recommendations of validation workshops, in view of their submission to the ITTO Secretariat by end of November 2021.

The Committee took note of the progress made in the implementation of this Policy Work related Activity, in ITTO member countries in Congo Basin, which is expected to be completed by end of December 2021.

(iii) Dissemination of the ITTO Guidelines for Forest Landscape Restoration in the Tropics [Activity 11 (b), ITTO Biennial Work Programme 2021-2022]

The Secretariat reported to the Committee on the progress made in the implementation of this Activity as follows:

- The ITTO Guidelines for Forest Landscape Restoration in the Tropics were developed with the support of many members of the Collaborative Partnership on Forests (CPF), including CIFOR, FAO, IUCN and IUFRO.
- To increase awareness and understanding of the ITTO FLR Guidelines, a series of webinars has been organized for Latin America and the Caribbean, and Asia-Pacific region in 2021.
- The first webinar took place on 19 August 2021, with the participation of around 70 restoration experts from Central American countries and Mexico. It featured speakers from various organizations, including CATIE, IUCN, and WRI. The participants recognized that FLR interventions must be carried out by fully engaging local people, especially farmers and smallholders.
- The second webinar was held from 30 August to 3 September 2021 for the Asia-Pacific Region. It was jointly organized with the Asian Forest Cooperation Organization (AFoCO). Around 70 participants recognized that creating sustainable livelihood opportunities for local communities and smallholders is crucial for the long-term sustainability of FLR projects.
- The third webinar was held on 23 September 2021 for Latin America and the Caribbean. It was co-hosted by ITTO and CATIE. It was attended by around 90 restoration experts and speakers from CATIE, CIFOR, ICRAF, and IUCN.
- Under the FLR initiative of the CPF, which was funded by GEF, ITTO and IUFRO jointly produced four FLR learning modules in October 2021. The four FLR modules are 1) FLR principles, 2) FLR project design and implementation, 3) FLR facilitation and capacity building development and 4) Securing FLR finances. The ITTO-IUFRO FLR learning modules are posted on the ITTO website and they can be used by high schools and universities in the tropics to boost curricula.

The Delegation of the United States commented that the organization of FLR webinars in collaboration with many partners showcased the different types of partnerships ITTO can and has made with other international organizations. Noting that FLR is an important part of the global forest agenda, she supported the continued promotion of the FLR guidelines at national and international levels, including at the World Forestry Congress in May 2022. The Committee recommended that the Secretariat actively promote the ITTO FLR guidelines in the context of the UN Decade on Ecosystem Restoration 2021-2030.

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

The Secretariat reported to the Committee on the progress made in the implementation of this Activity as follows:

- ITTO has implemented the ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity since 2011 after COP 10 of the Convention on Biological Diversity (CBD) in Nagoya, Japan.
- The ITTO Secretariat carried out a technical assessment of 16 projects which have been implemented under the ITTO-CBD Collaborative Initiative. The results of the technical assessment of the ITTO/CBD Collaborative Initiative are reported in Document CRF(LV)/4. The Committee will receive a presentation on the technical assessment under the ex-post evaluation reports of the Committee Agenda Item 9 (Ex-post evaluations).
- In February 2021, ITTO and CBD renewed the MoU for another five years until 2025, with the aim of supporting CBD Parties and ITTO member countries in the tropics in their efforts to conserve biodiversity, implement sustainable forest management, restore degraded forest landscapes, and encourage the sustainable use of forest resources.
- The renewed collaboration between the CBD and ITTO will help countries develop technical expertise to enhance tropical biodiversity and the provision of ecosystem services in forest landscapes. The joint collaboration will also support capacity building to implement the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests and other relevant guidelines and policies of the CBD and ITTO.
- The Secretariat plans to organize a joint side event with the CBD Secretariat at CBD COP 15 in China in May 2022 to share lessons from the implementation of the ITTO-CBD Collaboration Initiative. After COP 15, the Secretariat will revise the Programme Document of the ITTO-CBD Collaborative Initiative, taking into account the lessons of its technical assessment, as well as the tropical forest-related goals and targets of the Post-2020 Global Biodiversity Framework.

The Committee recommended the effective implementation of the ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity in support of the achievement of the Post-2020 Global Biodiversity Framework.

**(v) Adapting the 2006 ITTO Criteria and Indicators (C&I) for Sustainable Forest Management (SFM) to African context [Document CRF(LV)/6]
[Decision 2(LIII)] [Activity 7 (b), ITTO Biennial Work Programme 2021-2022] [PP-A/55-336 / BWP 18-19/8b C&I Africa]**

The Secretariat reported to the Committee on the progress made in the implementation of this Policy Work related Activity as follows:

- A workshop involving African forestry-related experts has validated a draft new version of the ITTO Criteria and Indicators for the sustainable management of African tropical forests, developed in September 2021 by two following consultants: Dr Richard EBA'A ATYI and Mr. Olivier AHIMIN. The aim was to revise the Principles, Criteria and Indicators for the Sustainable Forest Management of African Natural Forests, developed previously by the African Timber Organization (ATO) and ITTO, to ensure that it conforms with recently published ITTO policy documents, such as the *ITTO Environmental and Social Management Guidelines* and the *Guidelines for Forest Landscape Restoration in the Tropics*.
- At the conclusion of the workshop, participants made several recommendations, including the following:
 - Countries should systematically assess the implementation of SFM using the new ITTO Criteria and Indicators for the Sustainable Management of African Tropical Forests and report on the progress made.
 - Countries should incentivize those forest companies shown to have adopted SFM, based on technical audits conducted using the new set of ITTO C&I for sustainable forest management adapted to Africa context.
 - ITTO should produce a user manual for the new C&I for SFM adapted to African context.
- The draft set of ITTO C&I for sustainable forest management adapted to Africa context is available on ITTO website, as Document CRF(LV)/6, for comments by ITTO Members until mid-December 2021.

The consultant, Dr Richard EBA'A ATYI, made a presentation on the draft set of Criteria and Indicators for sustainable forest management adapted to African context and highlighted the following points:

- The experts from ITTO member countries in Africa, who validated the draft set of Criteria and Indicators for sustainable forest management adapted to African context, gave more emphasis on the following aspects:
- Improved governance of natural resources management including human capacities and better allocation of financial and material resources to the forestry sector (Criterion 1)
- More detailed planning of forest management in the ground (criterion 4)
- Better sharing of benefits resulting from forest management to improve the livelihoods of forest dependent people (criterion 7)
- Synergy between ITTO and governments to enhance National Working Groups on C&I for SFM adapted to African context and integrate them into the forest governance process in ITTO member countries in Africa
- Annual meetings of ITTO focal points to assess the implementation of the C&I for SFM adapted to African context by ITTO member countries in Africa.
- Training of SFM audit trainers once the new set is adopted through a new regional project be developed for enabling its dissemination while considering relevant new issues such as climate change, REDD+, and land restoration.

Following the presentation of Dr Richard EBA'A ATYI, the Delegation of Peru welcomed the development of the draft set of Criteria and Indicators for sustainable forest management adapted to African context while reminding that ITTO was the pioneer in establishing the first set of C&I for SFM. He reminded that FAO and ITTO collaborated for the development of a national set of C&I for SFM in selected countries in Latin America which should be subject to monitoring for assessing its utilization as a forest-related policy tool.

The Committee commended the two consultants for their excellent work in formulating the draft set of Criteria and Indicators for sustainable forest management adapted to African context. ITTO Members were encouraged by the Committee to review the draft set of ITTO C&I for sustainable forest management adapted to Africa context, which is available on the ITTO website, as Document CRF(LV)/6, for comments, until mid-December 2021. The final version incorporating the comments of ITTO Members should be made available on the ITTO website, in 2022, in all three working languages of ITTO, for the adoption through an electronic no-objection procedure.

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

The Committee noted that the Expert Panel for Technical Appraisal of Project Proposals at its Fifty-sixth Meeting was held virtually due to the COVID-19 pandemic in June-July 2021. The Committee also noted the report of Expert Panel at its Fifty-sixth Meeting as contained in Document ITTC(LVII)/5 which covers the technical assessment of nine projects and five pre-projects proposals.

Item 7 - New Projects and Pre-projects

The Committee noted the projects and pre-projects that were approved under the time-bound electronic no objection procedures to accept the Expert Panel's ratings and circulated to member countries pursuant to Decision 6(XLIII), as contained in Annex to Document ITTC(LVII)/5, following the recommendations of the Expert Panel at its Fifty-sixth Meeting as follows:

Fifty-sixth Expert Panel

Category 1:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 916/21 Rev.1 (F)	Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia	Colombia
PPD 198/21 Rev.1 (F)	Study for the Restoration and Sustainable Management of Gallery Forests in the Mono Delta Biosphere Reserve in Benin	Benin
PPD 201/21 Rev.1 (F)	Study for Capacity Building of Private and Community Tree Farmers in Benin	Benin

Category 4:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PPD 202/21 (F)	Conservation of <i>Pterocarpus erinaceus</i> Poir in Benin	Benin

Item 8 - Report on Completed Projects and Pre-projects

The Committee considered the completed projects contained in Document CRF(LV)/2 and noted that three projects and one pre-project are to be declared complete by the Council.

8.1 Completed Projects

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

The Committee took note that the implementation of this project had mainly contributed to the development and validation of reference technical guidebooks and ministerial decrees providing clear guidance for the creation and management of a community forest in Gabon. These guidebooks and ministerial decrees are available through the project search section of the ITTO website. The Committee also took note that the implementation of this project led to the creation of the Direction des Forêts Communautaires (DFCOM), within the ministry in charge of forestry, an administrative entity dealing with community forestry, in July 2011, as an expression of the Gabonese Government's interest in capitalizing on the project's achievements.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 383/05 Rev.2 (F) as completed.

2) PD 646/12 Rev.3 (F) Initiating the Conservation of Cempaka Tree Species (*Elmerrillia* spp) Through Plantation Development with Local Community Participation in North Sulawesi, Indonesia (Indonesia)

The Committee took note that this project has been implemented by the Manado Forestry Research Institute, Ministry of Environment and Forestry, Indonesia since February 2016. It has contributed to the

conservation and plantations of Cempaka tree species which is an important traditional wooden housing material in North Sulawesi, Indonesia through improved capacity of local communities and increased support of local government policies. Key outcomes of the project include the establishment of 18 ha of Cempaka plantations with 3 small-scale nurseries for demonstration and R&D, as well as a standard operational manual for Cempaka plantations, a provincial Cempaka stakeholder forum, and an integrated strategic management plan for the conservation and development of Cempaka's resources in North Sulawesi.

The Delegation of Indonesia commented on the importance of promoting Cempaka plantations in North Sulawesi and expressed its gratitude to the Government of Japan for financing the project and to the Secretariat for the successful implementation of the project.

The Committee further noted that the Executing Agency submitted the completion report and technical reports as well as the final financial audit report in accordance with the Project Agreement. The technical reports have been posted on the ITTO website and copies of these reports can be made available, upon request, by the Secretariat. Therefore, the Committee decided to consider the project PD 646/12 Rev.3 (F) as completed.

3) PD 741/14 Rev.3 (F) Capacity Building for Sustainable Management of Tropical Dry Forests on the North Coast of Peru (Peru)

The Committee took note that this project had been implemented by AIDER (*Asociación para la Investigación y Desarrollo Integral*) with for capacity building through training workshops on the Forest Map Methodology by using a free software to develop regional thematic maps in each region based on extensive data collection and consultations required for the preparation of Forest Management Plans for dry forests in Piura, Tumbes and Lambayeque regions in Peru.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 741/14 Rev.3 (F) as completed.

8.2 Completed Pre-project

1) PPD 191/18 Rev.1 (F) Support to the Local Communities of the Mono Plain for the Promotion and Sustainable Management of Community Forests in Togo (Togo)

The Committee took note that this pre-project had been implemented by AMEN association (*Amis de l'Environnement*) in collaboration with DRF (*Direction des Ressources Forestières* of the ministry in charge of forestry in Togo) for collecting data on forestry, socio-economic, legal and environmental aspects required for the formulation of a full project proposal. The Secretariat received a full project proposal which was subject to the technical appraisal by the 55th Expert Panel. The reference number and title of the project proposal are as follows: PD 911/20 (F): "*Support for Strengthening the Consultation Framework for the Participatory and Sustainable Management of the Aou-Mono Gazetted Forest*".

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the pre-project PPD 191/18 Rev.1 (F) as completed.

Item 9 - Ex-post Evaluation

(C) Ex-post Evaluation Reports

[Document CRF(LV)/4]

The Secretariat reported to the Committee on the progress made in the ex-post evaluation as follows:

- In 2020-2021, the ex-post evaluation of Thematic Group dealing with Biodiversity Conservation was carried for the assessment of the ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity. The results of the assessment are reported in Document CRF(LV)/4.
- The assessment of the ITTO-CBD Collaborative Initiative analyzed the achievements of sixteen ITTO projects by two international consultants, Dr Ian Thompson from Canada and Prof Juergen Blaser from Switzerland, who was recommended by the CBD Secretariat.

- The 16 projects implemented through the ITTO-CBD initiative included four in Africa, six in Asia-Pacific, five in Central/South America, and one in Oceania. Six completed projects were highly successful by accomplishing 90% or more of the objectives. These include Cambodia-Thailand transboundary project, Indonesia and Malaysia transboundary project, Peru Biosphere Reserve Project, Benin Ramsar Areas project, and a forestry engineer training programme implemented by RIFFEAC in sub-Saharan Africa.
- The main lessons of the ex-post evaluation, which can be applied in the framework of a renewed Initiative, include
 - Capacity building and awareness-raising for local communities and local government officials is essential for improving area management and needs of local communities must be understood prior to implementation.
 - High-level political support in the governments of all participating countries is essential to the success of a transboundary conservation project.
 - Projects must provide measurable indicators for achievement and have the means to conduct to monitor them.
- The technical assessment concluded that there is no doubt that the ITTO-CBD Initiative was remarkably successful and should be continued in a renewed form. Furthermore, the assessment recommended focusing on more limited types of projects would improve impact, including transboundary areas, buffer zones near protected areas, degraded second-growth forest landscapes that are important to local communities and indigenous people.
- The Secretariat has worked with the CBD Secretariat to produce a joint policy brief highlighting the results of the technical assessment of the ITTO-CBD Collaborative Initiative. The technical assessment report will be published as an ITTO technical series for wider dissemination.

The Delegation of the United States supported the suggestion in the technical assistance report that the lessons learned and the different projects under taken by the ITTO-CBD Initiative be incorporated into the ITTO communication strategy. In relation to her question about the CBD's financial contribution(s) to the ITTO-CBD Initiative, the Secretariat responded that one of the 16 projects under the ITTO-CBD Initiative received partial support from the CBD Secretariat and that the recently renewed collaboration between ITTO and CBD explores more opportunities for CBD contribution.

The Delegation of Japan commended the technical assessment report of the ITTO-CBD Initiative. He noted that Japan is one of the largest donors to the 16 projects of the ITTO-CBD Initiative and highlighted the importance of enhancing collaboration with partners in the global biodiversity conservation community, including CBD COPs.

The Committee commended the two international consultants on the comprehensive technical assessment of the ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity and recommended expanding the activities of the ITTO-CBD Collaborative Initiative to contribute to the achievements of the Post-2020 Global Biodiversity Framework.

(D) Selection of Projects for Ex-post Evaluations 2022-2023

[Document CRF(LV)/5]

The Secretariat recalled the Committee that the shortlist of ex-post evaluations 2018-2019 was extended for the period of 2020-2021 and the Thematic Group Evaluation on Biodiversity Conservation was conducted in 2020 and 2021 through an intensive desk review of the 16 projects, which had been implemented under the ITTO-CBD Collaborative Initiative for Tropical Forest Biodiversity. In the case of the Thematic Group Evaluation on Forest Rehabilitation / Landscape Restoration / Secondary Forest Management, it was rescheduled to 2022, because of the COVID-19 travel restrictions not allowing field visits of the target areas of completed projects.

The Secretariat also informed the Committee that for the preparation of the 8th Session of the Tokyo International Conference for African Development (TICAD-8), to be held in summer 2022, a regional group ex-post evaluation work will be carried out for assessing the achievements of completed ITTO projects in Africa, with the aim to find main relevant findings and outcomes for future forestry-related implications of the Government of Japan in Africa.

The Committee took note the Secretariat will prepare a planning of the ex-post evaluation of Thematic Groups in 2022, with a priority to be given to the ex-post evaluation of projects in Africa for the preparation of TICAD-8, as well as to the Thematic Group Evaluation on Forest Rehabilitation / Landscape Restoration / Secondary Forest Management in collaboration with an ITTO partner to be selected among relevant institutions dealing with forest landscape restoration/rehabilitation (FLR).

Item 10 – Review of Projects, Pre-projects and Special Biennial Work Programme-based Activities in Progress

The Committee was informed that the Secretariat's report and the Committee's discussion were limited to the following projects, pre-projects and special activities in order to expedite proceedings, in accordance with the Section VI of Annex A to Decision 4(XXV):

- Those having implementation problems;
- Those requiring additional funds;
- Those requesting extension of more than six months beyond the original duration; or
- Those requesting essential major modifications of the work plan and budget.

10.1 Projects

The Committee took note of the status of projects that had been approved by the Council, as contained in Document CRF(LV)/3, as categorized: (A) projects under implementation (nine projects); (B) projects awaiting implementation agreement (one project); (C) projects awaiting financing (fourteen projects) and (D) projects to be subject to termination process.

Then, the Committee considered the implementation issues, details of which were as follows:

(A) Projects under implementation

1) PD 552/09 Rev.1 (F) Encouraging Customary Landowners in the Lowlands of Papua New Guinea's Central Province to Reforest their Grasslands with High Value Trees (PNG)

The Committee took note that the Executing Agency (PNG Forest Authority) submitted the long-delayed financial audit reports for the fiscal years 2017 and 2018 in October 2021 and the audit reports for the fiscal years 2019 and 2020 on 24 November. Therefore, the termination of the project is not recommended. The delay of submitting the audit reports was partly due to the impacts of the COVID 19 pandemic, including the sickness of finance staff and a 10-day office closure in October 2021.

The Committee urged the Executing Agency to redouble its efforts towards the effective and successful completion of the project before the end of March 2022, as well as the timely submission of the final audit report that fully complies with the ITTO audit guidelines.

2) PD 721/13 Rev.3 (F) Building a Participatory and Inclusive Sustainable Forest Management Process for the Reduction of Deforestation and Forest Degradation in the Ixil Forest Areas of the Municipality of Nebaj, Quiché, Guatemala (Guatemala)

The Committee took note that this project had been implemented by CALMECAC (*Fundación para el Desarrollo Integral del Hombre y Entorno*) for the enhancement of sustainable forest management skills of local community forest organizations in the Municipality of Nebaj, Quiché, with a view to reducing deforestation and forest degradation in the Xaclbal watershed area, in Guatemala.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 721/13 Rev.3 (F) as completed.

3) PD 765/14 Rev.4 (F) Development of A Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines – Phase I (Guatemala)

The Committee took note that this project had been implemented by FCG (*Fundación para la Conservación de los Recursos Naturales y Ambiente en Guatemala*) in collaboration with INAB (*Instituto Nacional de Bosques*) for improving forest landscape restoration actions through the implementation of a forest restoration mechanism based on ITTO guidelines with the broad participation of key stakeholders in prioritized strategic ecosystems in Guatemala. This project completed all activities in mid-2021. However, submission of the completion report and final financial audit (expected to be submitted by September 2021 in accordance

with the project agreement and agreed extension) has been delayed beyond the time of finalization of Committee documents due to several members of the project team being directly impacted by the Covid-19 pandemic.

The Committee also took note that Secretariat proposed to report the project PD 765/14 Rev.4 (F) under the Committee's "Completed Projects" agenda item during its 56th Session in 2022.

4) PD 836/17 Rev.2 (F) Enhancing Capacity of Local Communities and Forest Administration to Effectively Implement Community Forestry Programme (CFP) in Kratie and Mondulkiri Provinces of Cambodia (Cambodia)

The Committee took note that the Implementing Agency revised the project document based on the available project funds and the revised project was approved in February 2021. Upon completion of the project agreement and all administrative arrangements for project implementation, the Implementing Agency began project activities in October 2021. The Implementing Agency organized a project launching ceremony and workshop on 16 November with the participation of key stakeholders and donor representatives to promote community forestry partnerships in the country. Existing technical manuals for the development of community forestry plans are being reviewed and initiation work is under way for the establishment of a community forestry communication forum with the support of partners.

(B) Projects awaiting implementation agreement

1) PD 712/13 Rev.3 (F) Enhancing the Implementation of Landscape Management of Giam Siak Kecil-Bukit Batu Biosphere Reserve (GSK-BR) in Riau Province of Sumatra Island, Sumatra - Phase I (Indonesia)

The Committee took note that the Implementing Agency revised the project document in Phase I and Phase II, taking into account the project funds available for immediate implementation. Phase I was approved in September 2021 through an online no-objection procedure. The draft project agreement regulating the implementation of Phase I of the project was sent to the Implementing Agency in October 2021 for review. The Secretariat looked forward to effective arrangements, including the finalization of the project agreement and the establishment of a competent project team, for the early commencement of project implementation.

(C) Projects awaiting financing

The Committee noted that the following fourteen projects approved at earlier and current sessions were still awaiting funding, out of which six projects with an asterisk (*) will be sunset between the 55th and 56th CRF Sessions if funding is not made available. The Secretariat updated the status of PD 849/17 Rev.2 (F) and PD 902/19 Rev.2 (F).

- 1) PD 712/13 Rev.3 (F) Enhancing the Implementation of Landscape Management of Giam Siak Kecil-Bukit Batu Biosphere Reserve (GSK-BR) in Riau Province of Sumatra Island, Sumatra - Phase II (Indonesia)
- 2) PD 723/13 Rev.2 (F)* Capacity Building for Strengthening Transboundary Biodiversity Conservation of the Taninthayi Range in Myanmar – Phase I Stage 2 (Myanmar)
- 3) PD 765/14 Rev.4 (F) Development of A Forest Landscape Restoration Program for Guatemala Based on ITTO Guidelines – Phase II (Guatemala)
- 4) PD 808/16 Rev.4 (F) Conservation of African Barwood (*Pterocarpus Erinaceus Poir*) in the Gazetted Forests of La Palee and Boundiali in Northern Côte d'Ivoire with the Participation of Local Communities (Côte d'Ivoire)
- 5) PD 818/16 Rev.4 (F) "BOSS - CUSHABATAY" Project – Forest Management and Restoration in the Cushabatay Basin on the Eastern Slope of the Cordillera Azul National Park (PNCAZ), Peru (Peru)
- 6) PD 849/17 Rev.2 (F) Increasing Commercial Reforestation Competitiveness in Costa Rica (Costa Rica)
(Note: partially funded during the 54th ITTC)

The Committee took note that the project was partially funded with an amount of US\$100,000 from the United States during the ITTC 54 in November 2018. Prior to the ITTC-57, the project received additional funding of US\$235,765 from Japan for its full implementation. Therefore, the Executing Agency is encouraged to facilitate the finalization of the draft project agreement that the Secretariat will send soon. The Delegation of Japan looked forward to the early start of the implementation of the project to support restoration in Costa Rica.

- 7) PD 890/18 Rev.3 (F) Rehabilitation of the Upper Bandama Gazetted Forest in the North of Côte d'Ivoire with the Participation of the Local People (Côte d'Ivoire)
- 8) PD 896/19 Rev.2 (F)* Protection and Restoration of Forested Water Catchment, Regulation and Recharge Areas in the Upper Salinas River Watershed, Guatemala, to Ensure Water Supply for Guatemalan Communities (Guatemala)
- 9) PD 901/19 Rev.2 (F)* Promoting Conservation and Community-Based Management of Mangrove Ecosystems Through Integrating Adaptation and Mitigation Action in Karang Gading and Langkat Timur Laut (KG-LTLWR) Reserve, North Sumatera, Indonesia (Indonesia)
- 10) PD 902/19 Rev.2 (F)* Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia (Malaysia)

The Committee took note that the project was approved in October 2020 to support the sustainable management of the Upper Baram Forest Area of about 283,500 ha, which is the Penan Peace Park, for biodiversity conservation and socio-economic development of local communities especially four ethnic communities in 26 villages. So far, the project has obtained an amount of US\$ 400,000 with the contributions of the Bruno Manser Funds and the City of Basel, Switzerland with an amount of US\$ 200,000 each. The project is currently awaiting additional funds for its implementation. If the project secures around US\$200,000, the Implementing Agency can start the project with a revised budget.

The Delegation of Switzerland pointed out that the project received financial support from an NGO and a local government in Switzerland and hoped that the remaining balance would be secured. The Delegation of Malaysia thanked the Bruno Manser Funds and the City of Basel, Switzerland for financing. However, he requested that ITTO's line of communication for project implementation be channeled with the ITTO focal point in Malaysia, the Ministry of Plantation Industries and Commodities. The Secretariat responded that ITTO has established a close relationship with the Forest Department Sarawak in the implementation of ITTO projects and that ITTO communication will be channeled through the ITTO focal point in Malaysia.

- 11) PD 903/19 Rev.2 (F)* Management of Sungai Menyang Conservation Area for Orangutan Protection and Uplifting Community Livelihood, Sarawak, Malaysia (Malaysia)
- 12) PD 904/19 Rev.2 (F)* Restoring Productivity in Post-Logging Hill Forests by Enrichment Planting in Sarawak, Malaysia (Malaysia)
- 13) PD 905/19 Rev.2 (F) Providing Support for the Sustainable Management of the Fosse-aux-Lions Gazetted Forest in the Savanna Region in Togo (Togo)
- 14) PD 916/21 Rev.1 (F) Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia)

(D) Projects to be subject to possible termination process

In accordance with the rules and procedures applying to ITTO projects, the Committee considered recommending the termination of the following projects because of the non-submission of the final financial audit reports notwithstanding the specification of the project agreements on the submission of financial audit reports.

1) PD 507/08 Rev.1 (F) Development of the National Reforestation Policy and Afforestation Strategy Consistent with Liberia 3C-Approach (Liberia)

The Committee took note that the letter No.L.21-0087 of 15 June 2021 was sent to the project implementing agency (FDA-Liberia), as the final notice regarding the urgent need to submit the completion report and final financial audit report, in due time, for the completion and closure process by the ITTO Secretariat. As the project implementing agency did not submit the completion report and final financial audit report, the project PD 507/08 Rev.1 (F) has been recommended for the termination process to the International Tropical Timber Council (ITTC), as provided for in Article X of the Project Agreement.

The Delegation of Switzerland had no objection to recommend this project to the ITTC for the termination process and expressed the disappointment for the non-submission of the completion report and final financial report which could allow the normal closure process in compliance with the rules and procedures of ITTO.

The Committee recommended to the Council for the termination process of the project in accordance with the rules of ITTO. The Committee also noted that the project implementing agency (FDA-Liberia) shall not get any more ITTO-funded projects in the future until they comply with the reporting requirements.

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

The Committee took note that the letter No.L.21-0108 of 30 June 2021 was sent to the implementing agency (PICODEV-Ghana), as the final notice regarding the urgent need to submit the final financial audit report, in due time, for the completion and closure process by the ITTO Secretariat. However, the project implementing agency (PICODEV-Ghana) submitted the final financial audit report beyond the time of finalization of Committee documents, and it was forwarded to the Division of Operations for review.

The Committee also took note that Secretariat proposed to report the project PD 653/12 Rev.1 (F) under the Committee's "Completed Projects" agenda item during its 56th Session in 2022.

3) PD 764/14 Rev.3 (F) Enabling Customary Landowners to Participate Effectively in Community Forest Management Schemes Within 6 Pilot Areas of PNG (PNG)

The Committee took note that the Executing Agency (PNG Forest Authority) submitted the delayed financial audit report for the fiscal year 2020 in October 2021. The ITTO finance team reviewed this audit report as satisfactory. Therefore, the termination of the project is not recommended.

The Delegation of Japan commended the work of PNG Forest Authority in submitting the delayed financial audits for this project and PD 552/09 Rev.1 (F) that is also being implemented in PNG. He reiterated the importance of fulfilling the financial accountability of the two PNG projects in a timely manner in accordance with the ITTO audit guidelines.

The Committee urged the Executing Agency to submit the financial audit report for the fiscal year 2021 before the end of March 2022 in accordance with the ITTO audit guidelines.

10.2 Pre-projects

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

(A) Pre-projects under implementation

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

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

- 2) PPD 196/19 Rev.1 (F) Support for Operational and Planning Capacity-building for Stakeholders in the Private and Community Forestry Sector in Togo (Togo)

(B) Pre-projects awaiting implementation agreement

None.

(C) Pre-projects awaiting financing

The Committee noted that three pre-projects were still awaiting funding:
Pre-Project with an asterisk (*) will become sunset between the 55th and 56th CRF Sessions.

- 1) PPD 197/20 Rev.1 (F)* Development of a Project for the Revaluation, Restoration and Sustainable Development of the Quina (*Cinchona spp.*) Tree and Associate Native Species of the Western Montane Forests of Peru (Peru)
- 2) PPD 198/21 Rev.1 (F) Study for the Restoration and Sustainable Management of Gallery Forests in the Mono Delta Biosphere Reserve in Benin (Benin)
- 3) PPD 201/21 Rev.1 (F) Study for Capacity Building of Private and Community Tree Farmers in Benin (Benin)

10.3 Biennial Work Programme-based Activities

1) PP-A/53-323 Capacity building for the implementation of “Legal and Sustainable Supply Chains (LSSC)” by stakeholders in the Congo Basin countries

The Committee noted that the delay in the implementation of the German-funded BMEL-ITTO Activity 5, due to the travel and meeting restrictions linked to the COVID-19 pandemic in Congo Basin countries, led to the extension of the implementation period until March 2022 and correlated modification of the ITTO budget. It was also noted that the draft of the single document of compilation of the results of four LSSC-related training programs, developed through the implementation of the German-funded BMEL-ITTO Activity 5, will be subject to review by experts to be gathered in a regional workshop for its technical validation in December and it will also be subject to dissemination in ITTO member countries in Congo Basin through training workshops, during the first quarter of 2022.

2) PP-A/56-340-1 Capacity Building on Forest and Land Fire Management in Indonesia

The Committee took note that the project has organized a series of fire prevention and management training courses in Central Kalimantan, South Kalimantan and South Sumatera. It is also developing a zero burn practices module and fire management procedure to promote best agricultural waste management practices. The project has collaborated with the IPB University in Bogor to develop a SMART Patrol information system and organize a monthly webinar. So far, five monthly webinars have been organized to share lessons from the implementation of forest fire policies and programs in Southeast Asia, with an emphasis on Indonesia. Each of the five webinars was attended by more than 150 participants. The Secretariat looked forward to the efficient and successful implementation of the project.

3) PP-A/56-340-2 Forest Fire Prevention and Response in Tropical Forests and Forest Plantations in Peru

The Committee took note that selection of eleven (11) main consultants was delayed and finalized in July 2021 because of the requirement, for SERFOR, to comply with the provisions of the national contracting legislation in force in Peru. The delay in selecting these main consultants combined with the travel and meeting restrictions linked to the COVID-19 pandemic in Peru, led to the low-level execution of most project activities, so that the conditions for the extension of the project implementation duration shall be discussed between all parties during December 2021.

4) PP-A/56-341 Support for Women’s Groups with the Restoration of Forest Landscapes in the Prefectures of Blitta and Lacs, Togo

The Committee noted that this pilot phase has contributed to food security, including food crops derived from agroforestry activities, while empowering women groups involved in the restoration activities in

the Prefectures of Blitta and Lacs (Togo). It was also noted that the concept note for the Phase 2 of this BWP related Activity has been prepared by REFACOF and shared with the financial donor, Soka Gakkai, for supporting the request for funds needed to consolidate and sustain the achievements of the pilot phase.

Item 11 - Election of Chairperson and Vice-Chairperson for 2022

Ms. Siti Syaliza Mustapha (Malaysia) was elected as the Chairperson of the CRF for 2022. The Vice-Chairperson of the Committee for 2022 would be announced by the consumer caucus at a later date.

Item 12 - Dates and Venues of the Fifty-sixth and Fifty-seventh Sessions of the Committee

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

The Fifty-seventh Session of the Committee will be held in conjunction with the Fifty-ninth Session of the International Tropical Timber Council in 2023.

Item 13 - Other Business

None.

Item 14 - Recommendations to the International Tropical Timber Council

- (A) The Committee recommended that funding be made immediately available for the following project and pre-projects approved under the Project Cycle 2021:

Project

PD 916/21 Rev.1 (F)	Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia [ITTO Budget: US\$ 578,185]
---------------------	--

Pre-projects

PPD 198/21 Rev.1 (F)	Study for the Restoration and Sustainable Management of Gallery Forests in the Mono Delta Biosphere Reserve in Benin [ITTO Budget: US\$ 91,504]
PPD 201/21 Rev.1 (F)	Study for Capacity Building of Private and Community Tree Farmers in Benin [ITTO Budget: US\$ 81,984]

- (B) The Committee recommended the termination of the project PD 507/08 Rev.1 (F), as recommended by the Secretariat, in accordance with the rules and procedures applying to ITTO projects.
- (C) The Committee recommended that the draft set of ITTO C&I for sustainable forest management adapted to Africa context should be made available on ITTO website, as Document CRF(LV)/6, for comments by ITTO Members until mid-December 2021.

Item 15 - Report of the Session

The Committee accepted this Report for submission to the Council.

* * *



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
FINANCE AND ADMINISTRATION**

ITTC(LVII)/25
Page 151

Distr.
GENERAL

CFA(XXXVI)/9
3 December 2021

Original: ENGLISH

THIRTY-SIXTH SESSION
29 November – 3 December 2021
Virtual Session

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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

Item 1: Opening of the Session

1. The Chairperson of the Committee on Finance and Administration (CFA), Ms. Teresa Guila Nube of Mozambique, welcomed all delegates to the Thirty-sixth Session of the Committee.

Item 2: Adoption of Agenda and Organization of Work

2. Due to the ongoing COVID-19 pandemic and global travel restrictions, it was decided by the ad hoc Advisory Group under ITTC Decision 9(XXXI) that the Fifty-seventh Session of the Council would be held virtually using the KUDO web conference system. As this decision allowed limited time to be allotted to discuss Committee-related agenda items during the Session, the Chairperson, through the Secretariat, requested Member Countries to provide comments to the CFA documents, circulated prior to the opening of the Council, so that comments would be incorporated in the CFA Report as interventions. Furthermore, it was decided at the Informal Advisory Group (IAG) that an agenda item on the review and possible development of a policy and procedures for the use of the Working Capital Reserve would be discussed by Council at its Fifty-seventh Session. Follow up on Liberia's request for 'Relief from Obligations' would be deferred to the next Committee Session as Liberia has not responded on the provision of modalities and a suitable payment plan for the Council's consideration. As there were no comments received on the Provisional Agenda, it was adopted by the Committee as contained in document CFA(XXXVI)/1.

Item 3: Admission of Observers

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

Item 4: Draft Biennial Administrative Budget for the Years 2022 and 2023

4. The Secretariat referred to the Draft Administrative Budget for the 2022-2023 Financial Biennium, as contained in Document CFA(XXXVI)/2 dated 30 July 2021, which was circulated to Members much earlier.

5. The Secretariat reported that the total budget for 2022 is estimated at US\$7,031,320, which is a decrease of US\$72,996 (1.03%) compared to the approved budget for 2020. The total budget for 2023 is estimated at US\$7,104,295, which is a decrease of US\$21 compared to the approved budget for 2021. As such, there is no nominal increase for the overall 2022-2023 budget compared with the approved budget for the 2020-2021 biennium. However, as in previous years, no contingency has been included in the proposed Administrative Budget for the financial years 2022 and 2023 and hence, unexpected shortfalls in the budget, such as exchange rate fluctuations, non-payment of assessed contributions by members, inflation and unforeseen personnel change, may need to be financed from the Working Capital Reserve.

6. As the Committee is informed above, the "Basic Administrative Costs" for the 2022-2023 biennium indicates a decrease of US\$72,996 (1.18%) for 2022 compared to the budget of 2021 and an increase of US\$21 (0.00%) for 2023 compared to the budget of 2021. This shows there is no significant change in the level of the basic administrative costs compared with 2021. The "Core Operational Costs" are budgeted at the same amount for 2022 and 2023 compared to the budget of 2021, again showing no significant change in the level of the Core Operational Costs compared with 2021.

7. The delegate of Mexico noted that there is an urgent need for the Organization to formalize a work/activity plan to incorporate new member countries and thus reduce the amounts of contributions from existing member countries. They added that this approach would also help rebuild the trust of the donor community and other stakeholders in funding projects and activities.

8. The Secretariat responded that it would be advisable for the delegation of Mexico to raise this matter during discussions under Agenda item 11 related to Article 19 of the ITTA, 2006, on the Administrative Account to enable Council discussions on the best way forward. Meanwhile, Secretariat will continue to look into workable ways to encourage members to make timely payments of their assessed contributions.

9. The delegate of Japan sought clarification from the Secretariat on why there is a constant mention of “there is no contingency included in the proposed Administrative budget” when there are already two reserves established for this contingency purpose, namely, the Working Capital Reserve and the Special Reserve. They noted that each reserve amounted to very high proportions of the annual budget size/coverage of potential pension liabilities, relative to most other international organizations. Japan recommended that, if there was a perceived need to include this sentence in each budget document, the Secretariat should specify where it perceives lack of prudent measures, and how this could be resolved for consideration and approval by members, as provided by examples from other organizations. According to Japan’s observations, ITTO has sufficient reserves relative to other international organizations that it does not warrant setting up additional provisions/ reserves to cover any “contingencies”. They state that the Committee should rather focus on more flexible ways of enabling deployment of financial resources (from different line items, surplus within the biennium, etc) in times of need amid crises to maintain the core Secretariat functions. The United States supported this recommendation.

10. The Secretariat clarified that, as explained in page 2 of CFA(XXXVI)/2, there is no contingency included in the proposed budget to cover unexpected shortfalls in the budget under circumstances which necessitates the Secretariat to spend more than the approved budget. The Working Capital Reserve is used currently by the Secretariat up to the approved amount of US\$300,000 per year in circumstances where there are delays in the receipt of members’ assessed contributions and the Secretariat is unable to spend funds within the approved budget allocation and not to spend more than what is approved. The Special Reserve is only usable to meet obligations in the event that the Organization ceases to exist, and not for any other reason. The explanation in CFA(XXXVI)/2 regarding the contingency budget is there only to inform members that in the event unforeseen circumstances occur, the Secretariat may need to seek approval by Council to use additional resources including the Working Capital Reserve. The Secretariat took note of the comments by Japan and the U.S.A. and indicated it will consider revising the text to be clearer so that mention of there being no contingency is omitted and that reference is only made to the use of the Working Capital Reserve.

11. The delegate of Japan also noted that no budget assigned to Section Q “Policy Work” for quite some time, despite this being part of the ITTA objectives. They inquired from the Secretariat whether the work on the Strategic Action Plan qualifies as a policy item and whether it used any resources from the core budget, or whether the related expenses were drawn from other line items related to meetings, consultants, and other miscellaneous expense lines. They wondered whether this policy budget line item needs to be separate or to assume that it is already incorporated under other line items as done by other Secretariats where this line of work is almost always considered as a “core” function. The way it stands gives the impression that ITTO has not conducted any work on policy/ guidelines when this does not seem to be the case. Since this line has not been filled for a while, Japan recommends that this line item be deleted as the reserves are likely to be allocated for this work or be covered under other items (such as meetings, consultants) or recommends reallocation from budget lines that can be substituted via digitalization (small meetings publications, etc.), as necessary and appropriate.

12. The delegate of Mexico also drew the attention of the Committee to Item Q. Work Policy, which includes Action Plan activities, for guidelines, manuals, among others where no resources were committed in the 2022-2023 period. They recommended that the commitment of resources for the period mentioned in Item Q be examined, since it would be necessary for the execution of activities during the approval and adaptation process of the Strategic Action Plan 2022-2026, as well as for the extension or renewal of the International Tropical Timber Agreement 2006 (ITTA).

13. The Secretariat clarified that under the explanation on the policy work of the Organization on page 20 of CFA(XXXVI)/2, it states that “the new ITTO Action Plan is normally produced every 6 years before the end of its duration”. In order to avoid sudden increases in the budget for certain years that require expenditure under this sub-heading, the Secretariat will propose the usage of alternative funding sources, including voluntary contributions, or the Working Capital Reserve at the time the Council takes the decision to produce the new ITTO Action Plan”. Therefore, the development of the new Strategic Action Plan was funded through the latest Biennial Work Programme (BWP) under item 11. Other policy related activities have also been conducted through the BWP Group 2 – “Normative work on policy guidelines or other strategic work” of the BWP. Taking Mexico’s comment into consideration, Secretariat will add a cross-reference to the BWP in the Administrative budget on this particular item.

14. The United States noted the Secretariat’s laudable efforts to present a cost saving budget within the resources provided, which successfully accomplished all core functions of ITTO. They encouraged ITTO to continue its efforts to find cost efficiencies and savings.

15. The EU noted that it is ready to adopt the draft biennial administrative budget, but expressed its reserves on the realism of this budget against the persistent shortfall in contributions. The EU suggest to establish a process to review the secretariat structure and activities against long term trends in payments of assessed contributions to be completed before the discussion of the next biannual budget.

16. The Committee took note of the discussion and decided to recommend to the Council the adoption of the draft administrative budget for the 2022 and 2023 financial biennium.

Item 5: Review of Contributions to the Administrative Budgets

17. Document CFA (XXXVI)/3 dated 7 September 2021 detailed the status of members' contributions to the Administrative Budgets for the financial years from 1986 to 1 September 2021, including assessments, receipts, interest charges, and arrearages in contributions. In 2021, \$1,378,871.09 had been received from producer members out of the total net assessment of \$3,318,070.00; and \$3,646,821.00 had been received from consumer members out of the net assessed amount of \$3,786,243.00.

18. The arrearages in contributions to previous years' budgets from producer members amounted to \$6,924,918.51 and arrearages from consumer members amounted to \$322,043.00. The amount outstanding from this year's assessment was \$1,939,198.91 for producer members and \$139,422.00 for consumer members. Furthermore, arrearages in contributions from former members of the Organization amounted to \$1,738,049.28, bringing the total outstanding arrearages to \$11,063,631.70.

19. The delegate of Malaysia noted that they were overall agreeable to the CFA documentation. However, they emphasized that ITTO should focus on the incentives and punitive measures to ensure member countries pay their membership fees in full and on time, mainly producing countries. The Secretariat reminded the Committee that the issues on incentives and punitive measures to ensure member countries pay their membership fees on time were/will be addressed under ITTC(LVII)/6 "Matters related to Article 19 of the ITTA, 2006 on the Administrative Account", which will be discussed as Agenda Item 11 at the 57th Session of the Council.

20. The United States noted that the Secretariat should continue efforts to collect outstanding arrears and hold delinquent members accountable for their financial obligations. They recommended that ITTO follow the practice of other international organizations rather than write off arrears of member states that have lost their voting rights, as writing off arrears contributes to financial instability and threatens the viability of the ITTO. They suggested that one such standard practice for extraordinary situations was to spread arrears balances over longer time horizons such as 10 or 20 years and allocate the amount to the current annual payments. The United States proposed discussing reasonable approaches more fully before taking a final decision.

21. The EU welcomed the savings made by the Secretariat so far that have enabled the Organization to cover the core operational costs and encouraged the work in the future to further adjust the budget to the resources available by finding other savings and new financing resources. The main concern is the growing number of "long-term" arrears, with members owing ITTO five or more years of annual contributions. The EU further mentioned that they would like to encourage members to pay in a timely manner during the year they are assessed and to discuss the ways in which this can possibly be done. Further efforts to collect outstanding arrears and to hold members that have not paid their assessed contributions accountable for their financial obligations need to be made. Although EU's position would be in favor of a pay-off scheme for members in arrears where the Secretariat and the concerned country could agree to a long-term scheme for paying its arrears, other options may be explored. The EU mentioned that they would like to ensure that the new Executive Director takes this issue of the arrears as the major challenge to face in the years to come in order to have a sound and financially stable Organization. The actions to take should be included in the roadmap that would come along the Council decision of extension and that would be assessed by the time the extension of the ITTA, 2006 finalizes in five years.

22. Referring to Agenda item 11 and Document ITTC(LVII)/6 again, the Secretariat informed the Committee that a proposal has been made to revise the financial rules to create a more graduated discount scheme and update its approach to arrears, among other matters, in the hope of addressing these issues and further discussion could be held during the Council Session under this agenda item.

23. The Committee took note of the report.

Item 6: Current Status of the Administrative Account

24. Document CFA (XXXVI)/4 Rev.1, dated 14 October 2021, reports on the current status of the Administrative Account for the financial year 2021, together with the estimated expenditure for the current year.

25. Section A of page 1 of the document shows that the estimated total expenditure for the financial year 2021 would amount to \$5,576,520.80 (i.e. \$1,527,796.20 less than the total amount approved in the budget for 2021 of \$7,104,317). The total contributions received from both producer and consumer members amounted to \$5,025,692.09, and it was anticipated that a deficit in the amount of \$550,826.71 would accrue in 2021. This amount would be deducted from the Working Capital Reserve.

26. Section B shows that the current year's arrears in contributions amounted to \$2,078,620.91. Total arrears for the period 1986–2020 amounted to \$6,880,594.94 for producer members, and \$322,043.00 for consumer members, and \$1,707,005.72 for former members. The interest charges on these arrears in contributions amounted to \$75,367.10. Total outstanding contributions to the Administrative Account, including interest charges, amount to **USD 11,063,631.67**.

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

28. Section D shows that the resources of the Working Capital Reserve are estimated to increase from the year's opening balance of \$5,379,966.15 at the beginning of 2021 to \$5,663,737.81 by the end of 2021.

29. Section E shows an interest income balance of \$240,871.97, which is to be used by the Executive Director for hiring consultants in accordance with the Financial Rules, Rule 5(10). The document also contains details of expenditure for each budget item and where savings are to be made.

30. Annex 1 contains information required by the new Financial Rules to be brought to the attention of the CFA. This includes a list of procurement greater than USD 100,000; sole suppliers; bad debts that were written off; banks and financial institutions approved by the Council; and matters related to the administration of the Administrative Account relating to the proposal for the treatment of past provident fund management fees charged to staff;

31. On the Summary Statement and Expected Total Arrears, the delegate of Japan asked the Secretariat whether it can be assumed that expected total arrears do not reflect any IPSAS-related reporting adjustments (i.e. bad-debt from outstanding contributions that were over 4 years would be written off at 100% under IPSAS). If the intent was to indicate liquidity concerns of the organization, they suggested that the liquidity ratios, as used at other UN Conventions would be better indicators. They also drew the attention of the Committee that arrears should be placed in the context of cumulative indicative contributions as well, giving an example from UNCCD (below), since mixing stock and flow could sometimes provide misleading messages.

<https://www.unccd.int/sites/default/files/relevant-links/2020-07/OUTSTANDING%20CONTRIBUTION%202008%20-%202020%20AS%20OF%2030%20JUNE%202020.pdf>

32. The Secretariat responded that IPSAS related adjustments are not reflected in this document at this stage. This is because such adjustments may increase or decrease the balance based on receipt of contributions written-off in previous years, and the amount can neither be accurately determined nor can a reasonable estimate be made until the end of the year. The Secretariat further stated that the status of arrears of members were shown in CFA(XXXVI)/3 and may provide the necessary information as referred to above.

33. Regarding the surplus shown in the document, the delegate of Japan noted that there were high levels of surpluses in the operational activities portion (special activities, communications), and sought clarification from the Secretariat how much of the savings could be realized on an ongoing basis, with a greater shift toward virtualization. They suggested that it would be good to identify any potentially permanent level of savings lines that can be re-allocated to under-served areas such as policy discussions (which has a zero allocation). They noted that it had been proven over the past year that smaller working groups could easily and effectively operate in a virtual setting.

34. The Secretariat responded that from what has been observed, there may be limited room to make permanent savings especially when considering the need to maintain ITTO's presence internationally, both during and in a post-COVID environment. Additionally, it should be noted that not all of the allocated budget

may be used by the Secretariat due to nonpayment of assessed contributions by members and the current ceiling on how much of the Working Capital Reserve may be used to cover late payment by members. As explained above, allocations to policy work have been made under the BWP 2021-2021, hence does not reflect zero-allocation to policy work/discussions.

35. The United States appreciated the commendable management actions taken by the Secretariat to hold costs down and achieve a budgetary surplus. They encouraged the Secretariat to continue this application of prudent financial management policies. They also encouraged ITTO to continue to explore methods, technologies, and practices which would provide systemic management improvement that would lead to economies and streamlining of its operations. For efficiency of proceedings, the United States believed that the Council should vote on the use of surplus funds at the end of each financial year. Generally, their preference was for surplus funds to be returned to members or to be used for special one-time purposes that would not lead to future recurring costs. The United Nations Joint Inspection Unit examined the practices of organizations in the UN System and found that, on average, a reserve fund level equivalent of approximately 15% operating expenditures was typical. However, they noted that ITTO's Working Capital reserve for 2021 was projected to equal 98.50% of its annual expenditures.

36. The Secretariat took note and added that although there is a budget surplus, it anticipates that there will be a cash deficit of approximately \$550,000 in 2021, due to the level of arrears for the payment of 2021's assessed contributions. This amount will need to be replenished from the Working Capital Reserve. Therefore, there will be no surplus funds for 2021 that can be returned or allocated for other purposes. The Secretariat further noted that out of the Working Capital Reserve balance, the Secretariat is limited to using an amount of \$300,000 per year, which is equal to 5.38% of annual expenditures, to cover late payment of assessed contributions by members. The issue on the use of the Working Capital Reserve and replenishment of cash deficits is scheduled to be discussed further under Council agenda Item 11.

37. The Committee took note of the report.

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

38. Document CFA (XXXVI)/5 dated 1 September 2021, on "Resources of the Special Account and the Bali Partnership Fund", captured the current balance of funds under the Special Account and the Bali Partnership Fund.

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

40. The current balance of funds under the Special Account and the Bali Partnership Fund is \$15,510,671.56, of which \$12,154,289.47 are funds committed to specific projects and activities. The un earmarked funds and the Sub-account B of the Bali Partnership Fund, which has a balance of \$116,082.60, may be allocated to projects/activities by the Panel on Sub-Account B of the Bali Partnership Fund. This Committee is being convened electronically during this session and will be tabling its recommendations to Council for approval.

41. The Committee took note of the report.

Item 8: Auditor's Report for the Financial Year 2020

42. Document CFA (XXXVI)/6 on the "Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)" contains two reports required to be submitted by the ITTO Auditing Standard: The Executive Summary of ITTO's Financial Statements for the year ended 31 December 2020 prepared by the ITTO Management; and ITTO's Financial Statements for the year ended 31 December 2020, audited by the Independent Auditors.

43. The audit was carried out by Ernst & Young Japan, appointed by the Council in November 2017 to audit the Accounts of the Organization for the financial year. It carried out the financial audit for the period ending

2020 during the months of March to June 2021.

44. The audited financial statements provided information on the financial position and performance of ITTO for the fiscal year ended 31 December 2020 (FY2020).

45. For ITTO's Project accounts in FY2020, new voluntary contribution pledges of \$4.1 million were announced at the Council Session, while total project cost expenses during this period was \$3.0 million from projects mostly funded prior to FY2020. Total Administrative Account assessed contribution revenues were \$7.1 million, of which \$1.6 million was not received during FY2020 and accounted for as assessed contributions receivable (arrears).

46. In November 2018, Council adopted Decision 5(LIV) at its 54th Session for enhancing the financing architecture and fundraising of the Organization. Additional fundraising approaches were to be piloted and new streamlined project cycles and programmed themes were to be developed from 2019 in accordance with this decision. Information on revenue, direct and indirect costs associated with implementing this pilot would also be reported in the financial statements for calendar years 2019, 2020 and 2021, in accordance with this decision. For calendar year 2020, it was reported that total pledges of \$2,427,614 were made associated with implementing the pilot and total cost associated with implementing the pilot was \$324,338.

47. Other highlights include, among others:

- The surplus for the FY2020 Statement of Financial Performance was \$0.8 million due to differences in the timing of recognizing revenue and expenses (e.g. the entire Administrative Budget is recognized as revenue in the year that the assessments are due. However, only expenses incurred during the same year are recognized as expenses from that year's budget).
- Project expenses decreased by \$2.7 million between 2019 and 2020. This was mainly due to projects being delayed or deferred in 2020 due to the COVID-19 pandemic and its consequences.
- Advance transfers to projects increased by \$0.3 million between 2019 and 2020 but this was not due to increased expenditure. Rather, it was due to the inability of the executing agencies to spend transferred funds for project implementation, mainly due to projects being delayed or deferred in 2020, reflecting the impact of the COVID-19 pandemic, affecting the spending rate for advance transferred funds by the executing agencies.

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

49. The delegate of Japan noted that the heading "Other voluntary contributions" on page 8 of the document should be entitled "host country contributions" as \$1.14 million (as per note 20) is equivalent to Japan's host country contributions, which is not voluntary by nature and is not a standard heading with regard to host country contributions, as seen in statements of other conventions/ agreements. They considered the current heading would lead to misinterpretation that this contribution was akin to voluntary contributions related to projects (i.e. not a core administrative contribution by nature) and the heading should be consistent with the footnotes to the financial statement explaining about the same financial figure (Note 20).

50. The Secretariat responded that it will make efforts to reflect the changes requested by the delegate of Japan in next year's financial statements since the auditors had already expressed their opinion in this current format. The Secretariat, additionally, indicated that references made in Note 20 of CFA(XXXVI)/6 and the "Statement of comparison of budget to actual amounts" had been changed to "Host Country Contributions" as requested and discussed at the CFA's thirty-fifth meeting.

51. To address commonly cited concerns about liquidity, the delegate of Japan recommended that ITTO include a similar table as below, which is a sample from the UNCCD's Board of Auditor Report:

Table 2: Ratio analysis

Ratio	31 Dec 2020	31 Dec 2019	31 Dec 2018 (restated)	31 Dec 2017
Assets-to-liabilities ratio^a				
Total assets : total liabilities	1.15	1.06	1.29	1.38
Current ratio^b				
Current assets : current liabilities	10.59	9.38	7.97	3.75
Quick ratio^c				
(Cash + short-term investments + accounts receivable): current liabilities	10.48	9.25	7.85	3.70
Cash ratio^d				
(Cash + short-term investments) : current liabilities	7.01	6.32	6.26	2.56

Source: Own calculations based on the UNCCD financial statements for 2020, 2019, 2018 (restated) and 2017

^aA high ratio is a good indicator of solvency.

^bA high ratio indicates an entity's ability to pay off its current liabilities.

^cThe quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

^dThe cash ratio is an indicator of an entity's liquidity. It serves to measure the amount of cash, cash equivalents or invested funds available in current assets to cover current liabilities.

52. The delegate of Japan stated that the inclusion of a table like above was important, especially for the administrative account, as there seemed to be concern relative to other organizations on ITTO's financial standing, when in fact, ITTO is actually much better off than most (as can be seen above, in comparison with UNCCD, for example, and many others). They added that this was not to belittle the problems of arrears and late payments (which was an issue for all international organizations, and ITTO was not an exception), but it was important to distinguish financial strength versus financial flexibility, especially in relation to managing the core administrative budget. In examining the rules, regulations, procedures and decisions, it is very clear that ITTO has very low flexibility granted in its financial management of accounts, which made it relatively inept at responding to financial event risks such as the pandemic, which has led to late and non-payments and an increase in arrears by certain member states. Despite its lower risk/ more liquid balance sheet than other organizations, ITTO has limited flexibility in drawing on resources allocated for the biennium, in the absence of following rules like the one from UNCCD and CBD below:

UNCCD: 8. *Within the General Fund there shall be maintained a working capital reserve at a level to be determined from time to time by the Conference of the Parties by consensus. The purpose of the working capital reserve shall be to ensure continuity of operations in the event of a temporary shortfall of cash. Drawdowns from the working capital reserve shall be restored from contributions as soon as possible (WCR only 8% of budget, no special reserve)*

CBD: 14. *At the end of each calendar year, the Trustee shall transfer any balance to the following calendar year and submit to the Conference of the Parties, through the Executive Secretary, the certified and audited accounts for that year as soon as practicable. The Trust Fund shall be subjected to the internal and external auditing procedure of the United Nations as laid down in the Financial Regulations and Rules of the United Nations.*

53. The delegate of Japan further mentioned that there are also much more flexible rules allowing for transfers between budget lines in both these conventions. Some other organizations (WIPO, IUCN) have reserve policies in place to handle situations like what ITTO has faced over the past year.

54. The delegate of Japan suggested that, for example, in response to such problems and if there was greater need for flexibility in the rules, the Secretariat can highlight the need for greater flexibility in financial management in the rules/ regulations, if not propose elements in a draft decision for member states' consideration, as done by the CBD, for example, as shown below:

Example from latest elements in budget draft decision (proposed by the CBD Secretariat and authorized by Parties):

Also authorizes the Executive Secretary to enter into commitments up to the level of the approved budget, drawing on available cash resources, including unspent balances, contributions from previous financial periods and miscellaneous income, in accordance with the decisions of the Conference of the Parties and the financial rules and regulations of the United Nations Environment Programme, and requests the Executive Secretary to report on the details and rationale of any budget reallocations in line with paragraph 11 below;

11. Authorizes the Executive Secretary to transfer resources among the programmes between each of the main appropriation lines set out in table 2b below up to an aggregate of 15 per cent of the total programme budget, provided that a further limitation of up to a maximum of 25 per cent of each such appropriation line shall apply;

55. The Secretariat took note of the suggestions by the delegate of Japan and indicated it may consider including information on ratio analysis in the Executive Summary of the Financial Statements at the Council's Fifty-eighth session. Secretariat further recommends that further discussion on the management of ITTO's reserves should be discussed under Council Agenda item 11 as decided at the Informal Advisory Group.

56. The United States supports Japan's proposal for greater flexibility, without giving preference to a particular model approach. The United States additionally supports a recommendation to the Council that it accept the Auditor's Report on the Accounts of the Organization for the financial year 2020 and endorse the Secretariat's proposal for terminating projects not in compliance with contractual obligations.

57. The EU indicated that they are ready to approve both the Independent Auditor's report and on the Accounts of the Organization for the financial year 2020 and the sets of Financial Statements. They also supported the Secretariat's proposal for terminating projects which are not in compliance with contractual obligations and encourages ITTO to continue the transparent and effective financial management and to fully regain credibility and trust to the ITTO.

58. As there were no other comments, the Committee recommends to the Council that it approves the "Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)" on the Accounts of the Organization for the financial year 2020, as contained in document CFA (XXXVI)/6.

59. The Committee concluded that the auditor's performance was satisfactory and recommends for Council approval at this Session the re-engagement of Ernst & Young Japan to audit the Organization's Accounts for the financial year 2021.

Item 9: Draft Policy Documents

60. Document CFA (XXXVI)/7, on the "Draft Policy Documents", contains the background and proposed text for ITTO's new policy documents to be adopted.

61. The delegate of Mexico recommended that a resource commitment be made in the Administrative Budget 2022-2023 for wider dissemination of the new ITTO policy documents, once approved, in line with the transparency mechanisms that are administered within the Organization. They emphasized that by doing so, it could facilitate accreditation to multilateral funds offered by the donor community, for example, the Green Climate Fund (GCF) and the Global Environment Facility (GEF). The Secretariat responded that it would look into the best method for widely disseminating and publicizing these documents in the most cost-efficient manner. The delegate of Japan commended the Secretariat's initiative to provide policy updates to facilitate good governance and accreditation with major funds and donors. They provided for reference the list of policies that can facilitate accreditation with the GEF (<https://www.thegef.org/documents/policies-guidelines>), and noted that these present minimum fiduciary standards are those that all Partner agencies need to comply with.

62. The United States believes that member states should be given the opportunity to discuss these policies in more detail, and therefore suggested the creation of a working group to do so. During a non-virtual session, some of this discussion could be accomplished within the CFA or on the margins. However, the short 90 minutes allocated to committee business at ITTC57 was not conducive to this level of discussion. In the interest of advancing the strengthening of the organization and associated accreditation processes, the United States supports adopting these policies on an interim basis at ITTC57 - contingent on discussing and

addressing any concerns and edits suggested by them - and working through further details inter-sessionally. The United States welcomed the Secretariat detailing specific outreach and implementation plans for these policies and describing how member states will receive reporting on the effect of these policies. They also noted several proposed edits to the policies included in the Annex to this report.

63. The United States supports the establishment of institutional policies that codify ethical conduct and data management. Their support for efforts to develop an investment policy, whistle-blower policy, and a code of conduct for the Executive Director of the organization were intended to support such institutional reform. They noted that it was incumbent upon ITTO to demonstrate how the particular policies put forth in this agenda item would meet the needs of ITTO, while also conforming to international management best practices. For this reason, the United States would appreciate additional details from the Secretariat on each of the policies including how ITTO planned to implement them and which offices or individuals would be charged or involved in the processes described. The United States additionally proposes that an ad hoc working group be established to review and discuss these proposed policies more thoroughly and requests an estimate from the Secretariat on what additional cost such a review might impose.

64. Secretariat expressed gratitude to the US for having been actively involved in the introduction of all previous ITTO policies aimed at institutional reform. Taking into account the comments from the US, Secretariat informed the Committee that all necessary amendments have been included in the (ref revised policy doc), made available to members on the ITTO website. Secretariat is confident the amendments address matters raised by the US. Secretariat further wishes to inform the Committee that some elements of these policies need to be expanded in the face of developments within other UN organizations and international entities. Additionally, the adoption of the new policies suggested to the CFA at this Council Session is intended to further enhance existing policies to be aligned with those of other similar organizations and international best practices. The introduction of these additional policies is to ensure that ITTO meets the requirements of ongoing accreditation processes, particularly that of the GCF, which requires such policies to be in place. Once all the new policies are agreed to and adopted by Council, the aim would be to merge all ITTO policies into one single Code of Ethics & Conduct encompassing all the policies. An example is the United Nations Development Programme (UNDP) Code of Ethics. The Secretariat does not anticipate significant additional costs in conducting a review of these policies through an ad hoc working group if such a review is conducted electronically/virtually, save for online conference meetings costs (for example an annual subscription to MS Teams of Skype Business).

65. The United States suggested that member states should also be given the opportunity to fully deliberate on each proposed policy measure. They have submitted a number of questions and proposed edits seeking to clarify language and ensure staff members are able to clearly identify who they can reach out to if faced with issues of harassment or retaliation. As noted, they suggest the creation of a member-led working group where these technical questions could be discussed with the Secretariat. They reiterated that a more deliberative process would ensure the policies adequately employ best management practices and would be thoughtfully implemented.

66. Secretariat welcomes the suggestion from the United States for members to have the opportunity to fully deliberate on each proposed measure as currently contained within the revised policy document (ref) and welcomes the suggestion to establish a member-led working group to discuss and consider all the points raised in this paragraph, fully supporting the need to employ best management practices. To this end, members who wish to participate in this working group are requested to kindly inform the United States delegation and Secretariat to indicate their interest as soon as practicably possible in order to agree a feasible timeline during which such discussion could be held, aimed at finalizing the policies.

67. On the Policy Prohibiting and Combating Fraud and Corruption, the United States requested an annual review of the proposed anti-fraud/corruption policy so that the policy remained consistent with international best practices. They support further discussion of this policy and would support interim adoption contingent on addressing any concerns and edits contained in the Annex to this Report. They noted that the policy is similar to those adopted elsewhere in the UN System but considered that it needed further details in order to be appropriately implemented. Specifically on Policy 3.6, they asked if there was an indicative timeline associated with fraud investigations.

68. The Secretariat responded that with the agreement of the CFA, annual reviews on this particular policy can be conducted if appropriate to remain aligned to international best practice. However, Secretariat also noted that fraud per se has not been detected in the ITTO's activities concerning projects/activities being executed in recent years. Additionally, the ITTO is a small organization in comparison to the several UN

organizations and agencies and multinationals. As clarified in paragraph 58 above, the need to have such a policy is to be consistent and be able to fulfill the requirements of accreditation processes currently being undertaken, primarily under the GCF. On timelines, it would typically depend on the kind and complexity of fraud that potentially occurs where bank fraud investigations are usually investigated within 45 days and more complex fraud could take much longer, depending on the number of personnel or entities involved.

69. The United States requested a review of the proposed Complaints Policy as well, in order to ensure it is consistent with international best practices. The United States is in support of the interim policy contingent on the edits as proposed in the Annex to this Report. They inquired from the Secretariat on what specific sources were used to develop this policy. to which the Secretariat responded that the Complaints Policy was based on a policy adopted by the UNICEF, which is largely based on the United Nations complaints mechanism, which varies depending on applicability. For example, the complaints process under the UN for procurement varies from that for conduct in field missions.

70. On the Code of Ethics for ITTO Personnel, the United States supports its interim adoption, noting that they had helped develop a code of conduct as a result of the improper actions of senior management and this code of ethics is in a similar vein. They asked the Secretariat how it would be implemented and what actions were expected as a result of the implementation of the code. For example, would training/outreach be conducted so that staff are aware of the new policy. They further inquired whether the Secretariat had learned any best practices as an outcome of implementing the code of conduct for the Executive Director, that could contribute to a better implementation of the code of ethics. The United States also asked whether all staff and the Executive Director would be subject to this Code of Ethics. Additionally, the United States inquired whether Secretariat has considered the expansion of the Code, making reference to the case of WHO (World Health Organization) as one of the international organizations that has both codes (Ethics and Conduct) in one document, and that it is a robust document that explains everything from how gifts should be handled, procurement, and roles and responsibilities. They also referred to OAS (Organization of American States) that referenced the link between international civil service code of conduct and the organization's code of ethics.

71. The Secretariat responded that it intends to conduct training so that staff are aware of all new relevant policies which would be applicable to the Executive Director and all staff, contrary to the code of conduct which is only applicable to the Executive Director. It was precisely for this reason that Secretariat proposed establishing a Code of Ethics applicable to the Executive Director and all staff members, to be aligned to other international organizations that have had such policies in place for some years. The Secretariat further acknowledges that it is worth considering the expansion of the Code to incorporate/merge the elements on Ethics and Conduct, which can be discussed and agreed in the proposed working group to be established. A good example here is the United Nations Development Programme (UNDP) Code of Ethics, which incorporates elements of good and ethical conduct amongst several of the other policies being discussed at this meeting.

72. Regarding the Policy on Prohibition of discrimination, harassment, sexual harassment and abuse of authority, the United States supports its interim adoption, while welcoming to hear from the Secretariat if the ITTO had a policy prior to this one and how it handled cases. They also referred to Policy 3.1 and inquired whether the policy applied to the Executive Director, or other types of non-staff. On Policy 5.11, the United States noted that they had not found evidence that six months was a recognized best practice for the reporting of sexual harassment, and thus this matter needed to be further discussed. On Policy 5.12, they had also not found evidence that this paragraph conformed to best practices and requested the Secretariat to provide source for that language. Referring to Policy 5.13, the United States stated that cases of sexual harassment should be investigated by an entity's professional investigative entity, inquired which position in ITTO would be able to investigate, and whether there was a process to address instances of conflict of interest. Regarding Policy 5.20, they asked if ITTO conformed to a zero-tolerance policy which generally results in the termination of those who were found to have infringed the policy.

73. The Secretariat responded that ITTO did not have a similar policy in the past and such incidents were handled by management on a case-by-case basis. The new policy is envisioned to apply to the Executive Director, all staff, and other types of non-staff that work for ITTO, as appropriate. The policy is mainly based on a similar policy issued by the UNICEF, UNDP and other UN organizations. The Secretariat reiterated its commitment to conforming to best practices and a zero-tolerance policy and welcomes further discussions to continue improving its policies. Under policy 4.2, ITTO will conduct mandatory awareness programmes for all staff to raise awareness of its zero tolerance of discrimination, harassment, sexual harassment and abuse of authority.

74. Finally, on the Data Protection Policy, the United States suggested this policy be adopted on an interim basis pending additional discussion by member states and further assessment of best practices in that area. While they considered the policy to be generally in line with some international standards, they did not have time to conduct a thorough analysis. They suggested that the Secretariat could help by explaining how they plan to implement the policy, identifying areas of risk, and noting if they have conducted a separate review to ensure best practices are followed. They further noted that discussions with member states should occur at an established point of time.

75. Secretariat response to the query on the Data Protection Policy is that it is based on the EU General Data Protection Regulation (GDPR), compliance to which is required relating to data protection of ITTO's contact points and communications within the EU. Ensuring ITTO's compliance with the GDPR facilitated ITTO passing the EU Pillar Audit Assessment. In response to the suggestions made by the United States, the Secretariat proposed that the open-ended, member-led working group to be formed after the Council Session could further discuss questions and/or concerns of members at a specified point of time.

76. The EU agrees that ITTO should be aligned with other accredited organizations and welcomed the proposed documents on the:

- Policy Prohibiting and Combatting Fraud
- Complaints policy, as well as Code of ethics for ITTO personnel

The EU also mentioned that it would like to know if its implementation will imply additional costs, and if so, how will this be foreseen to be covered. The Secretariat indicated that it did not foresee any additional costs for the implementation of the proposed policies.

77. The edits suggested by the United States are contained in the Annex to this Report and are reflected in Document CFA (XXXVI)/7 Rev.1.

78. The committee decided to create an open-ended, member-led working group where technical questions could be further discussed virtually, as appropriate, in the intersession with the Secretariat and to recommend to the Council to adopt on an interim basis the new policy documents as contained in CFA(XXXVI)/7 Rev.1.

Item 10: Staff Health Insurance

79. Document CFA (XXXVI)/8, on "Staff Health Insurance", contains the proposal by the Secretariat to revise staff members' health insurance premium subsidy by the Organization.

80. The delegate of Mexico inquired from the Secretariat whether the homologation of ITTO Staff Social Security with the United Nations Scheme represent the commitment of additional resources in the Administrative Account for the years 2022, 2023 and beyond.

81. The EU agreed to change the policy on costs to be subsidized by the Organization for health insurance premiums to be based on prevailing United Nations rates. They also sought confirmation that the cost could be covered with the existing budget allocations.

82. The Secretariat responded to Mexico and the EU that, at this stage it was anticipated that any increase would be marginal and could be covered within the existing budget allocation without any need for increasing the budget.

83. The United States supports a recommendation to the Council with the understanding that any increase would be marginal and could be covered within the existing budget allocations, specifically, the Accident/Health Insurance line.

84. The committee decided to recommend to the Council to adopt the proposal for the percentage of health insurance premium to be subsidized by the Organization as contained in CFA(XXXVI)/8.

Item 11: Election of Chairperson and Vice-Chairperson for 2022

85. The Vice-Chairperson of the Committee for 2021, Björn Merzell of Sweden, was elected Chairperson of the Committee for 2022. The Vice-Chairperson of the Committee for 2022 would be announced by the producer caucus at a later date.

Item 12: Dates and Venue of the Thirty-seventh and Thirty-eighth Sessions

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

Item 13: Other Business

87. There was no other business discussed by the Committee.

Item 14: Recommendations to the International Tropical Timber Council

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

(1) To approve the Biennial Administrative Budget for the Financial Years 2022 and 2023, as contained in document CFA (XXXVI)/2 Rev.1, in the amount of USD7,031,320 and USD7,104,295, respectively;

(2) To approve the Financial Reports prepared in accordance with ITTO Financial Rules and Procedures (Annex 4) for the Financial year 2020, as contained in document CFA(XXXVI)/6;

(3) To continue to appoint Ernst & Young Japan, Tokyo, to audit the Accounts of the Organization for the financial year 2021;

(4) To take note of the list of disclosures required by the Financial Rules as contained in Annex 1 of CFA(XXXVI)/4 and:

- a) Endorse the list of sole providers;
- b) Approve the list of banks and financial institutions
- c) Approve the matter related to the Administration of the Administrative Account regarding the proposal for the treatment of past provident fund management fees charged to staff;

(5) To endorse the policy for the secretariat to immediately recommend for termination projects and activities that do not comply with contractual obligations for financial reporting for two consecutive years;

(6) To create an open-ended, member-led working group where technical questions on the new policies and other technical matters introduced at this meeting could be further discussed virtually in the intersession with the Secretariat, and to adopt the new policies on a no-objection and interim basis as contained in CFA(XXXVI)/7 Rev.1 from 1 January 2022;

(7) To adopt the proposal for the percentage of health insurance premium to be subsidized by the Organization as contained in CFA(XXXVI)/8 with immediate effect; and

(8) To examine and take actions to secure the needed resources to achieve the objectives of the Organization.

Item 14: Report of the Session

89. The Committee adopted this report as amended.

ANNEX

Edits recommended by the United States of America to
Draft Policy Documents [Document CFA (XXXVI)/7] (Agenda Item 9)

Proposed Policy	Source drawn from	Edits recommended by the USA
<p>Policy Prohibiting and Combating Fraud and Corruption</p>	<p>Per CFA (XXXVI)/7 chapeau para 1: <i>The Green Climate Fund has indicated in their accreditation criteria that accredited Organizations should have a policy on combatting fraud and corruption and a policy on receiving complaints</i></p> <p>Per CFA (XXXVI)/7 chapeau para 2: New, <i>“Prepared based on examples from other intergovernmental organizations”</i></p>	<p>2.3 Include the appropriate entity or individual charged with investigating allegations. The reporting procedure should be clearly articulated. Consider detailing how allegations against the executive director will be managed.</p> <p>3.2 Explain the reference to the Whistleblower policy further.</p> <p>3.5 Note who in ITTO will ensure vendors have whistleblower protection policies that meet ITTO standards.</p> <p>3.6 Officials/offices charged with investigations should be listed in this policy.</p> <p>3.9 Detail who will be charged with taking follow up actions when fraud is found.</p> <p>4.4 Include a reporting requirement to the Committee on losses due to fraud and provide a regular update on the number of cases and potential losses being investigated annually.</p> <p>Suggested language addition: The executive head of the Organization is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed</p> <p>Suggest adding similar language to the below:</p> <p>Compiled from various policies: “Managers at all levels of the Organization have an overall responsibility for preventing fraud. They are expected, with the assistance of relevant staff members, to adhere to the established system of internal control to prevent fraud and, in particular, to: a. monitor and assess any internal and external risks of fraudulent, corrupt and/or collusive practices and employ existing risk-control mechanisms to prevent such practices or propose additional mechanisms where appropriate; b. raise awareness of risks of fraudulent, corrupt and/or collusive practices through on-going training of, and guidance to, staff members; and c. adhere to the terms of this Policy in exercising their delegated authority to enter into recruitment decisions and contractual arrangements with any cooperating partners, suppliers and/or other third parties; d. take prompt and reasonable action to recover misappropriated funds or losses caused by fraudulent, corrupt and/or collusive practices. Managers who fail to take appropriate actions in this connection or who directly or indirectly tolerate or condone improper activity under this Policy may be held accountable for violations of this Policy and relevant Organization’s Regulations and Rules, including the Standards of Conduct for the International Civil Service.”</p>
<p>Complaints Policy</p>	<p>Per CFA (XXXVI)/7 chapeau para 1: <i>The</i></p>	<p>Consider changing the title to “External Complaints Policy” and referencing the internal policy for clarity.</p>

	<p><i>Green Climate Fund has indicated in their accreditation criteria that accredited Organizations should have a policy on combatting fraud and corruption and a policy on receiving complaints</i></p> <p>Per CFA (XXXVI)/7 chapeau para 2: New, <i>“Prepared based on examples from other intergovernmental organizations”</i></p>	<p>5.1.1 Complaints should be sent to a central location where there can be accountability on how the cases are managed. Later steps can involve the manager of the area concerned. This is an effort to avoid conflicts of interest. Consider detailing how complaints sent to member states should be handled.</p> <p>5.1.4 The office or person in charge of investigating complaints should be detailed in the policy.</p> <p>Suggested Additions:</p> <ul style="list-style-type: none"> - Council should receive annual report stating disposition, number of complaints, and any trends observed. - The Executive Director is responsible for the administration, revision, interpretation, and application of this policy. The policy will be reviewed annually and revised as needed.
<p>Code of Ethics for ITTO Personnel</p>	<p>Per CFA (XXXVI)/7 chapeau para 2: New, <i>“Prepared based on examples from other intergovernmental organizations”</i></p>	<p>The Code should include language on regular review and updating.</p> <p>*Notes by Japan: Like the policy on harassment below, we think there should be clear articulation here that the policies herein apply to all personnel, including the Executive Director (this is based on a past ITTO decision, but it should also be articulated in the policies themselves).</p>
<p>Policy on Prohibition of discrimination, harassment, sexual harassment and abuse of authority</p>	<p>Per CFA (XXXVI)/7 chapeau para 2: New, <i>“Prepared based on examples from other intergovernmental organizations”</i></p>	<p>2.4 While Heads of Office/Division are responsible for the implementation of this directive, it should not seem they are not the sole/main reporting avenue. This should be clarified by referring to the process in Section 5.</p> <p>3.1 The policy should apply to all including the Executive Director or other types of non-staff and this should be stated. For example, the UN model policy states: “Non-staff personnel who are alleged to have committed sexual harassment will be subject to action in accordance with the terms and conditions of their contract and of other applicable policies regarding such non-staff personnel. Action of the reports will depend on the status of the alleged offender.” In this context non staff are volunteers, interns, consultants, vendors, etc.</p> <p>4.5 Officials to be contacted should be listed here for clarity.</p> <p>5.4 “should give serious consideration” should be replaced as it makes it seem it is a victim responsibility to resolve a harassment on their own. The model UN policy uses this language: “Targets/victims/affected individuals may on a voluntary basis, if they feel comfortable and safe doing so, approach alleged offenders about inappropriate behaviour or instances of possible sexual harassment”</p> <p>5.9 The formal process should be described here for clarity.</p> <p>5.10 We support an avenue for anonymously filing complaints and suggest this language “If the person making the report chooses to report on an anonymous basis, the reporter must provide sufficient information concerning the basis of the allegations and sufficient detail or supporting factual basis that the matter can be pursued responsibly. Otherwise the matter typically cannot be pursued further.”</p> <p>6.1 Investigations should be concluded regardless of the</p>

		<p>employment status of the individuals involved.</p> <p>7.2 Suggest changing “may” to “will inform.”</p>
<p>Data Protection Policy</p>	<p>Per CFA (XXXVI)/7 chapeau para 1: <i>A recent Pillar Assessment by the European Union concluded this year indicated that a formal data protection policy should be endorsed by Council to better comply with their latest regulations. (https://gdpr-info.eu/)</i> The General Data Protection Regulation 2018 (GDPR).</p> <p>Per CFA (XXXVI)/7 chapeau para 2: <i>New, “Prepared based on examples from other intergovernmental organizations”</i></p>	<p>The policy should include language on regular review and updating.</p>

ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(LVII)/2



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(LVII)/2
26 November 2021

Original: ENGLISH

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

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

AT ITS THIRTY-FIFTH MEETING

**1 July, 26 August and 24 November 2021
Virtual meetings**

**Thirty-fifth Meeting of the Informal Advisory Group (IAG)
Virtual Meetings, 1 July, 26 August and 24 November 2021**

Report of the Chairperson

1. The Thirty-fifth Meeting of the Informal Advisory Group (IAG) was convened virtually on 1 July, 26 August and 24 November 2021. The meeting of 24 November 2021 was chaired by Mr. Kheiruddin Md. Rani (Malaysia), Chairperson of the Council and attended by Mr. Jesse Mahoney (Australia), Vice-Chairperson of the Council; Mr. Zahrul Muttaqin (Indonesia), Chairperson of the Committee on Economic Information and Market Intelligence (CEM) and the Committee on Forest Industry (CFI), Ms. Aysha Ghadiali, Chairperson of the Committee on Reforestation and Forest Management (CRF); Ms. Teresa Guila Nube, Chairperson of the Committee on Finance and Administration (CFA); Mr. Jorge Malleux (Peru), Producer Spokesperson; Mr. Luke Thompson (USA), Consumer Spokesperson; Ms. Yoshiko Motoyama, Representative of Japan (the Host Government of ITTO Headquarters) with observer colleagues Mr. Taku Sakaguchi and Ms. Akiko Tabata; and ITTO Officer-in-Charge Mr. Steven Johnson assisted by other senior members of the Secretariat.
2. The minutes of the IAG meetings held on 1 July and 26 August 2021 are annexed to this report in Annexes C and D, respectively.
3. The IAG considered and adopted the following agenda for its meeting on 24 November 2021:

Meeting of 24 November 2021

- A. Brief background of the IAG:
 - Decision 2(LI);
 - Report of the IAG at Thirty-fifth Meeting Parts 1-2 (1 July and 26 August 2021);
 - General observations by the IAG Members;
- B. Status of contributions to the Administrative Account and members' voting eligibility
- C. Filling positions of Council officers/bodies
- D. Matters related to the Appointment of the Executive Director – Decision 5(LVI)
- E. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII):
 - i. Projects, Pre-Projects and Activities [Decision 1(LVII)]
 - ii. Amendment of Financial Rules and Rules Relating to Projects of the ITTO;
 - iii. Extension of the International Tropical Timber Agreement, 2006;
 - iv. Adoption of the ITTO Strategic Action Plan 2022-2026;
 - v. Adoption of the Terms of Reference for Decision 4(LVI) Advisory Board and the Timeline and Terms of Reference for the Review under Decision 5(LIV) on the Pilot Programmatic Approach;
 - vi. Appointment of the Executive Director
- F. Other matters

A. Brief background of the IAG

4. The OIC noted that the IAG has been taking on a larger role than previously, including by convening two intersessional meetings in 2021, the minutes of which have been posted under the Members' Portal on the ITTO website. He proposed that the report of the present IAG meeting be submitted to the Council as usual, with the minutes of the two earlier 2021 meetings appended to the report.

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

5. The OIC told the meeting that no member in Africa has paid its contributions for 2021 and only four have cleared all previous obligations. Therefore, if voting is required during the session and there is no change to the situation, no African members will be eligible to vote. In the Asia-Pacific region, Cambodia, Myanmar and Papua New Guinea are all currently ineligible to vote due to one or more years of arrears; Thailand has outstanding contributions from previous years and is likewise ineligible. In Latin America and the Caribbean, nine of 13 countries are currently ineligible to vote, although there is uncertainty over the 2021 payment by Panama which is being investigated and will be resolved before the session. Several members in all regions are in longer-term arrears. Brazil is currently in arrears for 2021 and is therefore ineligible to vote, although it recently made a significant payment of previous arrears. On the consumer side, all countries except Albania and the United Kingdom are eligible to vote, with efforts to contact the official contact point of the United Kingdom unsuccessful to date. The OIC asked meeting participants for assistance in making such contact. This is the first year the United Kingdom has not been covered by the European Union (EU). Albania has arrears of more than USD 300 000 accumulated since no payments have been made since joining. The OIC noted that any voting required during the session for the election of the Executive Director would involve a special vote, with a requirement for a supermajority among both producers and consumers.
6. The Producer Spokesperson said that the possibility that no African member country will be eligible to vote was a serious issue. He considered that, under the ITTA, 2006, the region's votes would be lost, thus putting the producers at a disadvantage. He suggested that the issue of arrears could be addressed during the Council Session under agenda item 11.
7. The spokesperson for the consumers said he had been unable to obtain a response from the United Kingdom official contact point but would continue to attempt to do so. He noted that, to his knowledge, the United Kingdom had not participated in the consumer caucus in 2021. There had been discussion in the consumer caucus on agenda item 11, and there is recognition that this is a problem for all members and especially for those that are significantly in arrears.
8. The OIC pointed out that, even if no member in the African region is eligible to vote, the votes would not be lost. Under the ITTA, 2006, both producers and consumers have 1000 votes each; in the event that no African country is eligible, the votes for Africa would be reallocated to Asia-Pacific and Latin America and the Caribbean. What would be lost, however, would be any voice from Africa, but the producers as a whole would not lose votes.
9. The Producer Spokesperson thanked the OIC for the clarification but reiterated that, on one interpretation of the ITTA, if no African member country is eligible to vote, the votes allocated to Africa would not count. He reminded the meeting that, at the first IAG meeting in 2021, he had suggested that the Secretariat contact every country to establish synergy and to discuss, with high-level authorities, the difficulties they were facing in paying their arrears.
10. The OIC said that 300 producer votes are allocated equally among the three producer regions. In practice, 100 votes per region are allocated equally to each member country in that region, so each country gets a standard number of votes. If an entire region has no members eligible to vote, the correct procedure, as confirmed by the UN Conference on Trade and Development, is that the 300 votes are split among the other two regions. The other 700 votes available to producer members are allocated based on forest area and the volume of timber exports and therefore the issue of regional ineligibility has no bearing on those votes. The OIC said that the Council could decide to make a different interpretation, but this would introduce more complexity. The hope was that some African countries will pay their assessed contributions for 2021 in the next few days and therefore become eligible to vote during the session. He said that in 2021, the Secretariat has sent four personalized letters to ministers and focal points of all countries in arrears but had received little response. As far as he is aware, this is the first time that an entire region could be ineligible to vote, and a discussion during the Council Session on the issue of arrears and possible incentives for paying arrears would be welcome. He also undertook

to make a clear presentation of the problem and the roles of the administrative budget/account and the working capital reserve to members during the session.

11. The representative of Japan observed that other international organizations are facing similar problems with the receipt of assessed contributions, especially for 2021, with the same countries not paying their contributions. She asked whether the situation of arrears has affected the submission of credentials thus far, especially from Africa. The OIC responded that credentials are often submitted during the actual session. He noted that five African countries to date had registered to participate in the session and presumably will submit credentials in due course. Even if some countries are ineligible to vote, he said that in practice quorum is ascertained based on those members that have submitted credentials at the start of the session, regardless of voting eligibility. Based on current registrations (and assuming all those registered submit valid credentials), one more producer member and two more consumer members would be required to register and submit credentials to achieve quorum at the forthcoming session. The OIC noted that nine of 27 EU members had registered to date; more of the EU members must register and submit credentials for any session to achieve quorum on the consumer side. The OIC proposed that the Council assess quorum at the start of the session and also towards the end. He listed the members currently registered to participate in the session, being Australia; Benin; Brazil; China; Colombia; Costa Rica; Côte d'Ivoire; the European Commission and the following EU countries—Austria, Czech Republic, France, Germany, Hungary, Ireland, Netherlands, Portugal and Sweden; Gabon; Ghana; Guatemala; India; Indonesia; Japan; Malaysia; Mexico; Mozambique; New Zealand; Norway; Panama; Peru; the Philippines; the Republic of Korea; Switzerland; Thailand; the United States of America; and Viet Nam. Thus, 36 of 74 members have registered, which is slightly less than half the total; quorum requires at least half the members of each group. The OIC said he would send the list of registered members to IAG members after the first meeting of the Credentials Committee on 25 November.

C. Filling positions of Council officers/bodies

12. The OIC noted that all positions in the various Council bodies have been filled for 2021 and expressed appreciation for the efforts of the Producer and Consumer spokespersons in this regard. The only pending positions were two consumers for the Expert Panel for the Technical Appraisal of Project Proposals, but this is not urgent. The OIC said that nominations would be required during the session for the new vice-chairpersons of the Committees and for the Council itself. A table showing the names of appointees to the various official Council bodies is attached in Annex B to this report.

D. Matters related to the Appointment of the Executive Director – Decision 5(LVI)

13. The OIC noted that, based on previous experience, considerations related to the appointment of the Executive Director will likely consume significant time during the session. The selection panel had prepared a shortlist of three candidates for the consideration of the Council, including Ms. Sheam Satkuru, currently a member of the ITTO Secretariat. Ms. Satkuru recused herself during the consideration of this item, and the OIC said she would also do so during the Council Session when the relevant agenda item is under discussion (the Council's Vice-chairperson will be available to assist the Chairperson during such times). The other two candidates are Mr. Yuri Octavian Thamrin (a former ambassador from Indonesia to the EU and UK) and Mr. Francisco Souza (a Brazilian national). The OIC noted that Brazil is currently ineligible to vote, and the impact of that on the appointment process remains to be seen, although the preferred approach for the appointment will be to achieve consensus. The Chair will seek feedback from the caucus spokespersons on how the Council should proceed on this agenda item, which has been scheduled for discussion on the first day of the session and then several times during the week. Candidates will make their presentations early in the week. All candidates have been given access to the session except during the specific agenda item dealing with the election. In case voting is required, the Secretariat has arranged a voting system separate from Kudo, which has worked well in test runs. Virtual voting might take slightly longer than usual because of the manual checking and calculation processes required. A decision to take a vote in the first place requires one or more members to call for a vote.
14. The Chair expressed hope that quorum will be achieved should a vote be required. The OIC said that a decision cannot be made to appoint an Executive Director if there is no quorum, regardless of whether a vote is undertaken. If quorum is not achieved, a special session may be needed if Council wishes to appoint the new ED before its next session.

15. The Producer Spokesperson expressed hope that the appointment of the Executive Director could be made by consensus because this will send a message of strong support to the Executive Director from both producers and consumers.
16. The Consumer Spokesperson said that consumers recognize that consensus is the preferred method for the appointment and would work to help make it happen. Establishing a strong mandate for the elected candidate is important, he said, and this can best be achieved through consensus. He noted the OIC's indication that the voting software is separate from the Kudo system.

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

17. This item was chaired by the Vice-chairperson in the temporary absence of the Chair. The OIC informed the meeting that two late decisions had been received, one from Japan on cooperation with other entities and the other on the adoption of the biannual budget. The OIC said that the latter draft decision was a standard one, as also adopted in 2017 and 2019, noting that, under changes to the financial rules and procedures, it now requires a Council decision (previously, biannual budgets had been adopted by the Council via its endorsement of reports of the Committee on Finance and Administration). The OIC mentioned that all draft decisions will be open to negotiation during the Council Session, as per usual practice.

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

18. The OIC said that, as per usual practice, this decision details activities and projects approved and funded by the Council, and will be ready before the end of the session. Donor consultations are on-going, and some projects will likely be funded at the session.

Amendment of Financial Rules and Rules Relating to Projects of the ITTO

19. The Secretariat (Mr. Simon Kawaguchi) said that this decision is expected to arise from Council discussions on the Working Capital Reserve (WCR), on the basis of which there may be a need to amend the financial rules and procedures accordingly. The current draft represents the Secretariat's proposals, including possible incentive measures to encourage members to pay arrears. Not all these measures may be agreed by the Council, and the draft is intended to form the basis of discussion.
20. The Consumer Spokesperson said that the consumer caucus has discussed this draft decision and considers it useful to have the existing draft text as a basis for discussion. A range of views have been expressed in the caucus on some of the indicated measures, and the decision will require negotiation.
21. The Producer Spokesperson said that payments of assessed contributions will be discussed under item 11 of the Council agenda with the aim of finding solutions that would enable producers to continue to participate in the Organization. On the other hand, potential amendments to the financial rules suggest that members would be ineligible for various benefits, which is potentially contradictory. He requested more explanation on the proposal to raise the threshold for using the WCR from USD 300 000 to USD 1 million.
22. The OIC said that the proposal to raise the threshold of the WCR has been put forward by the Secretariat in light of current cash flow inflexibilities, under the current rules, experienced over the past several years. Due to non-payment and late payment of contributions in 2021, the secretariat had been forced to seek Council authorization for additional use of the WCR through two decisions without meeting, both of which were not approved by Council. Given that insufficient funds will be available to make necessary payments in December 2021 from the 2021 contributions, it is possible that, without additional payments from members and/or access to the WCR, staff will need to be laid off under the given constraints. Increasing the threshold would enable the Organization to continue functioning if members fail to pay their assessed contributions or make such payments late. He reminded the IAG that the WCR comprises dues paid by members after the year in which they were assessed and were therefore shared funds belonging to all members to maintain operations covered by the administrative budget, not voluntary funding to be used for projects/activities.
23. The Producer Spokesperson said he raised the question regarding the WCR because there will be a producer coordination meeting on the coming Friday and he needs to understand why the increase in the threshold is being requested. A further question was whether the request is to increase the threshold

for this year only or more permanently.

24. The OIC said that the cash flow problem has been exacerbated this year because more members than usual haven't paid their assessed contributions up to now, and the EU made its payment later than usual; nevertheless, similar issues have arisen in previous years and it is, therefore, a recurring problem. If some producers are hesitant about using the WCR to meet the operational costs of the Organization/Secretariat, it might be worthwhile discussing what they want this reserve to be used for, keeping in mind that the working capital reserve is NOT available for funding voluntary projects. He reiterated that the WCR constitutes the shared money of all ITTO members to fund the Secretariat's daily operations. For the current year (barring any additional payments by members of 2021 dues), a minimum additional allowance of USD 600 000 is required from the WCR to ensure the continued functioning of the Secretariat to the end of 2021 and the early part of 2022 (since few 2022 contributions are expected to be received before the end of February).
25. The representative of the USA said that the proposal to raise the threshold would be in line with other organizations. The representative of Japan said it is important to frame this matter as bringing the Organization into line with standard practices among international organizations. The Secretariat currently lacks sufficient financial flexibility because it is limited to spending the year's budget from the year's contributions and it can only access a very small portion of past payments going into the working capital reserve due to the low threshold established under the rules, which amounts to only about 4% of the annual budget, she said. The requested new threshold of USD 1 million would be about 15% of the current annual budget, which is a standard proportion for contingencies among international organizations. The WCR exists in all organizations to provide the necessary flexibility for meeting urgent financial needs to fund Secretariat operations, such as staff payments, in light of late payments by members of their assessed dues.
26. The Producer Spokesperson said these explanations were very helpful and he will convey them to the producer caucus.

Extension of the International Tropical Timber Agreement, 2006

27. The OIC said that this decision was considered at the previous Council Session, with some members requesting additional time for internal consultations. The proposal is to extend the ITTA for five years, to 2026.
28. The Consumer Spokesperson said that consumers have indicated they are ready to adopt this decision. There had been discussion about adding guidance in the decision on what will take place during the five-year extension period, and this could be discussed in the drafting group, possibly including the formation of an ad hoc advisory group. The Producer Spokesperson said that the producer caucus is also in full agreement about extending the ITTA. He noted that, if improvements are required to the ITTA during the extension period, the Council, as the highest authority, could make such changes. The Consumer Spokesperson cautioned that, although the Council is the Organization's supreme body, even minor changes to the ITTA would be tantamount to renegotiating text of the ITTA and would require domestic procedures for treaty negotiation. He noted that the extension is time-sensitive, with the ITTA due to expire soon after the end of the Council Session, and he urged that no changes to the ITTA be tabled during the session.
29. The Chair said this was a sensible suggestion for ensuring that all members can agree on the timely extension of the ITTA. The OIC said that Article 40 of the ITTA holds that Council can amend the agreement. This would, however, involve a process of negotiation, in which members would need to accede to any amendments, and the threshold of the number of members needed to do so is higher than that required for a special vote.

Adoption of the Terms of Reference for Decision 4(LVI) Advisory Board and the Timeline and Terms of Reference for the Review under Decision 5(LIV) on the Pilot Programmatic Approach

30. The OIC said that the first part of this decision is in response to a request by the Council to include terms of reference for the Advisory Board, which the board had finalized at its most recent meeting. The second part of the decision is in response to an earlier decision (Decision 5(LIV)), which had specified that the pilot programmatic approach would be reviewed in 2022. There was a strong view amongst the IAG and the Decision 4(LIV) Advisory Board, however, that 2022 will be too early for such a review, with the first project arising from a concept note about to start only now. The draft decision would defer the review.

Matters related to Article 15 of the ITTA, 2006 on Cooperation and Coordination with Other International Organizations

31. The representative of Japan informed the meeting that this draft decision repeated almost verbatim the text in a previous Decision 7(XXX) and incorporated some text from the agenda document prepared by the Secretariat. It is being proposed now because of the increased interest in tropical forests accorded in other international forums recently, and it is relevant, therefore, to seek synergies with such forums, especially as we are about to adopt the new Strategic Action Plan at this council, and such cooperative activities could help implement ITTO's new Strategic Action Plan more broadly. In preparing the draft decision, Japan had requested the assistance of the Secretariat to update the text and the annex to the previous decision to take into account recent international developments and its existing engagements, and welcomed IAG members to further update, as appropriate.
32. The OIC said that the Secretariat had updated the annex as requested, with some previously mentioned partners no longer relevant and others having emerged more recently; moreover, reference is now made to existing memoranda of understanding between ITTO and other organizations. The OIC noted that the previous decision from more than a decade ago requested the Secretariat to obtain accreditation with the Green Climate Fund and this was still on-going, showing that such processes can be slow. It is important that the Council is kept abreast of developments in other forums, which are growing in number, complexity and the extent to which they address tropical forest issues. The OIC noted that the draft decision includes a small budget to facilitate liaison.
33. The Producer Spokesperson recognized the contribution of Japan in proposing this decision as an update of the previous decision. He suggested using the decision to strengthen the role of ITTO and the Secretariat in developing a more aggressive strategy on fundraising, especially in light of outcomes at the recent 26th Conference of the Parties to the UN Framework Convention on Climate Change (COP26), with large funds pledged by some countries.
34. The Secretariat (Ms. Sheam Satkuru) said that, in preparing the annex to the draft decision, the Secretariat had taken a cautious approach, all depending on sufficient funding being made available for such efforts. Nevertheless, it is intended to complement fundraising efforts and on the UNFCCC-related measures, specifically, it is targeted at measures that can be taken post-COP26. It is important to ensure that all actions in this Annex support the mandate of the ITTA and are focused on tropical forests and tropical forest stakeholders.
35. The Producer Spokesperson suggested that the USD 100 000 allocated for implementing the decision could be increased because it is a complicated task. The Secretariat noted that the amount is for a two-year period and that there would be synergies with the activity to promote collaboration with CPF (and other) organizations approved and partially funded under the 2021-22 BWP.
36. The representative of Japan said that, in many organizations, this type of draft decision would be implemented as part of the core budget, and the agenda regularly discussed at Council, as it is becoming an important factor for donors. She indicated that Japan intends to support paragraph 5, which pertains to the resources required to implement the decision, by using funding originally earmarked for a concept note they had submitted which they had subsequently decided not to proceed with. She also said the decision is an opportunity to highlight the work the Secretariat is already doing in cooperation with other international organizations, which deserves greater credit and acknowledgement.
37. The representative of the USA thanked the Secretariat and Japan for the draft decision and indicated that the USA supports stronger relationships among international bodies. Regarding the annex, there is scope, she said, to negotiate the details, including that it should be aligned with the new Strategic Action Plan and a better balance achieved between organizations and non-traditional partners, such as the private sector. She suggested that several additional partners could be included in the annex. She queried the relationship between the draft decision and the relevant item in the Biennial Work Programme (BWP).
38. The OIC said that funding for this decision could be channelled through the BWP activity, which focuses mainly on the Collaborative Partnership on Forests and has not been fully funded. He said he is aware that some entities have been left out of the annex, and there is scope to add other organizations and make other revisions. The decision could refer to the BWP activity as the means of implementation.

39. The representative of Japan said she agrees with the US suggestions and would welcome any specific additions to the annex before it is forwarded for the consideration of the Council. She invited the USA to provide suggestions for amendments in writing.
40. The IAG decided to forward the draft decision to the Council, potentially with minor amendments to the annex as discussed.

Appointment of the Executive Director:

41. The OIC said this draft decision arises directly from the Selection Panel related to Article 14 of the ITTA, 2006 and responds to requests to include additional contractual specifications/requirements for the Executive Director as part of the appointment decision.

Administrative Budget for the 2022 and 2023 Financial Biennium:

42. The OIC indicated that this decision is procedural and is required under the ITTO's financial rules.
43. The IAG recommends the following list of decisions to be considered for adoption by the Council at its Fifty-seventh Session:
 - i. Projects, Pre-Projects and Activities [Decision 1(LVII)]
 - ii. Amendment of Financial Rules and Rules Relating to Projects of the ITTO – *submitted by the Secretariat;*
 - iii. Extension of the International Tropical Timber Agreement (ITTA), 2006 – *submitted by the Secretariat;*
 - iv. Adoption of the ITTO Strategic Action Plan 2022-2026 – *submitted by the Secretariat;*
 - v. Adoption of the Terms of Reference for Decision 4(LVI) Advisory Board and the Timeline and Terms of Reference for the Review under Decision 5(LIV) on the Pilot Programmatic Approach – *submitted by the Secretariat;*
 - vi. Appointment of the Executive Director – *submitted by the Secretariat;*
 - vii. Administrative Budget for the 2022 and 2023 Financial Biennium – *submitted by the Secretariat*
 - viii. Matters related to Article 15 of the ITTA, 2006 on Cooperation and Coordination with Other International Organizations – *submitted by Japan with input from the Secretariat*

Draft proposals for these decisions (except the first) are included in Annex A to this report.

F. Other matters

44. The OIC reported that the Chair has received a letter from Costa Rica and Panama asking that project funding be the subject of discussion at the Council Session and placed on the agenda. The Producer Spokesperson said that the matter raised in the letter is directly related to the payment of arrears and the correct place for discussion, therefore, is probably Agenda item 11. The representative of Japan mentioned that, independent of the letter, her office has decided to fund a project submitted by Panama, and the Japan Forestry Agency will fund a project submitted by Costa Rica (together with the USA), although this is subject to formal approval by Parliament. She suggested agenda item 18(a) (Pledges to the Special Account and the Bali Partnership Fund) as an appropriate place for a discussion on project financing rather than a discussion on arrears, which is related to the core budget (not directly related to voluntary contributions-based projects under the Agreement).
45. The representative of the USA noted that the USA has also pledged funds for the Costa Rica project. She said the letter mentioned a regional equity issue, and she requested the Secretariat to provide information on the regional distribution of project funding. She said the USA sympathizes with the funding issues facing producer countries, which is one reason for the recent focus on programmatic lines, but changes/results from this new mechanism will take time.
46. The OIC suggested that the Secretariat assist the Chair in replying to the letter, informing them of the pending financing for their projects, indicating the intention to enable a broader discussion on project funding during the Council Session, and suggesting that the two countries take the lead on such a discussion. Regarding equity between regions, the OIC said that, in total, Africa has received 26% of project finance, Asia 42% and Latin America 22% (with the remainder allocated to non-region specific projects).

47. The Producer Spokesperson said that the issue for Costa Rica and Panama is not which country is receiving more or less funding but more about the general context of the global financial crisis, the pandemic, the payment of arrears, and so on. It appears that the new financial architecture has not led to an increase in funding and there is a need to think further about how to improve the funding environment.
48. The OIC said that perhaps the best place for discussion of this item, therefore, is under agenda item 17 on the new financial architecture, which has been put in place to help deal with the backlog of unfunded projects. The Consumer Spokesperson agreed with this suggestion because the heart of the new financial architecture is diversifying and increasing the voluntary-funded resources of the Organization. The Producer Spokesperson agreed with this.
49. The Chair said there appeared to be consensus on this suggestion. The OIC will draft a reply to the two countries informing them of this, and also regarding the pledging of funds for their projects.
50. The representative of the USA said that, under this agenda item, members should also be given the opportunity to make comments on concept notes, including indicating a future intention to fund some of these, as a way of creating a more positive energy on the issue.
51. The OIC reported that 13 concept notes are available for funding. Countries may indicate their interest in funding concept notes under the agenda item on the new financial architecture and also during the pledging session.
52. Also under “other matters”, the OIC summarized the proposed schedule for the 57th session of the Council and a proposal to complete CRF on Monday and devote a 90 minute schedule on Wednesday to CFA was agreed. Slots for the Chair’s drafting group would be added to the draft schedule on Wednesday and Thursday, with times to be decided by the Chair’s Bureau. A question was raised about when the caucuses would meet. The OIC said that these are not official meetings of the Council, but the Secretariat will make the necessary arrangements, including interpretation if required, at the request of the caucuses. A revised draft schedule of meetings will be circulated to the IAG and posted on the ITTO website by Friday, 26 November 2021.
53. The IAG meeting on 24 November 2021 was adjourned at 10:00 p.m. (Japan Standard Time).

ANNEX A

Draft Decisions

The full text of the ITTO Strategic Action Plan (SAP) 2022-2026 can be found in document ITTC(LVII)/10.



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/...
xx December 2021

Original: ENGLISH

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

Draft DECISION ... (LVII)

AMENDMENT OF FINANCIAL RULES AND RULES RELATING TO PROJECTS OF THE ITTO

The International Tropical Timber Council,

Recalling the provisions of the International Tropical Timber Agreement, 2006 regarding the Administrative Account as provided for by Article 19;

Recognizing the provisions under Rules 29 of the Financial Rules and Rules Relating to Projects of the ITTO which provide for these rules to be amended by a decision of the Council;

Noting that the reference to the write-off scheme and eligibility for submission of proposals in Decision 7(XXXIII) are superseded by Rules 4.6 and 4.7 in the Financial Rules as adopted in this Decision;

Appreciating the continuing efforts made by the Secretariat in exercising cost savings in the expenditures from the Administrative Budget;

Noting with concern the insufficient receipts of contributions from members to the Administrative Budget due to untimely payment of assessed contributions which often fall short of the estimated total expenditures;

Further noting the urgent need to revise relevant rules to ensure that the Secretariat may continue to function and operate under fluctuations in the cash flow due to the unpredictable timing and amount of receiving assessed contributions, as documented in ITTC(LVII)/6;

Decides to:

1. Amend the Financial Rules and Rules Relating to Projects of the ITTO as contained in the Annex to this Decision;
2. Request Members to pay as early as possible and in full their annual assessed contributions to the Administrative Budget, as well as arrears in contributions from previous years; and
3. Urge the Secretariat to look for cost saving measures on a continuing basis and to exercise economies where possible in expending the Administrative Budget.

ANNEX

ORIGINAL TEXT

AMENDMENTS

FINAL TEXT

Financial Rules and Rules Relating to Projects of the International Tropical Timber Organization

Financial Rules and Rules Relating to Projects of the International Tropical Timber Organization

Rule 4 : Contributions of Members to the Administrative Account

Rule 4 : Contributions of Members to the Administrative Account

4. In accordance with Article 19, paragraph 8 of the Agreement, any member which has paid its full contribution within four months of the due date shall receive a discount at a rate to be determined from time to time by the Council. Such discounts shall be applied in the form of rebates from the assessed contributions of members in the financial biennium following that in which the discount was earned, and the total amount of such discounts shall become part of the estimated expenditures described in Rule 2 paragraph 2 (a) for the budget for the Administrative Account of the aforesaid following biennium. The discount rate shall be decided by the Council and initially shall be 5.5%.

Change the discount scheme to the following to encourage payments during the fiscal year:

- Full payment within four month of the due date – 5.5%
- Full payment after fourth months but within seven months of the due date – 3%
- Full payment after seven months but within ten months of the due date – 1.5%

4. In accordance with Article 19, paragraph 8 of the Agreement, any member which has paid its full contribution within four months of the due date shall receive a discount at a rate to be determined from time to time by the Council. Such discounts shall be applied in the form of rebates from the assessed contributions of members in the financial biennium following that in which the discount was earned, and the total amount of such discounts shall become part of the estimated expenditures described in Rule 2 paragraph 2 (a) for the budget for the Administrative Account of the aforesaid following biennium. The discount rate shall be decided by the Council and initially shall be 5.5%. Additionally, any member which has paid its full contribution after four months but within seven months of the due date shall receive a 3% discount, and any member which has paid its full contribution after seven months but within ten months of the due date shall receive a 1.5% discount. Any discount received after a draft budget for the Administrative Account is circulated to members in accordance with Rule 3.1 shall be applied to the biennium following the period in the draft budget.

6. N/A

Update write-off scheme of Decision 7(XXXIII) and incorporate into the Financial Rules. The period of the write-off is changed from 1986-1996 to the period under the prior ITTA (i.e. 1986-2011) and the criteria to receive write-offs is changed from payment of 2002 and beyond to the period under the current ITTA (2012 and beyond).

6. The Executive Director is authorized to write off, on an annual basis, one-fifth of a member's arrears from the period under the prior ITTA for any member which has no arrears in its contributions to the Administrative Budget in respect to its obligations related to the period under the current ITTA.

7. N/A

ORIGINAL TEXT

AMENDMENTS

FINAL TEXT

Incorporate into the Financial Rules the clause on eligibility for members to submit proposals included under ITTA, 2006, Article 19.8 and Decision 7(XXXIII) Annex1C. Changes are made to the Rules included under Decision 7(XXXIII) from 2002 to the beginning of the current ITTA (2012) for the period that is counted towards determining eligibility.

7. In accordance with Article 19, Paragraph 8 of the Agreement, if a member has not paid its contribution in full for two consecutive years, taking into account the provisions contained in Article 30 of the Agreement, that member shall become ineligible to submit project or pre-project proposals for funding consideration under Article 25, paragraph 1 of the Agreement. Additionally, the Secretariat will not process project and pre-project proposals submitted by members with cumulative arrears to the Administrative Account beginning from the earliest period under the current Agreement which are equal to or in excess of three times the member's annual assessed contribution in the year proposals are submitted.

8. N/A

Policy on allocation of assessed contributions received when members are in arrears are clarified in order to avoid members making payment to arrears that are applicable for a write-off once conditions are met.

8. Assessed contributions received by members shall be applied to the oldest outstanding assessment due under the current Agreement.

Rule 5 : Administration of the Administrative Account

5. If and when necessary, the Executive Director is authorized to transfer an amount not exceeding US\$300,000 annually from the Working Capital Reserve to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization. All other uses of the Working Capital Reserve require a Council decision.

Increasing the maximum annual amount from the Working Capital Reserve authorized for use to meet the shortfall of funds to implement the work programme of the Organization.

* * *

Rule 5 : Administration of the Administrative Account

5. If and when necessary, the Executive Director is authorized to transfer an amount not exceeding US\$1,000,000 annually from the Working Capital Reserve to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization. All other uses of the Working Capital Reserve require a Council decision.



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/...
xx December 2021

Original: ENGLISH

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

Draft DECISION ... (LVII)

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

Recalling Article 44 of the ITTA, 2006;

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

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

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

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/...
xx December 2021

Original: ENGLISH

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

Draft DECISION ... (LVII)

ADOPTION OF THE ITTO STRATEGIC ACTION PLAN 2022-2026

The International Tropical Timber Council,

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

Decides to:

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

ANNEX

ITTO STRATEGIC ACTION PLAN 2022-2026 TO BE INSERTED BELOW
IF COUNCIL AGREES TO DECISION

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/...
xx December 2021

Original: ENGLISH

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

Draft DECISION ... (LVII)

ADOPTION OF THE TERMS OF REFERENCE FOR THE DECISION 4(LVI) ADVISORY BOARD AND THE TIMELINE AND TERMS OF REFERENCE FOR THE REVIEW UNDER DECISION 5(LIV) ON THE PILOT PROGRAMMATIC APPROACH

The International Tropical Timber Council,

Recalling Decision 4(LVI) requesting the Advisory Board to develop formal terms of reference for its work, to be considered by the Council at its Fifty-seventh Session;

Further recalling Decision 5(LIV) which requested the Executive Director to undertake a review of its implementation in 2022, including the long-term effectiveness and feasibility of the pilot programmatic approach;

Taking into consideration the work and recommendations of the Advisory Board established under Decision 8(LV) as well as the progress report on the implementation of ITTO's New Financing Architecture - Phase II as contained in document ITTC(LVII)/14;

Noting that to date only one concept note has been developed into an approved project and funded under the pilot programmatic approach following the initial open call for proposals that was undertaken in December 2020, and that it is therefore premature for a review to be undertaken in 2022;

Decides to:

1. Adopt the formal terms of reference for the work of the Advisory Board as contained in the Annex;
2. Request the Executive Director/Officer-in-charge to prepare a second progress report on the implementation of the pilot programmatic approach for consideration at ITTC 58; and
3. Postpone the review of the implementation of Decision 5(LIV) until at least 2023, and take a final decision on the timing and terms of reference of the review at ITTC 58.

Annex

Draft Terms of Reference for the Decision 4(LVI) Advisory Board (established under Decision 8(LV) and augmented under Decision 4(LVI))

Introduction

The establishment and general role of the Advisory Board (AB) is governed by decisions 8 (LV) ²⁸ Implementing ITTO's New Financing Infrastructure – Phase I and 4 (LVI) Implementing ITTO's New Financing Infrastructure - Phase II. ²⁹

Composition of the AB

The AB is composed of the ITTO Informal Advisory Group (IAG) complemented by representatives of the Trade Advisory Group (TAG) and the Civil Society Advisory Group (CSAG), or their designated alternates.

Mode of Operation

1. The AB will be chaired by the Chairperson of Council, or in his/her absence, by the Vice-Chairperson of Council.
2. The AB will meet three times a year including one meeting immediately prior to, during or following Council sessions. Intersessional work by the AB will be conducted virtually, by e-mail and telephone, as appropriate.
3. The AB may propose informal joint producer/consumer sessions for the consideration of the ITTC Chairperson, as appropriate, to address key financial matters during respective Council sessions.
4. The AB will liaise closely with the Executive Director, the Committee on Finance & Administration (CFA) and the Secretariat in carrying out its functions.
5. The AB will be supported by the ITTO Secretariat to plan meetings, provide meeting and documentary support and undertake any intersessional work as deemed appropriate and necessary.
6. The AB may make recommendations based on its remit under the appropriate Council Decisions for the Consideration of Council. In doing so, the AB will take direction solely from Council and will not give direction to, nor take direction from the IAG, the producer/consumer caucuses, individual members or the Secretariat.
7. The final minutes of all AB meetings will be made publicly available/available to the ITTO membership by being posted on the ITTO website within a reasonable timeframe following each AB meeting and final clearance by the AB.

Role and Responsibilities of the AB

8. To request and receive regular updates from the Executive Director on the implementation of the pilot programmatic approach and ITTC-endorsed Programmatic Lines, including engagement with international bodies such as potential funding partners, as stipulated in applicable Council decisions.
9. To advise the Executive Director on the ongoing implementation of applicable decisions on ITTO's financing architecture including on new/emerging funding opportunities that the AB may be aware of and/or appropriate timing of new calls for proposals under any of the four funding scenarios described in Decision (4(LVI)).
10. To provide guidance to the Executive Director on the most appropriate methods of implementation of the finance architecture approved by council in order to achieve the objectives stipulated in the applicable decisions.
11. To specifically advise the Executive Director and make recommendations for Council's consideration on how the regular project cycle is to be dealt with during the pilot phase of implementation of the Programmatic Approach and applicable decisions.

²⁸ **Reference para in Decision 8 (LV)** 16. Establish an advisory board composed of the IAG complemented by representatives of TAG and CSAG, or their designated alternates, that meets via conference call every four months to receive an update on the implementation of the pilot programmatic approach, including engagement with international bodies such as potential funding partners, and to advise the Executive Director.

²⁹ **Reference para in Decision 4 (LVI)**: 9. Request the Executive Director to continue to implement the activities requested under Decision 8(LV), including periodically convening the Advisory Board; and engaging with funding mechanisms, including the GEF and its partners ahead of its eighth replenishment process; 10. Request the Advisory Board to develop formal terms of reference for its work, to be considered by the Council at its Fifty-seventh Session.

12. To provide guidance to the Executive Director on the most appropriate methodology for reviews of the implementation of the Programmatic Approach, including its long-term effectiveness and feasibility.
13. To review and advise the Executive Director on draft/proposed memorandums of understanding (MOUs) or other agreements of cooperation between the ITTO and other organizations or entities to ensure alignment with the intent of relevant Council decisions and directives.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/...
xx December 2021

Original: ENGLISH

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

Draft DECISION ... (LVII)

APPOINTMENT OF THE EXECUTIVE DIRECTOR

The International Tropical Timber Council,

Acting pursuant to Article 14, paragraphs 1 and 2 of the International Tropical Timber Agreement (ITTA), 2006;

Recalling Decision 5(LVI) on matters related to Article 14 of the ITTA, 2006, regarding the recruitment, selection and term of the Executive Director;

Further recalling the Report of the Panel on Matters Related to Article 14 of the ITTA, 2006, regarding the recruitment, selection and term of the Executive Director (Document ITTC(LVII/8));

Underscoring the strategic role of the Executive Director as the Head of the Organization;

Welcoming the spirit of partnership between consumer and producer members in the selection of the Executive Director;

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

Also taking into consideration Decision 6(LIV) on the selection of the candidates for the position of Executive Director of the ITTO;

Noting with appreciation the applications for the position of Executive Director of ITTO;

Also noting the obligation on the Executive Director to respect the Standards of Conduct set out in Decision 8(LII);

Decides:

1. To appoint by consensus Ms./Mr [name] as Executive Director of the International Tropical Timber Organization for a period of four years, beginning on [date] 2022. The term of the appointment may be extended for up to 2 years if approved by Council.
2. That the appointment will be at the UN ASG level and includes benefits in accordance with the most recent ITTO Staff Regulations and Rules, such as removal expenses, home leave travel every 24 months, children's education grant, rental subsidies and others.
3. That the Executive Director shall be subject to the ITTO Staff Regulations and Rules in so far as they can be applied to her/him.
4. That the Executive Director shall be subject to Regulation 7.4a which sets the retirement age as prescribed by the United Nations, currently 65 years.

5. That the Executive Director shall be subject to the ITTO provisions for early dismissal (for poor performance, misconduct or other violations).
6. That the Executive shall be subject to the Standards of Conduct set out in Decision 8(LII).

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/...
xx December 2021

Original: ENGLISH

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

DECISION xx(LVII)

ADMINISTRATIVE BUDGET FOR THE 2022 AND 2023 FINANCIAL BIENNIUM

The International Tropical Timber Council,

Recalling the Financial Rules and Rules Relating to Projects of the ITTO, Rule 3.3, which stipulates that Council shall approve and adopt the budget for the Administrative Account through a Council Decision;

Decides to:

1. Approve and adopt the Biennial Administrative Budget for the Financial Years 2022 and 2023 as contained in document CFA(XXXVI)/2 Rev.1, in the amount of US\$7,031,320 and US\$7,104,295, respectively.

* * *



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVII)/...
xx December 2021

Original: ENGLISH

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

Draft DECISION ... (LVII)

MATTERS RELATED TO ARTICLE 15 OF THE ITTA, 2006 ON COOPERATION AND COORDINATION WITH OTHER INTERNATIONAL ORGANIZATIONS

The International Tropical Timber Council,

Recalling Article 15 of the International Tropical Timber Agreement, Decision 7(XXX), Decision 8(LV) and Decision 4(LVI) on the role of ITTO in international and regional fora;

Noting with appreciation the efforts made in seeking collaboration and cooperation with international partners under ITTO's Biennial Work Programme, including the Collaborative Partnership on Forests (CPF), in carrying out the Organization's mandate as specified in the ITTA, 2006 and as summarized in Document ITTC(LVII)/13 presented during the Fifty-seventh Session of Council;

Reaffirming the importance of maintaining and further strengthening cooperation with relevant international organizations, institutions and partners in order to advance the objectives and implementation of the Agreement, in light of the special acknowledgement accorded in other fora including the 2021 G7 Environment Ministers' Communique;

Noting that some measures for enhancing the ITTO's role in international and regional organizations and fora can be accommodated with existing resources while other measures will require additional funding from other sources;

Decides to:

1. Request the Executive Director to further pursue the measures in the Annex to this decision for effective ITTO involvement in international and regional organizations and fora, in particular with regard to the Green Climate Fund (GCF), the Global Environment Facility (GEF) and the recently established Forest, Agriculture and Commodity Trade (FACT) Dialogues under the United Nations Framework Convention on Climate Change (UNFCCC), taking into account the expected mutual benefits and timing of relevant international and regional events, and to provide progress reports to Council during this time frame;
2. Request the Executive Director to undertake measures that support the implementation of the new Strategic Action Plan 2022-2026, including through measures identified within the approved budget of the Administrative Account, and to seek voluntary contributions from member countries to support the measures identified in the Annex to this decision;
3. Encourage members to seek ways to assist ITTO and/or member countries to access funding sources (such as GEF8 replenishment funds and future replenishment cycles) through country driven programmes which could help realize ITTO priorities through funding some of the smaller pilot projects approved by ITTO which could be upscaled later with funding from the GEF or others;

4. Authorize the Executive Director to offer ITTO co-sponsorship, pending availability of funds, to any country-led initiatives on issues relevant to ITTO objectives, including measures outlined in the Annex to this decision, and urge member countries to engage with their respective country focal points of these organizations to realize mutual synergies;
5. Request the Executive Director to seek voluntary contributions from members of US\$100,000.00 to meet the costs of implementing this decision in 2022-23 and to report to Council on funds raised and their use during this period;
6. Review the effectiveness and benefits of undertaking such measures and update as needed the measures contained in the Annex to this decision at its Fifty-eighth Session in Yokohama in 2022, in view of progress made and developments in relevant international and regional events.

Annex

International Organizations and Conventions

UNFF

- Continue to be actively involved in UNFF meetings (especially regarding trade and environmental issues, forest monitoring, forest conservation and sustainable management).
- Prepare briefs and/or contribute to the UNFF Workplan 2021-2024 on issues where ITTO has comparative advantage.
- Continue to be actively involved in UNFF ministerial segments and multi-stakeholder dialogues.
- Continue to host and lead side events at UNFF meetings (with CPF partners as appropriate) on key UNFF topics related to ITTO's mandate to facilitate highlighting recent ITTO accomplishments and innovations.
- Continue to participate in relevant ad hoc technical expert groups convened by UNFF.

CPF

- Continue to serve as the lead agency on issues where ITTO has comparative advantage.
- Continue to participate in and contribute to select CPF Joint Initiatives which fit ITTO's mandate under the ITTA, 2006 and the CPF Workplan 2021-2024.

FAO

- Continue and enhance coordination and cooperation on trade statistics, including collaborative reporting on statistics.
- Strengthen coordination with FAO regional commissions, including having the three ITTO Technical Committees report on activities of the commissions during Committee sessions, with a view to considering areas for joint project work.
- Continue to strengthen communication and cooperation between Secretariats on areas of mutual interest, such as capacity building, criteria and indicators, Forest Resource Assessment, forest contribution to carbon cycles, forest fires, improved harvesting and processing techniques, forest education and, where appropriate, certification, legality verification and mutual recognition.

CITES

- Continue to actively participate, in preparatory work within the Plants and Animals Committees leading up to the CITES COP 19 to be held in Panama City, Republic of Panama, with a view to providing technical advice and guidance to support informed discussions at CITES COP 19 in 2022.

WTO

- Re-engage with the WTO to provide information on ITTO's trade and environment activities.
- Monitor and report to Council developments in WTO Trade Policy Reviews particularly on potential impacts on the tropical forestry sector, revision in the agriculture negotiations and other relevant developments and/or outputs from the WTO Ministerial Conferences.
- Participate in WTO meetings where feasible if relevant to providing assistance to ITTO members on trade issues.

CBD

- Continue to seek collaborative avenues with the CBD Secretariat and its members with a view to operationalizing the MOU finalized in 2021, particularly in relation to the post-2020 Global Biodiversity Framework when finalized and agreed upon.

CIFOR

- Continue cooperation on issues of mutual interest.

ICRAF

- Explore the possibility of dialogue and collaborative work in areas of mutual interest.

IUFRO

- Continue to collaborate with IUFRO on activities of mutual interest, including Global Forest Expert Panel reports undertaken by IUFRO relevant to tropical forests.

UNEP

- Continue and explore the possibility for increased cooperation, including joint sponsorship of workshops in areas of mutual interest related to sustainable forest management, such as forest fires, and explore avenues on joint UNEP-UNDP-World Bank activities and/or programmes with a view to seeking a role for the ITTO as an implementing agency in producing regions.

UNFCCC/IPCC

- Continue to participate at, monitor developments and contribute where relevant and appropriate to UNFCCC/IPCC discussions regarding forests post-COP 26, especially on the Forests, Agriculture and Commodity Trade (FACT) Dialogues and discussions on deforestation and their potential implications for tropical forests and the world tropical timber economy.
- Invite, as appropriate, representative(s) of the UNFCCC/IPCC and other relevant institutions to report to Council on the status of forest/timber related discussions under UNFCCC/IPCC/FACT.
- Continue to strive to achieve an MOU between ITTO and UNFCCC to promote cooperation on work related to tropical forests.

UNCCD

- Continue to explore opportunities for dialogue and potential cooperation in areas of mutual interest.
- Continue to strive to renew an MOU between ITTO and UNCCD to promote cooperation on work related to tropical forests.

International Financial Institutions

GEF

- Recommend to Council areas for increased dialogue and potential technical collaboration on GEF policy and project funding, particularly in relation to GEF-8 including co-financing with GEF implementing agencies of ITTO and producer member projects that may be suitable for funding under the GEF biodiversity, land degradation and climate change focal areas, and the potential for an ITTO role as an implementing or executing agency under GEF, particularly in the Small Grants Program which is likely to open up to new Partner agencies.
- Extend and deepen ITTO's ongoing cooperation with the GEF Secretariat and the GEF implementing agencies: the World Bank, UNDP and UNEP.
- Exchange information (markets and statistics, guidelines and project experience) and cooperate with the GEF's Scientific and Technical Advisory Panel (STAP) to explore mutual synergies that can increase ITTO's global influence and branding as an expert on tropical timber/forestry-related matters.
- Engage with member countries to coordinate their approach to ITTO and GEF, aimed at member qualification for country-driven project funding under GEF programming which could facilitate the realization of mutual synergies that may assist with the implementation of the ITTO Strategic Action Plan 2022-2026 in their own territories.

World Bank

- Continue to explore possibilities for increased cooperation with the World Bank with respect to implementing ITTO objectives in member countries based on "lessons learned" through ITTO project implementation and evaluation.
- Engage in dialogue with the World Bank on the implementation of the World Bank Forest Investment Programme (FIP) and the World Bank Climate Change Action Plan (CCAP) with a view to promoting synergies where possible, in all producing regions.

Regional Development Banks

- Initiate a dialogue with relevant regional development banks, including the Inter-American Development Bank, African Development Bank and Asian Development Bank on their policy review and project implementation processes relevant to ITTO objectives, including implementation of national forest plans and strategies, research and development and plantation management.

Regional Organizations and Fora

COMIFAC

- Continue collaborative work and explore new avenues with COMIFAC to build on successful projects implemented to facilitate knowledge-sharing and enable strengthening relationships between Francophone countries and ITTO with a view to promoting more active support for ITTO activities and in implementing ITTO criteria and indicators and guidelines.
- Participate in high level African regional forest law enforcement conferences as appropriate.

ASEAN and ASEAN Foundation

- Explore possibility of joint projects on training programmes for prevention of forest fires and other relevant matters and knowledge-sharing on sustainable forest management with participation of local communities within the region.

APEC

- Continue to collaborate in the APEC-EGILAT process by participating actively in meetings and contributing to relevant joint activities

Criteria and Indicators Processes

- Continue to actively participate in meetings of the Montreal and Pan-European processes on temperate and boreal forests, including as appropriate meetings of their technical advisory committees.
- Continue to actively participate in the FAO Forest Resource Assessment (FRA) process and other CPF work to streamline international reporting on forests using C&I.
- Consider as appropriate expanding cooperation on C&I previously undertaken with the (now defunct) African Timber Organization to other regional tropical forest criteria and indicators processes involving ITTO producer members.

South Pacific Forum

- Participate in relevant activities of mutual interest.

Non-Governmental and Private Sector Groups

IUCN

- Continue to strengthen collaboration related to forest rehabilitation and restoration in development of transboundary conservation areas, bushmeat issues, and the IUCN red list of endangered species, consistent with ITTO's mandate aimed at supporting the implementation of the ITTO Guidelines on Forest Landscape Restoration in the Tropics.

Environmental Non-Governmental Organizations (NGOs)/Civil Society Organizations (CSOs)

- Continue to strengthen outreach to international and regional NGOs/CSOs to encourage their greater participation in ITTO policy and project activities and explore opportunities for collaboration in areas of mutual interest.
- Strengthen the Civil Society Advisory Group (CSAG) established pursuant to Decision 9(XXVIII) to facilitate greater contribution and participation by civil society to the work of ITTO.

Trade/Industry Groups

- Strengthen the Trade Advisory Group (TAG) established pursuant to Decision 9(XXVIII) to facilitate greater contribution and participation by the trade/industry to the work of ITTO.

* * *

ANNEX B
NAMES OF APPOINTEES TO THE VARIOUS OFFICIAL COUNCIL BODIES

	Producer Nominees	Consumer Nominees
Council		
Chairperson	Mr. Mohd Kheiruddin Mohd Rani, Malaysia	
Vice-Chairperson		Mr. Jesse Mahoney, Australia
Spokespersons		
	Mr. Jorge Malleux, Peru	Mr. Luke Thompson, USA
Committee on Economics, Statistics and Markets, CEM		
Chairperson	Mr. Zahrul Muttaqin, Indonesia	
Vice-Chairperson		Ms. Anna Tyler, New Zealand
Committee on Forest Industry, CFI		
Chairperson	Mr. Zahrul Muttaqin, Indonesia	
Vice-Chairperson		Ms. Anna Tyler, New Zealand
Committee on Reforestation and Forest Management, CRF		
Chairperson		Ms. Aysha Ghadiali, USA
Vice-Chairperson	Ms. Siti Syaliza Mustapha, Malaysia	
Committee on Finance and Administration, CFA		
Chairperson	Ms. Teresa Guila Nube, Mozambique	
Vice-Chairperson		Mr. Bjoern Merckell, Sweden
Credentials Committee		
8 members	Mr. Riva Rovani, Indonesia	Ms. Janet Shannon, USA
	Mr. Ray Thomas F. Kabigting, Philippines	Mr. David Allen, New Zealand
	Mr. Alberto Julian Escamilla Nava, Mexico	Ms. Samihah Fattah, Australia
	Ms. Noorazimah Sarkon Othman, Malaysia	Ms. Elena Campos, EU
Fellowship Panel		
6 members	Mr. Roberto Andres Bosch, Guatemala	Mr. Rob Busink, Netherlands
	Ms. Fathia Maryam Perdata, Indonesia	Ms. Kathryn Furby, USA
	Mr. Joseph Appiah Gyapong, Ghana	Mr. Taku Sakaguchi, Japan
Expert Panel		
12 members	Mr. John Leigh, Peru	Ms. Aysha Ghadiali, USA
	Mr. Rosven Arevalo, Colombia	Mr. Takeshi Aihara & Ms. Akiko Tabata, Japan
	Mr. Kaip Dambis, PNG	Mr. Jobst Michael Schroeder, EU
	Mr. Hiras Sidabutar, Indonesia	Mr. Zhongtian Zhang, China
	Mr. Achille Orphee Lokossou, Benin	Nomination pending
	Mr. Nurudeen Idrissu, Ghana	Nomination pending
Panel on Sub-Account B and Bali Partnership		
6 members*	Ms. Carmela Quintanilla, Peru	Japan
	Mr. Korogone Sinagabe Ulysse, Benin	USA
	Ms. Emelia Gunggu, Malaysia	Switzerland
ED Selection Panel		
12 members	Mr. Jorge Malleux, Spokesperson	Ms. Aysha Ghadiali, USA
	Mr. John Leigh, Peru (Co-Chair)	Ms. Anna Tyler, New Zealand (Co-Chair)

	Mr. Zahrul Muttaqin, Indonesia	Ms. Yoshiko Motoyama, Japan
	Mr. Mad Zaidi Mohd Karli, Malaysia	Ms. Linlin Geng, China
	Mr. Nurudeen Idrissu, Ghana	Mr. Hugo Schally, EU
	Ms. Natasha Nssi Bengone, Gabon	Mr. Keiran Andrusko, Australia
SAP Working Group		
8 members	Ms. Carmela Quintanilla Centenaro, Peru	Ms. Jennifer Conje, USA
(6 & TAG/CSAG)	Mr. Ulysse Korogone, Benin	Ms. Yoshiko Motoyama, Japan
	Mr. Balamurugan a/l Nallamuthu, Malaysia	Ms. Sara Federica Reho, EU
	Mr. Barney Chan, Trade Advisory Group, TAG	
	Ms. Fernanda Rodrigues, Civil Society Advisory Group, CSAG	
<i>* for producers one member from each region; for consumers three members that are main contributors to the fund</i>		

ANNEX C

Minutes of Informal Advisory Group Meeting held on 1 July 2021

INFORMAL ADVISORY GROUP MEETING I REPORT

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. 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

1. An update on the situation in Japan with regard to the COVID-19 and the work of the Secretariat;
2. A review of the preparations for ITTC 57 and the various working groups including the selection panel of the new ED;
3. A brief update on the implementation of projects and activities that are funded;
4. A report on the Decision without meeting process and the situation of the Administrative Budget;
5. Other matters and tentative date for next IAG call and closing

The virtual meeting was convened on Thursday, 1 July 2021 from 20:55 (Japan Standard Time) with the above participants and in the brief absence of the Chairperson of Council, the meeting of the Informal Advisory Group (IAG) was opened by Mr. Jesse Mahoney, Vice-Chairperson of the Council, after which Mr. Kheiruddin Md. Rani, Chairperson of Council, chaired the meeting.

1. Update on the Situation in Japan with regard to the COVID-19 and the Work of the Secretariat

The IAG was informed that the vaccination rollout in Japan, which uses vaccines that require two doses, has been slow with a little under 30% of the population having received their first shot and 12% fully vaccinated. Most of these people are medical workers and elderly people over the age of 65 who were prioritized but the rollout has been accelerated with the start of the workplace vaccination program that the Japanese government has approved. The situation is evolving every day and the rules and procedures of who is eligible for vaccination and when they will become eligible remains difficult to follow. The OIC said that there had been some progress in getting the ITTO staff vaccinated through special arrangements from the Ministry of Foreign Affairs of Japan that enabled the ITTO Secretariat to receive the vaccination coupons of all non-Japanese resident staff who are not registered with the local municipalities. However, the vaccination coupons are tied to age groups. Until the City of Yokohama, which is the municipality where non-Japanese resident ITTO staff will be able to get vaccinations, officially extends the vaccination reservations to younger age groups, it is uncertain when all these staff will be vaccinated. The OIC said that, through the generosity of the host government, he was offered the opportunity to get vaccinated under a program designed to have high level officials in embassies and international organizations vaccinated before the Olympics and will be fully vaccinated by the end of July. Another staff was able to get a reservation through a clinic that had extra doses

if not used would otherwise be wasted. All other Japanese staff and staff that have residency will receive vaccination coupons through their local municipalities and will be able to make reservations when it opens up to their age group. It was hoped that all staff would be vaccinated by the end of October.

The Producer Spokesperson asked if the protocol being extended for those coming for the Olympic Games could also be extended for the Council Session and the Selection Panel for the new ED. The OIC responded by saying that the arrangements for the Olympic Games to allow athletes, coaches and related staff to enter has not been extended to entry of private people and there is no provision in place to allow quarantine free entry to anybody coming into Japan including those that have been fully vaccinated. While the Japanese government had indicated that they are considering vaccine passports, there is no information available on when or if people will be entering Japan without quarantine, which determines whether it will be possible to convene working groups or to convene the Council Session physically. The representative of Japan said that the situation is incredibly fluid and it is unknown how the infection picture may change after the Olympic Games so it was too early for anyone to prejudge what the meeting landscape would look like. One thing that she had noted is that there is no international process planning for any physical meeting this year including working groups and suggested to tentatively consider rescheduling meeting plans for the end of the year to next year but that may also need to be reassessed with the spread of the delta variant. The OIC added that he heard semi-officially that CBD and the Government of China were in intensive discussions to shift the CBD COP, currently scheduled for October, at least until January 2022 to try to hold it physically. There had just been an offer from the Executive Secretary of UNFCCC saying that the Government of UK is making vaccines available to delegates in an effort to try to have a physical COP in Glasgow in Nov 2021 but it is unclear how these vaccines will be delivered or what form the meeting will eventually take. The Vice-Chairperson said that even if Japan did not have entry restrictions, the reality is that most other countries in the world will have limitations on vaccine accessibility and in the case of Australia, he did not foresee having access to a vaccination before November. This may be the existing situation across 50% of ITTO members. The OIC agreed with the comments made and suggested to move to the agenda item to review preparations for ITTC57, including the various working groups.

2. Review of the Preparations for ITTC 57 including the Various Working Groups

The OIC noted that in Secretariat's view, it may be quite difficult to convene a physical meeting of the Council Session in November and recalled that a meeting of the *Ad Hoc* Advisory Group established under Decision 9(XXXI) was convened in July 2020 to advise on urgent changes to the agreed duration, location or timing of Council, which resulted in the decision to convene a virtual Council Session in November 2020. It was proposed that a meeting of the *Ad Hoc* Advisory Group (AHAG) established under Decision 9(XXXI) be convened on either 13 or 15 July. The AHAG, consisting of the Chairperson of ITTC, the two Spokespersons, the representative of the host government and the ED of ITTO represented by the OIC will discuss the possibility of convening a virtual Council Session again in November 2021 and a physical meeting as soon as possible in Japan in June 2022 or November 2022. A decision will also need to be made on what needs to be discussed urgently and matters that could be discussed in a virtual Council Session. The OIC explained that there are some important deadlines that have financial implications. Currently the Council venue is booked for November 2021 with an initial deposit of half of the fees amounting to approximately US\$80,000 that is non-refundable and if the venue is cancelled after end of July, there will need to be an additional non-refundable payment of US\$80,000 that has a significant financial implication for ITTO (total of US\$160,000). In addition, the officials from the City of Yokohama have been asking if there will be a physical Session in order to confirm if they need to commence the process to provide volunteers to service the Council in 2021. There are slots available at the venue for a physical meeting in June and November 2022. The City of Yokohama provides financial support for all costs associated with the convening of the Council Sessions in Japan in alternate years. The budget for 2020 is no longer available after the end of the 2020 financial year of the City of Yokohama on 30 April 2021. Hence, the costs associated with convening the Council Session, either virtually or physically in 2021, need to be covered by the ITTO Secretariat from its Administrative Account or the Working Capital Account. Because 2022 is the year that the City of Yokohama is originally scheduled to again provide financial assistance towards the convening of a Council Session, the City of Yokohama will have a budget allocation for 2022 starting from 1 May 2022 to pay for a Council Session in Yokohama possibly in June 2022 or in November 2022.

The Producer Spokesperson noted that from the explanations provided by the OIC and the representative of Japan, it seemed clear that it would not be possible to meet physically in November 2021 but he felt that Council should stick to its original schedule of holding a meeting in November 2021 to discuss some issues virtually while there could be some issues deferred to a physical meeting. The OIC said that the Secretariat is proceeding on the assumption that all decisions are to be implemented on schedule, including the ED Selection

Panel and the working group to develop a new strategic action plan whose work would feed into the next Council session currently scheduled for Nov 2021. The Secretariat would proceed with this schedule until instructed otherwise. The Consumer Spokesperson concurred with keeping with the current schedule and mentioned that in the previous year, the Secretariat had provided cost estimates in terms of hosting a virtual Council Session. It may be useful for the Secretariat to explore the modalities and associated costs of potentially doing remote voting in November and provide a document that would be useful for members in understanding the cost implications and logistical modalities. The OIC said that the Secretariat had already begun looking into virtual voting and would prepare a background paper in time for the meeting of the *Ad Hoc* Advisory Group established under Decision 9(XXXI). The background paper could be appended to the report of the AHAG to be sent out to members with a letter from the Chairperson.

3. Brief Update on the Implementation of Projects and Activities that are Funded

The IAG was informed that all projects and activities are ongoing with some delays. A list of proposed Project Steering Committee meetings for the second half of 2021 had been sent to donors. Most of the proposed meetings are virtual with a few physical meetings scheduled at the end of the year in the hope that it might be possible. If donors are interested in participating, they can inform the Secretariat and the Project Managers will be in contact. The OIC noted that there are a couple of projects listed that have not been able to comply with the reporting requirements under the project agreements. This was a special concern this year because it has not been possible to physically visit the projects and also led to difficulties with the audit of the organization that have been overcome to obtain a clean audit with the recommendation that two projects be terminated at the upcoming Council Session.

4. Report on the Decision without Meeting Process and Situation of the Administrative Budget

The IAG was informed that the proposed Decision without meeting requesting to access more funds from the Working Capital Account was not adopted because out of the 17 producer members that are eligible to vote, only 6 of them voted on the decision and only 5 voted in favor. According to the Rules of Procedure, the first requirement is to have at least half of the eligible members agreeing to take a decision without meeting. Due to this criterion not being met, the decision did not pass, resulting in the Secretariat not being able to access additional funds from the Working Capital Account. Fortunately, China's contribution was received in June after the draft Decision without meeting was circulated, temporarily alleviating the need for additional funds to keep the Secretariat running.

To draw the attention of members to the situation of members' payments towards the Administrative Account, the OIC gave a presentation as attached in Annex I. The charts show in a color-coded scheme when members have been paying over the years with the numbers showing the month in which they paid. The dark green boxes mean that the member paid when they could get the discount available to those that pay before end of April. The light green boxes are the members that did not get the discount but paid before 1 July. The Secretariat would like to see most members paying before the beginning of July so that there are enough funds to run the organization throughout the year. The light-yellow boxes are members that paid from 1 July up to before the Council Session in November and the dark orange boxes are members that paid after the Council Session but before the end of the year. The red boxes with zeros are members that never paid their contribution during the year in which it was assessed. They may have paid later, and the funds may have gone into the Working Capital Account, but the Secretariat needs the funds to run the Organization in the year in which that budget was approved. In the slide on Africa, there are several countries that have consistently failed to pay at all during the calendar year in which the budget was assessed and many countries pay late. In the slide on Asia-Pacific, most of the members pay on time with a slight drop this year but we are not through the year yet, so hopefully more will pay. In the slide on Latin America, the situation has been getting worse. On the Consumer side, there are generally no problems except for Albania, which has not paid since they joined in 2013. Most of the members pay on time to qualify for the discount. The slide on the EU shows that they qualified for the discount every single year except for 2016 when they wrote to the Secretariat saying that they were not going to pay their assessed contribution until the impairment issue was resolved. However, this year there has been no explanation of the lack of payment despite several reminders sent as per the terms of the ITTA. Finally, the OIC took the IAG through a couple of slides that showed the aggregate situation of members making timely contributions to the Administrative Budget and highlighted the trend in the lines that go up to the light green line with a dark green shaded area and a light green shaded area below it, which are all payments year by year that are made before 1 July, which ideally is the point by when the Secretariat would like to have received at least 50% of the assessed contributions. It was noted that payments had been steadily but slowly going down with some big dips in 2016, which was the EU, and again in 2021. We are now at the beginning of July and have another huge dip in the trend which is even sharper than in 2016, so the situation this year is worse than the year of the impairment. The Secretariat felt that apart from the discount for paying by end of

April, there was a lack of incentives for members to make timely payments, there is no penalty such as losing the ability to submit projects until not paying for two years consecutively and losing the right to vote may not have any impact. Having a rolling scale of discounts may need to be considered. The OIC recalled that a decision without meeting to authorize access to additional Working Capital funds was required in 2016, 2020 and 2021 and pointed out that it is not good for the Organization to continue to have to resort to an emergency measure to keep the Secretariat operational. Council should consider raising the standing limit of currently US\$300,000 that the Secretariat is authorized to use from the Working Capital Account. Passing a decision without meeting through the normal process requires approximately six weeks - the Secretariat may be forced again in the middle of July to send out another decision without meeting to members requesting authorization to use more funds from the Working Capital Account if additional payments are not received before then.

The representative of Japan noted that unlike the budget of many other conventions, the EU payments seemed to be handled as a block rather than on a country basis and suggested to have them pay on a country basis like what they do in other conventions. The pattern with countries that are in arrears seem to be the same as in other conventions where even big conventions like the Rio Conventions do not see payments of up to 50% of the membership towards the end of the year. It was observed that there are over 105 countries currently seeking IMF assistance which may also explain the numbers. It was noted that unlike other conventions that do not have reserves and are in a much tighter financial situation, ITTO has a large amount in reserves which has restrictions so the Secretariat has to seek Council approval for its use each time and there are no guidelines that allow it to be used on an emergency basis. Other bodies usually have a standing decision whereby any leftover residual funds can automatically be rolled over into the next fiscal year and instead of a no-objection approval procedure by e-mail, they hold extraordinary budget meetings to resolve budgetary issues, which the representative of Japan suggested ITTO to consider. The importance of optics in requesting for funds showing that the organization has been prudent in its spending was also emphasized.

The Vice-Chairperson enquired on what confidence do we have in members voting if there was another decision without meeting and if there had been any advocacy to encourage voting. The OIC responded by saying that the primary advocacy was to send out a decision without meeting, which is an emergency measure not entered into lightly and that it is not the first time that this has happened in recent years. The OIC implored IAG members to explore why other members had not paid their contributions. In this context, the OIC also mentioned that after he has completed the vaccination process by the end of July, he planned to visit Brussels for consultations if payment had not been made by then. The Consumer Spokesperson informed the IAG that their caucus will be meeting again soon, and he will also be in contact with the EU directly. The Chairperson suggested sending another letter on payments and the OIC responded by saying that letters had been sent on 1 July to all members that are in arrears for six months and any member who is still in arrears on 1 August will have their votes suspended until full payment is made.

The Producer Spokesperson was not sure if the role of the spokespersons was to discuss or convince countries to pay their arrears but mentioned that he could do the same with the countries from the Producer Caucus. He thought it may be necessary to coordinate a strategy together with the Secretariat on how to effectively approach members in order to convince them to pay their arrears and suggested to include this under the agenda of the Council Session. The Vice-Chairperson agreed with the suggestion to determine a pitching strategy on why members should pay and what the benefit would be for them. He also noted the need for cooperation across the Council if members believe that the ITTO should continue to exist going forward and the mutual interest of all members needs to be determined, which is how payments and solutions are found.

In responding to an earlier comment made by the representative of Japan on whether the EU countries should pay individually or together, the OIC said that before the ITTA 2006 came into force at the end of 2011, each EU country paid on its own. Under the ITTA, 2006, the European Commission was given the oversight capacity and mandate ("competence") to be responsible for ITTO so the individual member countries no longer make individual payments to ITTO. The OIC understood through communications with some EU member countries that they were not aware that the EU had not paid this year until receiving the request for the decision without meeting that was sent to all member countries. Following up on the comments made by the Vice-Chairperson about cooperation across the caucuses, the Consumer Spokesperson noted that there is a lot of frustration on non-payment in arrears. He also informed the IAG that during a meeting of the Consumer Caucus some weeks ago, they discussed the extension of the ITTA and there was strong support from all attending members for the extension, including from the EU – an indication that members seek a viable future for the organization. It was suggested by Japan that raising the visibility of the organization and moving forward on the strategic action plan may provide an impetus for payments to be made.

The OIC commented that the discussion of the IAG will be reflected in the minutes of the meeting and the Spokespersons could request caucus members to review them if they were made publicly available. He asked the IAG if they wanted the minutes to be posted on the ITTO website for transparency. The Consumer Spokesperson reminded the Secretariat that the minutes of the meeting should be approved by the IAG before being published. As some members were reluctant to having another decision without meeting and there was suggestion to explore convening an extraordinary meeting, the Secretariat would look into the procedures, feasibility of and financial implications for convening an extraordinary meeting before the end of July and consult with the Chairperson.

5. Other matters and tentative date for next IAG call and closing

The draft minutes of the IAG meeting will be circulated to IAG members in one week.

Depending on the outcome of the Decision 9(XXXI) ad hoc Advisory Group, the IAG and the AB will be convened together before the next Session of Council. For the Decision 9(XXXI) ad hoc Advisory Group, the Secretariat will be in touch with the Chair, the Spokespersons and the host government to decide on a date of either 13 or 15 July.

The IAG was informed that the Secretariat had preliminary discussions with the Ministry of Foreign Affairs Japan on the possibility of ITTO undertaking work on guidelines for deforestation free supply chains, with a particular focus on tropical forests and tropical timber where Japan might provide some initial seed funding for a background study. The Japanese representative added that it was a topical area of interest that might help ITTO engage with a number of donors and funds who have an interest in this area and it may help the membership. The OIC said that a bullet point list summarizing the idea will be circulated with the minutes of the IAG meeting.

The meeting was adjourned at 22:20 hours (Japan Standard Time).

ANNEXE I

Month when Assessed Contributions were received in full

PRODUCER MEMBERS		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Africa											
	Benin	-	0	1	0	0	0	0	0	10	0
	Cameroon	1	11	11	6	11	0	0	0	0	0
	Central African Republic	-	-	-	0	0	0	0	0	0	0
	Congo	8	5	10	0	0	0	0	0	0	0
	Côte d'Ivoire	3	5	11	0	0	0	11	0	0	0
	Demo. Rep. of the Congo	0	0	0	0	0	0	0	0	0	0
	Gabon	0	0	0	0	0	0	0	0	0	0
	Ghana	11	0	11	11	10	11	0	0	0	0
	Liberia	9	0	0	0	0	0	0	0	0	0
	Madagascar	-	-	-	-	-	1	0	3	0	0
	Mali	-	0	2	0	10	0	0	0	0	0
	Mozambique	-	0	5	0	0	0	0	5	1	0
	Togo	0	10	8	0	9	5	5	4	0	0

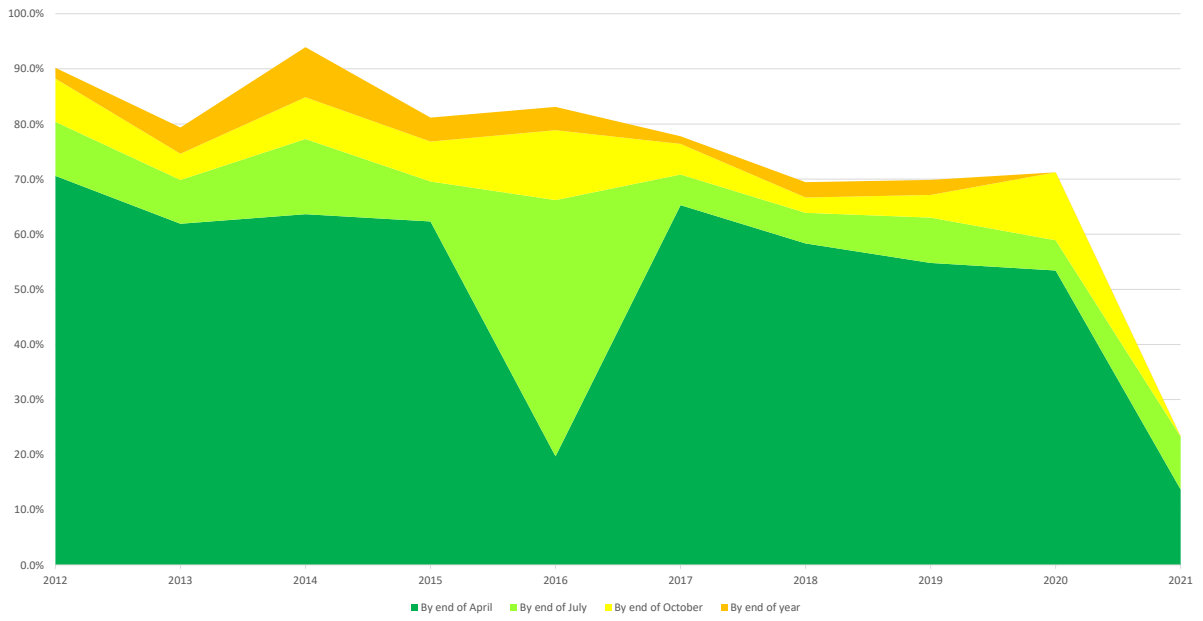
PRODUCER MEMBERS		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Asia & Pacific											
	Cambodia	2	4	5	4	4	4	4	5	4	0
	Fiji	1	2	3	6	1	1	2	1	6	1
	India	0	0	11	9	8	7	0	7	7	0
	Indonesia	2	0	3	8	4	3	3	6	0	4
	Malaysia	3	2	2	1	1	1	1	1	1	1
	Myanmar	7	0	6	9	10	0	0	0	8	0
	Papua New Guinea	4	6	9	0	8	1	0	0	0	0
	Philippines	2	2	4	3	2	4	4	6	3	0
	Thailand	4	-	-	-	9	9	9	8	0	6
	Viet Nam	-	-	-	4	6	7	3	0	6	5

PRODUCER MEMBERS		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Latin America											
	Brazil	-	-	11	11	7	3	0	0	8	0
	Colombia	7	-	4	3	5	0	0	0	10	5
	Costa Rica	-	-	7	1	6	3	3	3	2	1
	Ecuador	7	11	7	3	0	0	0	0	0	0
	Guatemala	1	2	6	5	10	8	5	4	9	6
	Guyana	5	11	4	4	10	3	11	0	0	0
	Honduras	8	0	3	9	4	8	5	1	0	0
	Mexico	4	9	2	2	3	3	2	3	3	3
	Panama	8	6	11	10	0	3	4	5	8	0
	Peru	0	0	9	11	11	3	0	0	0	0
	Suriname	1	-	-	0	0	0	0	0	0	0
	Trinidad and Tobago	5	4	8	4	4	2	0	0	9	0
	Venezuela	1	-	-	-	-	-	-	0	0	0

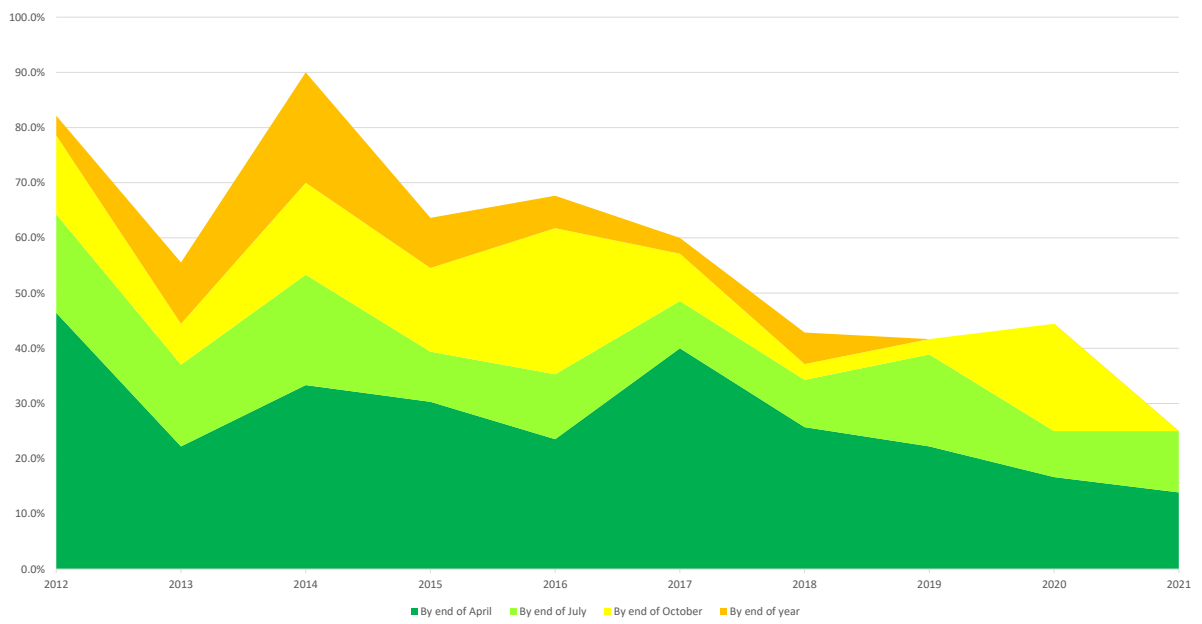
CONSUMER MEMBERS											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Albania	-	0	0	0	0	0	0	0	0	0	
Australia	3	2	1	1	1	1	2	1	3	1	
China	4	4	6	6	6	4	5	10	8	6	
Japan	4	3	3	2	3	3	1	2	3	2	
New Zealand	1	1	1	1	2	5	3	11	1	1	
Norway	2	10	3	4	11	0	0	12	10	6	
Republic of Korea	3	3	2	2	3	3	3	4	3	3	
Switzerland	1	1	7	1	4	2	1	1	1	1	
United Kingdom	4	4	1	2	7	4	2	1	1	0	
United States of America	4	6	5	5	4	10	10	8	7	6	

CONSUMER MEMBERS											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
European Union											
Austria	4	4	1	2	7	4	2	1	1	0	
Belgium	4	4	1	2	7	4	2	1	1	0	
Bulgaria	-	4	1	2	7	4	2	1	1	0	
Croatia	-	-	-	-	7	4	2	1	1	0	
Cyprus	-	4	1	2	7	4	2	1	1	0	
Czech Republic	-	4	1	2	7	4	2	1	1	0	
Denmark	2	4	1	2	7	4	2	1	1	0	
Estonia	-	4	1	2	7	4	2	1	1	0	
Finland	4	4	1	2	7	4	2	1	1	0	
France	4	4	1	2	7	4	2	1	1	0	
Germany	4	4	1	2	7	4	2	1	1	0	
Greece	4	4	1	2	7	4	2	1	1	0	
Hungary	-	4	1	2	7	4	2	1	1	0	
Ireland	4	4	1	2	7	4	2	1	1	0	
Italy	4	4	1	2	7	4	2	1	1	0	
Latvia	-	4	1	2	7	4	2	1	1	0	
Lithuania	-	4	1	2	7	4	2	1	1	0	
Luxembourg	-	4	1	2	7	4	2	1	1	0	
Malta	-	4	1	2	7	4	2	1	1	0	
Netherlands	2	4	1	2	7	4	2	1	1	0	
Poland	4	4	1	2	7	4	2	1	1	0	
Portugal	4	4	1	2	7	4	2	1	1	0	
Romania	-	4	1	2	7	4	2	1	1	0	
Slovakia	-	4	1	2	7	4	2	1	1	0	
Slovenia	-	4	1	2	7	4	2	1	1	0	
Spain	4	4	1	2	7	4	2	1	1	0	
Sweden	4	4	1	2	7	4	2	1	1	0	

Percentage of members making timely contributions to the Admin A/C - All Members



Percentage of members making timely contributions to the Admin A/C - Producers





ANNEX D
Minutes of Informal Advisory Group Meeting held on 26 August 2021

Minutes

INFORMAL ADVISORY GROUP

26 August 2021

PARTICIPANTS:

Advisory Board

Mr. Kheiruddin Md. Rani, Chairperson, ITTC

Mr. Jesse Mahoney, Vice-Chairperson, ITTC

Mr. Luke Thompson, Consumers Caucus Spokesperson

Mr. Jorge Malleux, Producers Caucus Spokesperson

Ms. Aysha Ghadiali, Chairperson, CRF

Ms. Yoshiko Motoyama, Representative of the host Government of Japan (Mr. Taku Sakaguchi and Ms. Akiko Tabata also participated as observers)

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

AGENDA

1. An update on the situation in Japan with regard to the COVID-19 and the work of the Secretariat;
2. Decision without meeting results and the situation of the Administrative Budget
3. ED selection panel update
4. ITTC 57: logistics (costs, etc.), dates, agenda, pending nominations for Council/Committees/Panels/etc.
5. ITTC 58: timing;
6. Other matters and tentative date for next IAG call and closing

The virtual meeting was convened on Thursday, 26 August 2021 from 19:05 hours (Japan Standard Time) with the above participants. Mr. Kheiruddin Md. Rani, Chairperson of Council, chaired the meeting. During a brief absence of the Chairperson, Mr. Jesse Mahoney, Vice-Chairperson of Council, chaired part of the meeting.

1. Update on the Situation in Japan with regard to the COVID-19 and the Work of the Secretariat

1. The IAG was informed that the ITTO Secretariat was continuing its COVID-19 work modalities, in which the majority of staff was working from home while monitoring the situation of the pandemic in Japan. Since the beginning of July, Japan had experienced another wave of COVID-19 due to the Delta variant with record new cases, serious cases and cases amongst young people being reported on an unprecedented scale. Of the 20,000 cases being reported daily, a third were in the greater Tokyo area including Yokohama. Many of the prefectures in the country, including all the major population centers, have been placed under a new State of Emergency declaration, which includes strong requests for people to work from home. The government has been trying, within its limited powers, to persuade people to stop moving around. Concerns are growing about infections spreading rapidly among young people as many students in Japan are returning to school after the summer break. Other offices in the same building as ITTO such as FAO, WFP and Inter-University Center for Japanese Language Studies haven remained closed throughout the pandemic. In terms of vaccinations, approximately 50% of the population in Japan has had at least one shot and around 40% had both shots of either the Pfizer or Moderna vaccine. Since the last IAG meeting in July, there had been some progress with vaccination of ITTO staff with less than half having succeeded in

getting fully vaccinated, 4 or 5 persons that had received their first shot and will have their second shot within a month, and another 7 or 8 persons that are still underway. It was hoped that by the time of the Council Session, the OIC would be able to report that all staff wanting to be vaccinated will have been vaccinated.

2. Decision without meeting results and the situation of the Administrative Budget

2. The IAG was informed that the proposed Decision without meeting requesting to address the shortfalls in the Administrative Budget circulated to members on 6 August 2021 was not adopted due to the necessary threshold not being met for producer members, resulting in the Secretariat not being able to access additional funds from the Working Capital Account (WCA). Fortunately, the EU's contribution was paid through the European Commission about a week after the draft Decision without meeting was circulated, providing sufficient cash to keep the Secretariat running (assuming no unexpected expenses and no additional country payments) until mid-November. The Secretariat plans to submit a draft decision for Council's consideration at its upcoming 57th session increasing the limit of withdrawals from the WCA without requiring Council approval, currently set at US\$300,000.
3. The OIC drew the attention of the IAG to the comments from the two countries that did not vote in favor of the decision, both of which perceived this problem as a structural issue that needed to be dealt with in a more holistic manner. It was noted that on the Consumer side, Korea voted in favor of taking a Decision without meeting but abstained from voting on the issue stating that they perceived this as a structural issue. On the Producer side, Mexico voted against taking a Decision without meeting on the argument that the Organization had gone through a series of crises and there had been several such decisions to draw on the Working Capital Account in recent years which, in their view, was not appropriate. The OIC reminded the IAG that the Working Capital Account was established in 1992 to cover shortfalls in the Administrative Budget contributions in the current year by using assessed contributions that came in late from previous years. There was a provision in the financial rules authorizing the Executive Director to draw up to US\$300,000 per year to maintain operations of the Organization in the face of shortfalls in the Administrative Budget but any amount over that threshold would require a Council decision. The OIC suggested that it may be useful to have a discussion in Council on how to deal with what some members see as a structural problem.
4. The Producer Spokesperson commented that many producer countries had expressed concern over the financial situation of the Organization and did not have a clear grasp of the issues. It was thought that a short report to members to explain the situation that the Organization faced would be helpful. He noted that while some information was available on the ITTO website, there were some members who did not understand why the Organization was requesting funds. The Producer Spokesperson observed that many countries were facing financial crises and suggested further discussions were needed to find a strategy to encourage producer members to pay their assessed contributions and arrears.
5. The Consumer Spokesperson recognized that while the persistent deficit issue was serious, the Secretariat had made significant efforts in keeping the budget flat and even reducing some costs over the past several years while at the same time implementing all the activities that Council requests of it. Also recognizing the concern of the Producer Spokesperson, the Consumer Spokesperson suggested including a new Council agenda item on how to deal with persistent deficits in the administrative account. He noted that this was an issue that falls within the purview of the Committee on Finance and Administration (CFA) but felt that its importance justified discussion under a Council agenda item. The discussion could note that the deficits are a major and persistent on-going issue, which some members felt needed a structural solution. While there are some potential short-term actions that could be taken, such as increasing the threshold to enable the transfer of funds from the Working Capital Account more easily, other long-term actions are needed to resolve the problem.
6. The representative of Japan thought that there was an optics problem with the way the decisions without meeting was presented due to the difference in the level of understanding on how budget processes work and suggested to place the discussion under Agenda item 9 on Implications of the COVID-19 pandemic on ITTO procedures as a new sub-item "Improving decision-making modalities during emergencies, such as the pandemic". There was also a suggestion for the Secretariat to research the reserve policies of other organizations, and how they have handled liquidity issues during the pandemic, including the UN which faced liquidity issues in 2020. She noted that this could

also enable Council to address Rule 5.8 of the financial rules (“The Council shall determine when and in what manner the resources of this reserve shall be utilized”) in a more concrete manner.

7. The Vice-Chairperson of Council felt that the deficits had been a persistent issue that predated COVID and felt that placing the discussion under COVID might downplay the past long-term severity and the future long-term severity of the issue and leaned towards the proposal made by the Consumer Spokesperson to keep it as a standalone item as it was going to be an issue that persists long-term and may eventually require an amendment to the ITTA during the next negotiation.
8. The OIC was inclined to agree with the suggestions from the Consumer Spokesperson and the Vice-Chairperson of Council on having a standalone agenda item to discuss a improved ways of decision-making in emergencies, noting that the IAG agrees to include it under the Council Agenda, while where to place it could be discussed further when the IAG considers the draft Council Agenda. In response to the comment from the Producer Spokesperson, the OIC informed that IAG that the Chairperson’s letter sent together with the Decision without meeting on 6 August 2021 had clearly laid out how much money the Organization had received in contributions compared to the approved Administrative Budget and how much money was needed to run the Secretariat as well as cost-cutting measures. The IAG was further informed that the only guidance provided in the establishment documentation of the Working Capital Account was that the Secretariat is required to inform Council if it falls below 15% of annual operating costs, which it has never done. The OIC suggested that in looking at the structural problem and finding ways to improve members’ payments, perhaps instead of the current provision for a simple 5% incentive for paying assessed contributions before April, there could be a declining sequence of incentives to provide continued motivation for payments before mid-year or later. Council could also look at Decision 7(XXXIII), which was formulated to allow Council to write off arrears accrued by members under the first ITTA if they had paid in full from 2002 to present and to consider provisions for granting write-offs to countries for a longer period (e.g. up to the entry into force of the current ITTA) with the view to providing an incentive to become a member in good standing.
9. The Producer Spokesperson felt that in order to analyse the issue in a holistic manner, the Secretariat should contact countries individually to find out why they were unable to make payments and to get feedback from the focal points and local authorities in each country.
10. The OIC agreed that, while it was not possible under the current situation, it had been useful in the past to visit countries and meet the relevant authorities to discuss payments and other member responsibilities under the ITTA. He stressed that the Secretariat is not asking for more funds, but to meet members’ respective obligations under the Agreement. Secretariat is asking to draw on funds from the Working Capital Account due to members’ failure to pay their assessed contributions towards the budget that they had approved on time. The IAG was informed that there had been no increase in the Working Capital Account in recent years because the minimum amount of US\$300,000, which did not require authorization from Council, was drawn upon every year since the impairment and for several years, there had been Decisions without meeting to use more than US\$300,000. The Secretariat will prepare a document and make a presentation to Council, explaining the structure of the Administrative Budget, the problem of members not paying their assessed contributions as due and the role of the Working Capital Account and other reserves as established by Council.

3. ED Selection Panel update

11. The IAG was informed that at the kickoff meeting of the ED Selection Panel it was agreed that its work would be carried out confidentially with one member of the Secretariat (Gerhard Breulmann) assisting them. The IAG was further informed that two meetings, a kickoff meeting and a second meeting, had been held with a third meeting scheduled for Monday, 30 August 2021. The ED Selection Panel had eliminated candidates from non-member countries and had taken a decision not to consider candidates who have already reached or would reach the retirement age of 65 before completing one four-year term. The OIC further added that at the kickoff meeting, the ED Selection Panel was informed that while there is a timeline indicated in Decision 5(LVI) for its work to be completed, there would be some flexibility depending on the final decision on the dates of the Council Session and in the interest of having a good shortlist. The Chairperson of CRF observed that there may be a need for Council to fine-tune the terms of reference for the ED Selection Panel going forward based on lessons learned from this year’s Selection Panel, especially in terms of what the Council expects from the Selection Panel.

4. ITTC57: logistics (costs, etc.), dates, agenda, pending nominations for Council/Committees/Panels/etc.

Dates of the Virtual ITTC 57 Session

12. The OIC referred to the meeting of the Ad Hoc Advisory Group (AHAG) in July 2021, convened under Decision 9(XXXI), which decided to convene a virtual ITTC57 Session but left the dates open for consideration by the IAG. He put forward a proposal to the IAG to consider the week of 15-19 November 2021 to avoid overlap with the UNFCCC COP, which several members and the ITTO interpreters had expressed concern about. The Consumer Spokesperson, speaking on behalf of the U.S.A., suggested the week of 29 November-3 December 2021 and to work backwards from there in considering the dates to allow additional time for preparation for ITTC57. He further noted that this date would be the last functional week before the expiration of the ITTA 2006. The Producer Spokesperson and the representative of Japan endorsed the proposal. The IAG decided that the dates to convene the virtual ITTC57 Session are 29 November-3 December 2021.
13. The OIC informed that a letter from the Chairperson informing members of the outcome of the Decision without Meeting process and the dates of the virtual ITTC57 Session will be sent on Friday 27 August 2021.

Logistics

14. The IAG was informed that the virtual ITTC57 Session will be conducted with the Kudo platform, as it was with the ITTC56 virtual session with the exception that quotes had been obtained for five hours per day instead of three hours per day (as requested by the IAG at its previous meeting). The ITTO interpreters' team will be available and Kudo offered a discount for the fixed package cost. The costs for the Council Session including interpretation and the cancellation costs of the 2021 physical meeting venue will be around US\$210,000.00, to be paid from the Administrative Budget, staying within the original budget allocation for 2021. The Secretariat put forward a proposal for the meetings to start at 6:00 p.m. (Japan Standard time) and run until 11:00 p.m. instead of from 7:00 p.m. to 10:00 p.m.
15. The Chairperson inquired if the extended meeting time had taken into account the member countries' time zones. The OIC reported that it had been considered to the extent possible but either way there would be members starting very early or staying up late as was the case with the three-hour meeting in 2020. The IAG was reminded that after each daily virtual segment, the Chairperson's Bureau will meet for up to an hour and there are also other consultative meetings that may take place. The Secretariat had explored the possibility of having the Council Session running into the weekends, which would lead to a huge increase in interpretation costs as their rates are higher on weekends.
16. The Chairperson suggested having four-hour meetings per day and an hour for Bureau meetings following each daily virtual segment. The OIC noted that the Bureau is convened at the discretion of the Chairperson, and that depending on the progress of Council deliberations, it may not be necessary to hold Bureau meetings daily. The need for Bureau meetings may only arise later in the week if there are difficulties in reaching an agreement on decisions where the caucus spokespersons may need guidance from the Chairperson or other Bureau members. The OIC observed that if Council were to meet for more than five hours, there would be a need to get an additional team of interpreters, which would increase meeting costs significantly. Since the interpreters are currently expecting to work for up to five hours, shorter meetings would not be a problem and he suggested to leave the exact duration/timing of the virtual meetings open for now. The IAG will be convening again closer to the date of Council where it could consider the final agenda and progress with the ED Selection Panel before taking a decision on the timing of meetings.
17. The representative of Japan proposed up to five hours including intermission as this was becoming standard and the agenda has many important issues that need to be addressed.
18. The Producer spokesperson agreed that virtual meetings that run for more than three hours are becoming standard and supported establishing a maximum of five hours per day and noted that there may be days where the meeting finishes earlier depending on the agenda. In accordance with the procedures adopted for the virtual Council Session in 2020, the Producer Spokesperson requested the Secretariat to assist in arranging regional consultations prior to the Council Session.

19. The Secretariat confirmed that a provisional schedule of meetings will be circulated to the IAG and to members before Council and the length of the meetings could be defined there. Hence the letter to be sent to members on 28 August 2021 would only say that the meetings will run for up to five hours per day.

Pending nominations of Council officers/bodies

20. The IAG was informed on the vacant positions of Council officers/bodies.
21. From the Consumer group, nominations for 2 members of the Expert Panel were pending.
22. The Producer Spokesperson confirmed the nomination of Mr. Zahrul Muttaqin (Indonesia) as the Chairperson of CFI. The Secretariat sought confirmation on the expression of interest from Costa Rica for the position of Chairperson of CEM as well as a nomination for the Vice-Chairperson of the CRF. The IAG was informed that nominations for three members for the Fellowship Panel were pending and some members of the Expert Panel who had completed two years could continue for an additional year, but this needed to be confirmed by the Spokesperson.
23. The Secretariat will send information on the vacant positions of Council officers/bodies in writing to the Producer Spokesperson. The OIC thanked the Producer Spokesperson for his efforts in securing nominations and recalled that during the previous year, there was one Chairperson for both CEM and CFI.

Agenda of Council

24. The OIC introduced the draft provisional agenda of Council, which had been circulated to the IAG for its consideration. The main deliberations were:
- i. Agenda item 7 Report of the Informal Advisory Group (IAG) - the IAG report will focus on the meeting of the IAG that meets immediately before the Council Session and primarily considers draft decisions. The reports of the meetings held on 1 July and 26 August, which were/will be posted on the members' portal, will be included in the annex with a suitable preamble and explanatory text.
 - ii. Agenda item 9 Implications of the COVID-19 pandemic on ITTO procedures – some issues related to the hosting of a physical session in 2022 may be included.
 - iii. Agenda item 11 Extension of the ITTA, 2006 – the draft decision introduced at the previous ITTC and the non-paper introduced at the ITTC55 will be reintroduced through the IAG at its next meeting.
 - iv. Information on members that are eligible to vote will be presented to the IAG at its next meeting where a decision could be taken on whether the list should be appended to the IAG report to Council.
 - v. A new agenda item should be included after Agenda item 9 on persistent deficits in the Administrative Account and improving emergency decision making.
 - vi. The Producer Spokesperson stressed the importance of aiming for consensus in decision-making in light of the possibility that the payment situation of some producer countries may not improve in time for the Council and could have implications should voting arise.
 - vii. The CRF Chairperson recalled that at the previous meeting of the IAG, there had been discussion on the potential extra costs and the procedures for voting in a virtual meeting if Council needed to vote and inquired if there were any updates while agreeing that decision-making by consensus would be preferred. The IAG was informed that the Secretariat had inquired with Kudo on the logistics of voting, including any extra confirmation of where votes were being submitted from. The Secretariat did not anticipate any significant additional costs unless there is a need for more technical support from the Kudo technical team that could not be covered under the virtual conference package. It was understood that the voting would be done under a polling function where a question is defined and there would be buttons for yes or no. A test "mock vote" will be carried out prior to the session and the IAG will be informed of any implications/issues.
 - viii. The IAG was informed that the draft document on a new Strategic Action Plan (SAP) for ITTO had been circulated to members for comments but did not attract an overwhelming response.

The OIC stressed the importance of the new SAP that will provide the framework for how ITTO operates over the next six-year period and possibly into the next ITTA.

- ix. The IAG welcomed the Trade Advisory Group's proposal to convene a virtual Market Discussion on the topic of "Implications of the COVID-19 pandemic on the tropical timber sector" and agreed that sufficient time should be allocated in Council for this core activity as it was a good means of informing members, the public and the industry of the continuing relevance of the Organization. Other Committee and Joint Committee activities will be handled under a single Council agenda item as was done at ITTC56.
- x. Include a new Agenda item 16 on Matters related to Article 15 with an appropriate Council document detailing ITTO's collaboration with other relevant agencies, bringing together reports previously provided individually under the BWP or elsewhere on ITTO's collaboration with CITES, CBD, accreditation to GCF/GEF, etc. The Council document under this agenda item should also draw attention as to how ITTO projects have had an impact in attracting larger-scale funding from other organizations in some countries.

5. ITTC 58: timing

25. The IAG was informed that the City of Yokohama had confirmed its budget allocation for the fiscal year 2022 (available from 1 May 2022) to pay for a physical Council Session in Yokohama. Pacifico-Yokohama, the ITTO headquarters venue, has already been booked for the week of 6-12 November 2022 (the only dates currently available in November 2022); this booking currently needs to be confirmed by end of November 2021. The OIC suggested that as the virtual ITTC57 in 2021 has now been scheduled to end on December 3, the Secretariat will inquire with Pacifico-Yokohama whether the confirmation could be delayed for one week to allow final confirmation after Council's deliberation. The outcome of this inquiry would be reported at the next IAG meeting. The OIC recalled that there had also been discussion on a possible June 2022 slot booked tentatively at Pacifico-Yokohama and it had been decided by the IAG not to confirm this slot. Hence the Secretariat will cancel this booking before the deadline of end of August 2021 to avoid incurring any cancellation fees.
26. The OIC further recalled that the Decision 9(XXXI) AHAG had requested the Secretariat to research options of other venues that might be available if Council decided it wanted to convene a physical session earlier in 2022 (ie mid-year) and informed that a meeting room in the Sogo building near Yokohama Station is currently available on various dates in May and one week in July 2022 in the event that Council decides to meet sooner than the November 2022 date. The meeting facilities at Sogo would require a full payment one month after making a booking and there is a 50% refund for cancellations made within three months of the meeting date, after which the entire fee (which is slightly lower than the Pacifico complex) is non-refundable.
27. The representative of Japan noted that 6-12 November 2022 again coincides with the UNFCCC CoP scheduled for 6-18 November 2022 and advised against using the Sogo meeting rooms if the costs are not that different from Pacifico-Yokohama, which is a much nicer facility and safer under COVID-19. The Chairperson of CRF noted that the dates of the next CITES COP, being hosted by Panama, could potentially also overlap with the ITTC. The OIC reiterated that the November 2022 date was not a proposal made by the Secretariat but was a date that Pacifico-Yokohama had informed was available knowing that the ITTC usually meets in November. While the Secretariat could explore if there are any slots that become available due to cancellations, Pacifico-Yokohama had already informed that due to the backlog of meetings over the past two years now being scheduled in 2022, there was very little availability and the Secretariat had already checked October, November, December as well as June and the only available dates were the two dates in June and November 2022 already informed. The Vice-Chairperson of Council suggested to the IAG that the best course of action would be for the Secretariat to inquire with Pacifico-Yokohama if the deadline to confirm the 6-12 November 2022 booking could be extended for one week from end of November 2021 to allow time for Council to deliberate and take a final decision on the dates of ITTC 58. This was agreed.

6. Other matters and tentative date for next IAG call and closing

28. No other matters were raised, and the meeting was adjourned at 9:20 p.m. (Japan Standard Time). The date of the next (virtual) meeting of the IAG will be proposed by the Secretariat by the end of October.

ANNEX VI

**REPORT OF THE 2021 MARKET DISCUSSION ON “CHALLENGES IN
MANUFACTURING AND TRADE DURING THE COVID-19 PANDEMIC”
DOCUMENT: CEM-CFI(LV)/3, APPENDIX A**

REPORT ON THE ITTO ANNUAL MARKET DISCUSSION – 2021
“Challenges in Manufacturing and Trade during the COVID-19 Pandemic”
30 November 2021, Virtual Session

The theme of the 2021 Annual Market Discussion organized by the ITTO Trade Advisory Group (TAG) was: “Challenges in Manufacturing and Trade during the COVID-19 Pandemic”.

The speakers, and the titles of their presentations, were as follows:

Mr. Ivan Tomaselli President, STCP Brazil	<i>Impact of COVID-19 on the Latin American Forest Sector and Recovery</i>
Mr. Wu Shengfu General Manager Beijing Greenwood Certification Co., Ltd.	<i>Challenges in Manufacturing and Trade during the COVID-19 Pandemic</i>
Mr. Bradley A. McKinney, Executive Director International Wood Products Association (IWPA)	<i>Challenges and Opportunities in International Wood Products Trade</i>
Mr. Benoît Jobbé-Duval Managing Director Association Technique Internationale des Bois Tropicaux	<i>Major Challenges in Sustainable Tropical Timber Management and the Future of Tropical Forests</i>
Mr. Ernie Koh Jyh Eng Executive Director, Koda Secretary General, ASEAN Furniture Industries Council	<i>ASEAN Furniture Production and Exports during this Pandemic – Multiple Challenges and Diverse Response</i>
Mr. Sigit Pramono Senior Policy Analyst Ministry of Environment and Forestry, Indonesia	<i>Update on the Implementation of Indonesian TLAS (SVLK), FLEGT VPA, and Impact of COVID-19 Pandemic on Timber Exports from Indonesia</i>
Mr. Jan Hoffmann Chief, Trade Logistics Branch Division on Technology and Logistics UNCTAD	<i>Presentation of the Review of Maritime Transport 2021</i>

The presentations were followed by a question-and-answer session with members of the Council. Mr. Barney Chan (Trade Advisory Group co-Coordinator, Malaysia) presented the TAG Market Statement (Appendix B). Presentations made during the 2021 ITTO Annual Market Discussion and the TAG statement are available at <http://www.itto.int/ittc-57/presentations>.

Summary of Presentations

Ivan Tomaselli

Impact of COVID-19 on the Latin American Forest sector and Recovery

Dr. Tomaselli reported that COVID-19 created a global health, economic and social crisis and that Latin America was seriously affected. Brazil had almost 20% of global cases and Colombia, Mexico and Peru reported 2-5 million cases between them. The impact on GDP and manufacturing was severe.

In most Latin American the forest sector was considered an essential sector but, while companies were still operating, production suffered from the impact of control measures. Across the region the impact on industrial output varied between countries, industry sector and product. Domestic consumption of wood products in the region fell in the first half of 2020 but export demand was maintained however there were cases where prices for some solid wood products declined.

The timber industry was able to recover due to strong international demand and production increased in 2021. Commodity prices increased which had a positive impact on regional economies and job security. Tomaselli suggested for the next 3-4 years COVID-19 is expected to remain a problem exacerbated by the slow roll-out of vaccinations in some countries in the region. He anticipated that prices in international markets are likely to decline and persistent political and structural issues in the region will hold back a quick recovery.

Wu Shengfu

Challenges in Manufacturing and Trade during the COVID-19 Pandemic

Dr. Wu began saying the pandemic changed the World, it changed our lives and it required companies to change their business models. The main challenges were, and remain, rising costs. Labor cost in China increased, the cost of raw material including wood, glue, lacquers and film rose as did energy and fuel costs. Worst of all, shipping costs rose by more than 10 times. The rising cost of imported raw material has been exacerbated by exchange rate volatility.

Sourcing wood raw material is a challenge for all manufacturers in China, especially as so many countries have banned or restricted round wood exports however; this has prompted enterprises in China to embrace residue utilization and recycling to a greater degree. Where timber imports can be secured the priority is ensuring the products are certified or the legality can be verified.

The pandemic drove development of 'green' products for the domestic market and drove technology innovation aimed especially at reducing energy consumption and use of natural resources. To conclude Wu mentioned the Belt & Road Initiative, specifically the Yiyu China-Europe train service which ran 1,200 trains with 65,000 containers in 2020. Wood products travel in both directions.

Bradley A. McKinney

Challenges and Opportunities in International Wood Products Trade

Dr. McKinney informed that IWPA is the leading international trade association for the North American international wood products industry and members include North American importers, overseas suppliers and producers and Service providers. The IWPA mission is "To build acceptance and demand in North America for globally sourced wood products from sustainably managed forests".

After outline growth trends in the US, McKinney focused on trade and production issues in the US saying supply chains have become more complex and a challenge for importers. He pointed out that sales of tropical hardwood lumber in North American are currently limited mostly by supply chain constraints and the low level of supply of tropical hardwoods makes it difficult to meet the high demand in the US. As a result of the disruptions to supply inventories are low. In conclusion McKinney said demand is high, but supply chain disruptions complicate meeting that demand, inflation is eating into consumer purchasing power and company profitability.

Benoît Jobbé-Duval

Major Challenges in Sustainable Tropical Timber Management and Future of Tropical Forests

The focus of the presentation by Mr. Jobbé-Duval was on the markets' perception of sustainable tropical timber when it comes to timber from the Congo Basin forests. For various reasons, he said, European markets are turning away from tropical timber even if it is sustainable. He said in some major consuming countries the concept of sustainability is given scant recognition and within African domestic markets a variety of structural and fiscal reasons make this market virtually inaccessible to local producers of certified products.

As Director General of ATIBT he reminded that the organization aims to ensure that markets understand the sustainable management of the Congo Basin forests warning that certification in the management of forest concessions in Congo Basin is stagnating and needs to be revived. He continued with statistics on demand and production and the low level of species utilization in the Congo Basin and welcomed the new Forestry Codes released in Gabon and being readied in the Republic of Congo. He mentioned that in the Congo Basin countries discussion are being held on the concept of shared production, linking export oriented enterprises with domestic companies so legal and certified raw materials can be provided for domestic processing to meet local demand.

In calling for action he said the number one challenge is to create a good image for tropical timber and conduct lobbying with powerful messages to counter, for example, the spectacle of the exclusion of tropical timber from construction of the Paris 2024 Olympic village. In conclusion Jobbé-Duval urged continued dialogue and cooperation with the Chinese Global Green Supply initiative.

Ernie Koh Jyh Eng

ASEAN Furniture Production and Exports during this Pandemic - Multiple Challenges and Diverse Response

Mr. Koh provided a background on the establishment membership and aims of the ASEAN Furniture Industries Council (AFIC) for which he is, as of November this year, the President.

Of the ASEAN countries, Vietnam, Malaysia, Indonesia, Thailand and the Philippines are the fastest growing South East Asian furniture suppliers where around two thirds of production is exported.

ASEAN exports accounted for around 10% of global furniture demand in 2019 however, within ASEAN, demand for furniture has risen due to rapid urbanization, rising affluence, ease of shopping (e-commerce) and regional mobility he said.

ASEAN furniture manufacturers continue to be impacted by the pandemic and control measures to slow the rate of infections. The first lockdown was a nightmare said Koh, mills reduced production and some closed, prices for factory inputs rose and there were severe logistic problems. The second series of lockdowns in ASEAN countries came at a time when demand in export markets had started to rise which was a major challenge for enterprises; this was an uncertain time for companies. In early 2021 there were signs of a recovery in production and the switch from lockdowns to 'living with COVID' provided some relief even though the prices of raw material inputs and the cost of export shipping remained significant issues.

Looking ahead Koh commented that logistic problems remain, production has increased but this only means warehouse are filling up as shipping containers are not available and that overseas customers are frustrated by the slow deliveries. Koh's assessment is that freight costs will continue to increase as will raw material inputs and at some point customers will have to increase the prices offered to manufacturers in the ASEAN countries.

Sigit Pramono

Update on the Implementation of Indonesian TLAS (SVLK), FLEGT VPA and Impact of COVID-19 Pandemic on Timber Exports from Indonesia

Sigit Pramono outlined the history of SVLK which spanned 20 Years of working with international partners to develop and implement SVLK and FLEGT VPA. As of October 2021 more than 5,600 forest based enterprises had been SVLK-certified. Since 2013 more than 1.5 million V-Legal export documents (including FLEGT licenses for EU and UK destinations) had been issued with total value of US\$77.48 billion.

The number of importing countries has also increased from 155 countries in 2013 to 196 in 2020 reflecting buyer's confidence in Indonesian timber products.

On the impact of COVID-19 on exports Pramono reported that demand in China, the USA and EU remained strong throughout but exporters faced problems in securing shipping containers but production continued, supported by the various government policy interventions to assist manufacturers.

Pramono then offered some lessons learned and challenges ahead in getting the full benefit of the country's investment in the VPA and its SVLK. He commented that the SVLK has helped Indonesia to cope with illegal logging issue and regain confidence of global markets for its wood products but challenges remain. These include the costs of the certification process which is an issue especially for SMEs and there are inadequate incentives from the demand side to share burden of the certification process. Pramono is of the

view that importers impression of Indonesian timber products has not improved significantly despite the SVLK and VPA.

The Indonesian authorities plan to make implementation of SVLK certification simpler for companies and plans to work with its VPA partners to develop and implement effective promotion strategies emphasizing sustainability.

Jan Hoffmann

Presentation of the Review of Maritime Transport 2021

Dr. Hoffmann discussed the 'UNCTAD Review of Maritime Transport 2021' which offers some explanation for why freight rates are so high and are likely to remain so. UNCTAD expects world maritime trade to have recovered by around 4% in 2021. However, problems remain; Intra-African freight rates are 2.4 times higher than intra-Asian freight rates, it costs 2.6 times more to import goods from Asia to Africa than what it costs to ship goods from Africa to Asia and a container from North America to Oceania is 50% higher than from Asia to Oceania.

Other factors that will impact the shipping sector in the coming years will be the need to effectively protect vessels and the technology used on board from cyber threats and climate change adaption. Another issue is the need for investment in seaport infrastructure and technologies which are an increasingly urgent challenge particularly for developing countries.

The UNCTAD report simulated the impact of container freight rate surges. Assuming container freight rates continue at current rates UNCTAD is of the view that there will be an 11% increase in global import price levels. The Hardest hit will be Small Island Developing States which the simulation suggests could see a 7.5% increase in import costs. Least Developed Countries it is forecast would experience a rise of over 2% while the impact of rising shipping costs for Land-locked Developing Countries (LLDCs) would be minimal.

Looking ahead Hoffmann discussed six issues that will impact how freight costs evolve in the short-term: COVID-19, shipping cycles, consolidation in the shipping sector, how to address decarbonisation, the shortage of shipping capacity and the insurance risk premiums,

Discussion and interventions

As is often the case with the Annual Market Discussion the duration of the event was shortened such that the time for the Questions and Comments was limited; only 3 interventions were possible. There were two interventions from the Delegation of Peru and one from the Delegation of the USA.

The first Delegate from Peru said the presentations provided information on the problems faced by the timber manufacturing sector in tropical countries and provide valuable lessons should a similar situation such as the COVID-19 pandemic occur again. He noted the emphasis by speakers on the issue of high ocean transportation costs and the impact of rising cost of raw material input for manufacturers. He raised the point that there is a need to consider how these developments could affect efforts in sustainable forest management and the profitability and commercial viability of companies.

He noted the comments by some speakers on the growing interest and desire of manufacturers to expand sales in domestic/regional markets. He commented that greater added value production and sales in domestic markets could create jobs and contribute to domestic growth. In conclusion he commented that the timber sector is facing a lot of unknowns but some lessons have been learned from meeting the challenges posed by the current pandemic.

The second intervention, also from a Delegate from Peru, suggested it would be informative to know what export products are being most impacted by the current lack of shipping containers and the high freight rates. He suggested this issue could be included in the work of ITTO in 2022.

The Delegate from the USA commented that the Delegation recognises the important contribution the Annual Market Discussion has in allowing Council to engage with the private sector. On the issue of supply chain disruptions raised by speakers she said these are critical to all economies and that the USA is also experiencing problems with clearance of imported goods at ports and a shortage of domestic trucking capacity. She mentioned the US White House Supply Chain Disruptions Task Force, the USA government's effort to address the disruption of domestic transport capacities.

She commented that the U.S. Delegation is impressed by the resilience of the private sector in being able to continue operations in the face of the many challenges they faced due to the pandemic and the control measures implemented. She noted reference by speakers to the variety of support offered to the private sector and suggested it would be useful if ITTO could, with the TAG, determine what were the most helpful measures offered to manufacturers by their governments.

Trade statement

The TAG coordinator read out a prepared statement to participants attending the Market Discussion. This statement is available at [ITTC57 TAG statement](#) .

Theme for 2022 Annual market discussion

The Trade Advisory Group (TAG) decided to defer its decision on the theme for the 2022 Annual Market Discussion. A theme will be conveyed to the ITTO Secretariat in advance of the next ITTC.

The 2021 Market Discussion was live-streamed on YouTube and is available at [2021 Market Discussion YouTube](#)

.