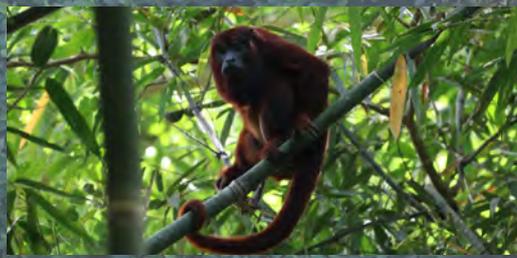


# ITTO annual report 2021



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ITTO is an intergovernmental organization promoting the conservation, restoration and sustainable management, use and trade of tropical forest resources. Its members represent 80% of the world's tropical forests and 90% of the global trade in tropical timber and timber products. ITTO develops internationally agreed policy documents and guidelines to promote sustainable forest management and forest-based enterprises and assists tropical member countries to adapt such policies and guidelines to local conditions and to implement them in the field through projects. In addition, ITTO collects, analyzes and disseminates data on the production and trade of tropical timber and is the foremost source of information, statistics and trends related to the global tropical timber economy. Since it became operational in 1987, ITTO has funded more than 1200 projects, pre-projects and activities valued at more than USD 430 million. All projects are funded by voluntary contributions, the major donors to date being the governments of Japan and the United States of America, followed by others.

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Front-cover photo: Mangrove seedlings two years after planting by the Nasilai women's group.  
Aporosa Ramulo Livani/Fiji Ministry of Forestry

Front-cover inserts: ENEF, Mbalmayo (left); T. Lostanau (centre); ITTO (right).

Back-cover inserts: F.V. Gutierrez (left); I. Diansambu (centre); T. Lostanau (right).

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# Abbreviations and acronyms

CBD	Convention on Biological Diversity
CBR	Cibodas Biosphere Reserve
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COP	Conference of the Parties
COVID-19	coronavirus disease
CPF	Collaborative Partnership on Forests
CSAG	Civil Society Advisory Group
CTSP	CITES Tree Species Programme
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FLEGT	Forest Law Enforcement, Governance and Trade
FLR	forest landscape restoration
FY2021	fiscal year ended 31 December 2021
GEF	Global Environment Facility
IMM	Independent Market Monitor
ITTO	International Tropical Timber Organization
IUFRO	International Union of Forest Research Organizations
JPY	Japanese yen
LSSC	legal and sustainable supply chains
NTFP	non-timber forest product
PEFC	Programme for the Endorsement of Forest Certification
SDG	Sustainable Development Goal
SERFOR	National Forest and Wildlife Service (Peru)
SFM	sustainable forest management
TAG	Trade Advisory Group
TFU	Tropical Forest Update
TTP	Timber Trade Portal
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States dollar(s)
VPA	voluntary partnership agreement

# Message from the Executive Director

2021 continued to yield tough times for the planet. In ITTO's area of work, the tropical forest sector, many governments, people and businesses faced severe impacts from the COVID-19 pandemic, with considerable disruption to supply chains and livelihoods, compounded by movement restriction controls and closed borders across the globe. Moreover, the threat to tropical forests posed by climate change and other challenges continue to increase, complicating efforts to sustainably manage and conserve these vital resources.

Nevertheless, ITTO was able to achieve a great deal in 2021. For example, we increased transparency in the tropical timber trade through web platforms and the highly regarded *Tropical Timber Market Report*; published two reports on incentives for investment in green value chains; cooperated with partners to catalyze, accelerate and enhance efforts in forest education globally; and supported work to develop a new version of criteria and indicators for the sustainable management of African tropical forests. We also continued to implement and oversee projects in member countries across the tropics—such as initiatives in Indonesia and Peru to tackle the threat of forest wildfire by improving fire-prevention and firefighting capacity. Work on other initiatives, such as those in the Legal and Sustainable Supply Chains Programme, was ongoing in 2021.

ITTO strengthened its visibility in the global arena in 2021 by participating actively in policy discussions and initiatives jointly organized with the Food and Agriculture Organization of the United Nations and other members of the Collaborative Partnership on Forests, particularly at the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP26) and the 16th session of the United Nations Forum on Forests (UNFF). We also actively contributed to meetings organized by the UNFF, Asia-Pacific Economic Cooperation and the FACT Dialogues in the build-up to COP26, where we highlighted the currently undervalued contributions of sustainably managed tropical forests to achieving internationally agreed aims.

These are only a few highlights—we accomplished a great deal more, as summarized in this report.

The International Tropical Timber Council made several important decisions in 2021, including, crucially, the appointment of a new Executive Director and the adoption of a new strategic action plan to guide the Organization's work. The plan has four priorities, four crosscutting strategies and 38 associated targets to be accomplished by 2026. Equally importantly, the Council extended the International Tropical Timber Agreement (ITTA) for another five years.



Photo: FRIM

On a personal note, following the Council's consensus in appointing me as Executive Director, may I take this opportunity to express my heartfelt gratitude to all members for this honour, and—as I said on accepting the appointment—I pledge to take ITTO's interests forward in a fair, balanced and equitable manner. I know I can count on the support of all members and partners in doing so.

It is increasingly clear that sustainable forest management and use, and a transparent tropical timber trade, are essential means for retaining tropical forests and enabling local, rural and forest-dependent communities to improve their livelihoods whilst ensuring the longevity of tropical forests. Sustainable tropical forestry must be central to efforts aimed at achieving the Sustainable Development Goals and overcoming the multiple crises facing the planet. The undeniably huge potential of tropical forestry to provide nature-based solutions for biodiversity conservation, climate-change mitigation and adaptation and other sustainable development pursuits should not be underestimated. ITTO intends to continue intensifying its efforts in all these important areas of work whilst serving its membership under its mandate, as specified in the ITTA and the new strategic action plan.

## **Sheam Satkuru**

ITTO Executive Director

September 2022

*Primary rainforest in Guyana. Major tropical timber markets have recently adopted trade measures aimed at eliminating illegal deforestation. Photo: Guyana Forestry Commission*





Photo: MALEBI

# 1 International Tropical Timber Council

Due to the COVID-19 pandemic, the 57th session of the International Tropical Timber Council was convened virtually. The session opened on Monday 29 November 2021 and closed on Friday 3 December 2021.

The pandemic has caused a huge shift in the world's economic landscape, including the forest industry, but there is hope that the forest sector will "pick up" as countries increasingly adopt recovery measures, according to Chair of the International Tropical Timber Council, Kheiruddin Mohd Rani, who spoke at the opening of the session.

Mr Kheiruddin's remarks were echoed by ITTO Officer-in-Charge Steven Johnson, who also spoke at the opening. Most economic sectors have been affected by the pandemic, he said, but countries with large export-oriented forest industries, including many ITTO producer countries, have been particularly hard-hit.

"Companies have faced difficulties in getting workers back to factories in the face of lockdowns," said Dr Johnson. "Those that have succeeded have found it almost impossible to secure containers or shipping capacity to move their products to market. And for the lucky few who have managed to do that, freight rates have soared by up to ten times compared to pre-COVID rates. Higher shipping costs have increased landed product prices substantially in import markets, driving



*A teak plantation in Panama. An ITTO project will support efforts to increase the competitiveness of commercial reforestation in neighbouring Costa Rica. Photo: J. Blaser*

down demand in a vicious spiral. As ITTO and others work towards achieving legal and sustainable supply chains, green supply chains and deforestation-free supply chains, the pandemic is a brutal reminder that we will achieve none of these if the supply chains themselves no longer exist."

Mr Kheiruddin said that emerging digital technologies, which have been fast-tracked during the pandemic, will help improve the forest industry's efficiency, and he hoped for a more positive outlook for the sector in the future.

## Council appoints new Executive Director

The International Tropical Timber Council appointed Ms Sheam Satkuru as ITTO's new Executive Director during the session. She won the position from among nearly 50 applicants and was one of three shortlisted candidates.

Ms Satkuru, a citizen of Malaysia, was the Malaysian Timber Council's Regional Director for Europe between 2007 and 2017, and she had been Director of Operations at ITTO since 2017.

Ms Satkuru is a specialist in international trade, with strong skills and experience in legal and policy analysis related to international affairs, the timber and forest industries, communications, public affairs and outreach. She is also a skilled and experienced international negotiator; she holds a master's degree in law from Kings College at the University of London and was called to the English Bar in 1993.

In accepting the appointment during the session, Ms Satkuru referred to the principle of consensus as one of ITTO's strongest features. "ITTO begins yet another new chapter in its long journey of adventures," she said. "As the first woman to be appointed as the Organization's Executive Director, I applaud all members of the International Tropical Timber Council for the consultative and collaborative spirit they have shown".

The Council Chair and other delegates offered their warm congratulations to Ms Satkuru for her appointment. She took up her new position in early 2022.



*Sheam Satkuru, ITTO's newly appointed Executive Director. Photo: CTWPDA*

## USD 3.8 million pledged for ITTO work

During the session, the Council announced contributions in 2021 (including those made intersessionally) totalling USD 3.77 million to support the Organization's work. Of this, the Republic of Korea contributed USD 1.11 million, Japan USD 848 000, the United States of America USD 555 000, China USD 100 000, the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) Secretariat USD 376 000, Bruno Manser Fonds USD 200 000, the City of Basel USD 200 000, FAO USD 167 000, Soka Gakkai USD 89 600, the Precious Forests Foundation USD 11 000 and Kisso-an USD 1720; USD 116 000 was also made available from existing funds (including the Bali Partnership Fund) within the Organization.<sup>1</sup>

Among other things, these funds will be used to support: efforts to increase the competitiveness of commercial reforestation in Costa Rica; women's groups in two prefectures in Togo to restore degraded forest landscapes; ITTO's role in the CITES Tree Species Programme (CTSP); the three-year secondment of an officer from the Korea Forest Service to the ITTO Secretariat; and the promotion of sustainable domestic wood consumption in Viet Nam (the first project developed from a concept note submitted under ITTO's new financial architecture/ pilot programme lines). Some projects and activities received partial funding and will commence should the balance of funding be forthcoming.<sup>2</sup>

In addition to the decision approving funding, the Council adopted seven other decisions by consensus. These were: to extend the International Tropical Timber Agreement, 2006 for five years until 6 December 2026; to adopt the ITTO Strategic Action Plan for 2022–2026; on cooperation and coordination with other international organizations; on matters related to the administrative budget (two decisions); to adopt terms of reference for the advisory board on ITTO's pilot programmatic approach; and to appoint the Executive Director. The Council adopted the reports of its four associated committees, which met during the session.

The Council elected Mr Jesse Mahoney (Australia) and Mr Nurudeen Iddrisu (Ghana) as its next Chair and Vice-chair, respectively.

## Committees review policy and project work

The Committee on Reforestation and Forest Management convened to review project and policy work. Activities discussed included the promotion of smallholder forest landscape restoration (FLR) in West-Africa; the

<sup>1</sup> Amounts may be rounded.

<sup>2</sup> The full list of projects and activities receiving voluntary contributions is contained in Decision 1 of the session, available at [www.itto.int/council\\_committees/decisions](http://www.itto.int/council_committees/decisions).

### Box 1: Presentations made at the 2021 Annual Market Discussion

- Impact of COVID-19 on the Latin American forest sector and recovery—Ivan Tomaselli, president of the consultancy firm STCP
- Challenges in manufacturing and trade during the COVID-19 pandemic—Wu Shengfu, China National Forest Products Industry Association
- Challenges and opportunities in international wood products trade—Bradley A. McKinney, Chief Executive Officer of the International Wood Products Association
- Challenges of sustainably managed tropical timber and future of tropical forests—Benoit Jobbé-Duval, Managing Director of the International Tropical Timber Technical Association (*Association Technique Internationale des Bois Tropicaux*)
- ASEAN furniture production and exports during this pandemic—multiple challenges and diverse response—Ernie Koh Jyh Eng, Chair of the ASEAN Furniture Industries Council
- Update on implementation of Indonesian TLAS (SVLK), FLEGT VPA and impact of COVID-19 pandemic on timber exports from Indonesia—Sigit Pramono, Indonesia's Ministry of Environment and Forestry
- Review of maritime transport 2021—Jan Hoffman, United Nations Conference on Trade and Development

development of training curricula for Central African countries on legal and sustainable supply chains; the dissemination of ITTO's Guidelines for Forest Landscape Restoration in the Tropics; the joint ITTO–Convention on Biological Diversity (CBD) Collaborative Initiative for Tropical Forest Biodiversity; and adapting ITTO's criteria and indicators for sustainable forest management (SFM) to the African context. Three projects and one pre-project were declared completed by the committee.

The Committee on Economics, Statistics and Markets and the Committee on Forest Industry met jointly to review field and policy work during the session. Activities under discussion included market access for tropical timber and tropical timber products; forest and timber certification; and market analysis under the Independent Market Monitor (IMM).

The Committee on Economics, Statistics and Markets reviewed progress on forest and timber certification (to 2020). The total area of certified forests in ITTO

producer countries in 2020 was 35.9 million hectares, which was 6.6% of the total area of certified forests globally (546 million hectares). Some 4990 chain-of-custody certificates were current in ITTO producer member countries, which was 8.7% of the total number of such certificates worldwide (52 315 certificates).

Viet Nam achieved endorsement of its national system (the Viet Nam Forest Certification Office) from the Programme for the Endorsement of Forest Certification in 2020. Gabon, Cameroon and Congo submitted the regional system, "Pan-African Forest Certification Congo Basin", for endorsement.

The Committee on Economics, Statistics and Markets also reviewed the situation on market access for tropical timber and tropical timber products. Four major legislative instruments related to market access for timber—the European Union Timber Regulation, the Lacey Act amendments of the United States of America, Australia's Illegal Logging Prohibition Act, and Japan's Clean Wood Act—were in force in 2020. The committee noted legislative developments in other important timber markets, such as the Korean Revised Sustainable Use of Timber Act, the Chinese Forest Law Amendment, and the Viet Nam–European Union voluntary partnership agreement (VPA), as well as developments in CITES.

### Annual Market Discussion

Control measures adopted to slow the spread of the COVID-19 virus continue to have a devastating impact on manufacturers, according to speakers at the 2021 Annual Market Discussion, which was organized by ITTO's Trade Advisory Group (TAG) and held on 30 November as part of the Council session. In countries with well-advanced vaccine rollouts, restrictions on movement have eased; in others, however, efforts to protect people from the delta variant of the virus remain in place, hindering the recovery of business operations. The timber industry faces many challenges, but a priority for all enterprises is to develop protocols for safe working so output can be ramped up. Also crucial are diversifying raw-material supply chains; coping with disrupted shipping and the consequent catastrophic increases in the cost of international shipping; and managing deliveries at a time when demand is surging for wood products in international markets. A global economic recovery is possible, but a faster and more effective vaccine rollout globally is essential. Activity has picked up in many sectors, but the pandemic is widening gaps in economic performance between countries and sectors, increasing social inequalities. There is no room for complacency; vaccines must be deployed faster—and globally.

Box 1 shows the titles of presentations from which the above summary is based; see TFU issue 30 No. 3/4 for the main points made by the speakers.

## Statement by the Trade Advisory Group

The 26th Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) held in Glasgow in 2021 should galvanize demand for sustainably produced tropical timber products rather than promulgate misconceptions about the role of the timber trade in deforestation, according to a statement delivered by Barney Chan on behalf of the TAG in conjunction with the 2021 Annual Market Discussion.

“We do not want the general public to take away the call for action in COP26 as to mean avoiding the use of tropical timber products,” said the statement. “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.”

The statement also addressed concern among TAG members about a proposed new regulation in the European Union on commodities and products associated with deforestation and forest degradation. The statement listed a range of concerns about the regulation and called on the European Union to engage with ITTO members and secretariat and national and international timber trade organizations to ensure that

any proposal “is practical and workable on the ground”. TAG also called on ITTO to work with the European Union on the proposed regulation.

TAG was established in 2000 to provide inputs to ITTO’s policy and project work. It is open to anyone with an interest in the tropical timber trade, including representatives of tropical forest industries, timber exporters and importers, timber trade and industry consultants, and trade and industry associations.

## Civil Society Advisory Group proposes paper on how ITTO can address climate change

In a statement delivered during the session by the chair of the Civil Society Advisory Group (CSAG), Mr Chen Hin Keong, CSAG recommended that ITTO commission a paper to outline how ITTO members, as well as the Secretariat, the private sector, TAG, civil society and CSAG, could contribute to the mitigation of and adaptation to climate change in concrete ways.

“Forests were and are still being poorly managed, their resources overexploited and are being lost,” according to the statement. “How can ITTO members work towards actions to implement the many relevant guidelines,



*These women participated in a community information exchange in the Verde para Sempre Extractive Reserve, Brazil, as part of work conducted by ITTO Fellow Ana Luiza Violato Espada. Photo: Ana Luiza Violato Espada*



*The seeds of Amazonian-nut trees were the focus of an ITTO Fellow's doctoral research on social innovation, collective action and biocultural diversity conservation in the Brazilian Amazon. Photo: A. Segura Tomasi/Instituto Internacional de Educação do Brasil*

policies, and reports produced over the years? The paper can outline how each stakeholder can do this. Currently, member countries do not seem to be using ITTO resources in any concrete way where these resources can contribute."

The CSAG statement also said that the sustainable and responsible use of forest resources and tackling illegal and unsustainable use must be an integral part of COVID-19 recovery strategies if the world is to "build back better" towards a more sustainable and resilient future.

"Jobs, revenue, livelihood, cultural integrity and sustainability of the resource and supply should not be looked at in isolation," according to the statement.

"The critical challenge should not only be focused on technical forestry aspects; we cannot leave the problems of SFM to the foresters and technicians at the forest level."

CSAG also reiterated its call for the Annual Market Discussion to be a joint session between TAG and CSAG. Currently, according to the statement, Discussion panellists tend to be business oriented, "while we know business and markets do not work in isolation from health, conservation, sustainability, livelihood, IPLCs [Indigenous Peoples and local communities], etc. CSAG brings our expertise and knowledge that can enhance the knowledge sharing and recommendations from such a platform to Council."

### Council awards 18 new Fellowships

The Council awarded 18 new ITTO Fellowships at its 57th session. Of this latest group of Fellows, seven are from Africa, six are from the Asia-Pacific region and five are from Latin America and the Caribbean. Seven of the 18 candidates are women. The total value of the 18 Fellowships is about USD 127 000.

ITTO's long-running Fellowship Programme has enabled more than 1400 awardees to improve their professional knowledge and career prospects while developing a network of forestry professionals working to advance SFM and a legal and sustainable tropical timber trade. See Chapter 5 for more information on the programme.



*CSAG chair Chen Hin Keong (pictured in 2019). Photo: R. Carrillo/ITTO*



*Rural women in Côte d'Ivoire have improved their standard of living, with support from an ITTO project, by producing charcoal with ecofriendly techniques. The venture has attracted further support from the World Bank's Forest Investment Program. Photo: MALEBI*

## New Strategic Action Plan

ITTO's Strategic Action Plan for the period 2022–2026, approved during the Council session, will guide ITTO's policy and project work for the next five years with the aim of making progress towards the twin objectives of promoting the sustainable management of tropical timber-producing forests and expanding and diversifying international trade in tropical timber from sustainably managed and legally harvested forests. The draft plan features four strategic priorities, four crosscutting strategies and 38 associated targets to be accomplished by 2026.

The ITTO Strategic Action Plan 2022–2026 was finalized in June 2022 and posted on the ITTO website ([www.itto.int/council\\_committees/action\\_plans](http://www.itto.int/council_committees/action_plans)).

## ITTO projects have catalytic effect

A paper presented to the Council by the ITTO Secretariat on cooperation and coordination with other organizations examined the effect of ITTO projects in catalyzing funding from other organizations, thereby offering tropical countries an avenue for scaling up impacts.

For example, a project to help strengthen capacity for sustainable forestry in tropical dry forest in northern Peru (see page 21 for more information) enabled local professionals to develop a much larger project proposal

for the Global Environment Facility, obtaining an amount of USD 7.6 million from the GEF and co-financing from the Government of Peru valued at USD 53.5 million. Another project, in Côte d'Ivoire, with an ITTO contribution of about USD 150 000, helped a women's association restore degraded land in a forest reserve and put their charcoal business on a sustainable footing, ultimately attracting funding through the World Bank's Forest Investment Program for an expanded project with a budget of about USD 400 000. In Papua New Guinea, a project with an ITTO contribution of USD 739 000 helped improve forest governance and develop a first draft of the country's timber legality standard. On project completion, further substantial financial assistance was obtained from governments and organizations to continue development of the standard. In the Amazon, an ITTO project implemented by the Amazon Cooperation Treaty Organization (ACTO) with an ITTO budget of USD 1.12 million benefited eight countries in the region; in 2013, Brazil's National Bank for Economic and Social Development approved an amount of USD 12 million to ACTO for a follow-up five-year project to expand the work initiated under the ITTO project and making use of the infrastructure it established.

The Council requested the Secretariat to make these and other examples of successful collaboration and scaling-up more widely known.

## ITTO communication strategy

Also at the session, the International Tropical Timber Council welcomed the Organization's new communication plan, developed by the Secretariat, which has three goals: 1) elevate ITTO's thought leadership on tropical forests, particularly regarding urgent issues such as climate change, fire, biodiversity and economic livelihoods; 2) promote SFM practices that are succeeding, highlighting ITTO projects on the ground; and 3) continue serving tropical timber traders and companies. ITTO is now seeking funding to fully implement the plan.

*Read more about the 57th Session of the International Tropical Timber Council at [www.itto.int/ittc-57](http://www.itto.int/ittc-57).*

*Daily coverage of the session by IISD reporting services is available at <https://enb.iisd.org/ITTC57-International-Tropical-Timber-Council>*



*Photo: F.V. Gutierrez*



## 2 Field work

This chapter presents examples of ongoing or recently completed ITTO projects and other activities that illustrate ways in which the Organization is achieving each of the strategic priorities of the ITTO Strategic Action Plan 2013–2018 (extended until 2021) and contributing to achievement of the Sustainable Development Goals (SDGs).

### Strategic priority 1: Promote good governance and enabling policy frameworks for strengthening SFM and related trade and enhancing SFM financing and investment

ITTO is assisting its members' efforts to ensure that forest laws, rules and regulations are complied with during the harvesting, transport, processing and trade of forest products and to address non-compliance with subnational, national and international laws concerning forests and forestry.

#### Strengthening Gabon's community forestry

<i>Project title</i>	Community forest development in Gabon
<i>Identifier</i>	PD 383/05 Rev.2 (F)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 514 432
<i>Implementing agency</i>	Direction Générale des Eaux et Forêts
<i>Funding</i>	France, Japan, Norway
<i>Relevant SDGs</i>	10, 15 and 16



Gabon's Ministry of Water and Forests. Photo: Jean Gérard/CIRAD

Following the promulgation of Gabon's forest code in 2001, the country lacked guidelines and directives for the creation of community forests. The implementation of this project led to the development of legal instruments and technical documents for the designation of community forests, including ministerial decrees and guidelines on the participatory demarcation and mapping of community forests, participatory forest inventories, and the preparation of simplified forest management plans.

Thanks to the project, a specialized administrative unit, *Direction de la Foresterie Communautaire*, was established in the Ministry of Forestry. By project completion, the Nkang Community Forest had been created with an area of just under 3000 ha, and two other communities were in the process of formalizing their community forests.

## Improving governance and preparing Cambodia for REDD+

<i>Project title</i>	Sustainable forest management through REDD+ mechanisms in Kampong Thom Province (Cambodia)
<i>Identifier</i>	PD 740/14 Rev.2 (F)
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 484 792
<i>Implementing agency</i>	Forest Administration, Ministry of Agriculture, Forestry and Fisheries, Cambodia
<i>Funding</i>	Japan
<i>Relevant SDGs</i>	1, 5, 13 and 15

The project is assisting Cambodia to standardize procedures for meeting, efficiently and effectively, the technical specifications of REDD+ jurisdictional standards as a means for reducing deforestation and forest degradation. The project is building capacity to improve the understanding and knowledge of REDD+ among stakeholders at the local, provincial and national levels. Under the project, assessments were conducted on:

- Drivers and agents of deforestation and forest degradation in Kampong Thom province.
- Development of adjusted forest reference emission levels for Kampong Thom province.
- Development of default forest reference emission levels for Kampong Thom province.
- Lessons learned from REDD+ project development in Cambodia.
- Benefit-sharing mechanisms in forestry and REDD+ projects for designing effective national REDD+ incentive allocations in Cambodia.
- The design, implementation and monitoring of safeguards for SFM through REDD+ mechanisms in Kampong Thom province.
- The development of a commercialization and sustainable financing strategy for REDD+ in Cambodia.

These assessments have helped in standardizing procedures for meeting REDD+ technical specifications and jurisdictional standards. Project interventions have improved the livelihoods of communities in the area through poultry, cash crops and the introduction of fuel-saving cookstoves. It has also involved communities in forest patrolling.



*Project officers conduct community training on SFM and REDD+ in Kampong Thom province, Cambodia. Photo: V. Chhorn/Forestry Administration*

## Strategic priority 2: Increase the contribution of tropical forests to national and local economies, including through international trade

ITTO recognizes the potential for the expansion and diversification of trade in products originating from sustainably managed tropical forests to contribute to sustainable development. The Organization encourages sustainable tropical-forest-based industries and trade through dialogue, partnerships, policy and market development, and projects.

### Producing acacia wood more efficiently in Viet Nam

<i>Activity title</i>	Increasing efficiency of acacia plantation and timber processing industry in Viet Nam
<i>Identifier</i>	PD 815/16 Rev.2 (I)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 116 480
<i>Implementing agency</i>	Vietnam Timber and Forest Products Association
<i>Funding</i>	Republic of Korea, United States of America
<i>Relevant SDGs</i>	8, 9, 12 and 15

With fast growth and the capacity to adapt to diverse growing conditions, acacia has become Viet Nam's most dominant plantation species, and it is now grown on about 3 million ha of land. Small-sized acacia logs are mainly consumed in woodchip and wood-pellet factories, and larger-sized wood is used in furniture manufacture for local consumption and export. Despite this success, there is scope to increase the efficiency of both plantation establishment and wood processing, with potential benefits for more than 1 million farmers and a large segment of workers engaged in acacia-wood supply chains.



Three-year-old acacia trees in Chu Town, Luc Ngan District, Bac Giang Province, Viet Nam. Photo: CaoXuanThanh/VIFOREST

This ITTO project enhanced the technical capacity of more than 100 farmers and 300 wood processors through training in nursery establishment; plantation management, including silvicultural interventions to improve plantation performance; woodworking technologies; and forest certification and timber legality assurance. The project also linked farmers with major wood-processing companies and facilitated their access to advanced technologies and equipment to increase the efficiency of raw-material utilization.

On the policy side, the project contributed to the formulation of a strategy for forestry development for the period 2021–2025. It also helped develop a vision to 2030 with the aim of encouraging private investment in large-size timber plantations through the transformation of land tenure, the provision of preferential loans, and marketing.

### Strategic priority 3: Enhance the conservation and sustainable use of biodiversity in tropical timber-producing forests

Natural tropical forests are rich in biodiversity and play crucial roles in economies at the local to national scales, yet they are under immense pressure and need protecting. Through projects and policy development, ITTO is assisting producer member countries to implement strategies for the protection and sustainable management of these vital resources.

### Restoring Indonesia’s Cibodas Biosphere Reserve

<i>Project title</i>	Accelerating the restoration of Cibodas Biosphere Reserve functions through proper management of landscapes involving local stakeholders
<i>Identifier</i>	PD 777/15 Rev.3 (F)
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 515 590
<i>Implementing agency</i>	Gunung Gede Pangrango National Park Authority, Directorate General of Natural Resources and Ecosystem Conservation, Ministry of Environment and Forestry
<i>Funding</i>	Japan
<i>Relevant SDGs</i>	13, 15 and 17

The Cibodas Biosphere Reserve (CBR) covers about 115 000 hectares in the districts of Bogor, Cianjur and Sukabumi on Java, Indonesia, with the Gunung Gede Pangrango National Park at its core. The CBR is a haven for hundreds of threatened or vulnerable plant and animal species, including 21 of Java’s 25 endemic wildlife species, such as the Javan gibbon (*Hylobates moloch*) and Javan surili (*Presbytis comata*).





*The Nasilai women's group planted 5000 mangrove propagules along the foreshores of their village.  
Photo: Aporosa Ramulo Livani/Ministry of Forestry*

The coastal and mangrove wetlands in the Rewa Delta cover more than 35 000 hectares, sustaining important marine and terrestrial life and the livelihoods of local communities. But these wetlands are under threat and have become degraded.

The aim of this ITTO project is to reverse degradation, including by establishing demonstration sites; working with communities and other stakeholders to improve decision-making on mangroves; developing national guidelines on mangrove use and management; and increasing awareness of the importance of sustainable mangrove management.

The project has conducted community training and awareness-raising in six villages on the rehabilitation and restoration of degraded mangroves and wetlands, seed collection and seedling planting, and the ecological valuation of mangroves and wetlands (two villages, Muanaira and Narocake, banned the cutting of mangroves after the awareness-raising effort). The project has helped communities build capacity in the development of alternative livelihoods, and it has established permanent tree nurseries in the six villages to support the reforestation of areas inland from the mangroves using indigenous species. The project is helping enrich these forest areas with fruit trees and other crops, thereby adding to villager livelihoods.

The project has facilitated the inclusion of women in community decision-making processes, enabling them to lead and advocate on environmental issues that affect their lives. For example, the women's group in Nasilai planted 5000 mangrove seedlings along the foreshore as part of their mangrove restoration and rehabilitation work.

## Reducing deforestation in the Ixil forests through community participation in Guatemala

<i>Project title</i>	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
<i>Identifier</i>	PD 721/13 Rev.3 (F)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 440 873
<i>Implementing agency</i>	Fundación para el Desarrollo Integral del Hombre y su Entorno
<i>Funding</i>	Japan
<i>Relevant SDGs</i>	13, 15 and 17

Like many other tropical countries, Guatemala is experiencing significant deforestation and forest degradation. Indigenous communities manage large forest areas, which are under threat from population growth, agroindustrial development and other pressures. The aim of this project was to upskill local communities in the Municipality of Nebaj, Quiché, in SFM practices with a view to reducing deforestation and forest degradation in the Xaclbal watershed.

The project supported several existing organized groups and community forest associations and strengthened their knowledge of and capacity to implement SFM. As a result, Nejab now has an operational forest nursery, which is producing seedlings of species such as *Alnus acuminata*, *Cupressus lusitanica*, *Casuarina cunninghamiana*, *Prunus* spp., *Quercus* spp., *Pinus ayacahuite* and *Pinus maximinoi*. Seventy-three beneficiaries carried out reforestation on 32 hectares of degraded land, and five training workshops on forest fire control were conducted.

The implementing agency, *Fundación para el Desarrollo Integral del Hombre y su Entorno*, was part of a consortium engaged by the Government of Guatemala to consolidate the country's National Strategy for Reducing Deforestation and Emission Reduction Programme. Ultimately, it is hoped that the government will be able to sell carbon credits for emission reductions achieved in the forest sector.



*The municipal forest nursery in Nebaj, Department of Quiché, Guatemala. Photo: Hugo Mendoza*

### Women-led forest landscape restoration in Togo

<i>Project title</i>	Support for women's groups with the restoration of forest landscapes in the prefectures of Blitta and Lacs, Togo
<i>Identifier</i>	PP-A/56-341
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 93 240
<i>Implementing agency</i>	African Women's Network for Community Management of Forests
<i>Funding</i>	Soka Gakkai
<i>Relevant SDGs</i>	1, 2, 5, 12 and 15

This activity is supporting women's groups in two of Togo's poorest prefectures, Blitta and Lacs, with the aim of contributing to food security, meeting local needs for fuel energy, and generating income from forestry and agroforestry.

The initiative has involved 100 women, who produced nearly 30 000 seedlings of forest tree species in 12 months and used them to restore 20 hectares of degraded lands, comprising 8 hectares of tree plantations and



*Officials and local women inspect recently planted teak trees on 12 hectares of previously degraded land near Pagala-Gare village, Blitta, Togo. Photo: Abalo Kpatcha*

12 hectares of agroforests (7 hectares of trees and maize and 5 hectares of trees and soybeans). The agroforests are already generating significant income, and the plantation will ultimately help address local needs for wood energy and timber.

The two women's groups now want to double the restored area and take the lead in the production and sale of tree seedlings in Togo.

## Saving Peru's tropical dry forests

<i>Project title</i>	Capacity building for sustainable management of tropical dry forests on the north coast of Peru
<i>Identifier</i>	PD 741/14 Rev.3 (F)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 437 478
<i>Implementing agency</i>	Asociación para la Investigación y Desarrollo Integral
<i>Funding</i>	Japan
<i>Relevant SDGs</i>	1, 11, 13, 14, 15, 16 and 17

Peru's dry tropical forests are under threat from climate change, high population density, fragmentation, proximity to urban areas and the influence of agroindustries. They also receive relatively little research attention and, consequently, information for sound decision-making and the development of public policies for these areas is often unavailable or incomplete. Overall, this project:

- Generated information on Peru's dry forests and made this available to stakeholders—the project identified 34 dry-forest management experiences, which were compiled in a manual of best practices.
- Raised awareness on the importance of dry forests among users and other stakeholders who may otherwise be unaware of the ecosystem functions of dry forests.
- Facilitated dialogue between officials at the subnational and national levels and among government, the private sector and civil-society stakeholders with a view to strengthening linkages and encouraging learning about new approaches to forest management.
- Developed an outreach and awareness-raising plan.
- Encouraged networking and partnerships through capacity-building initiatives led by SERFOR (the national forestry authority) and its strategic partners in search of synergies.

The project also promoted three strategic alliances relevant to the development of projects for the sustainable management of dry forests and restoration.

### Strategic priority 5: Improve the quality and availability of information on tropical forests, forest product markets and trade

ITTO works to improve market intelligence and increase transparency in international timber markets, recognizing that the expansion and diversification of trade in products originating from sustainably managed tropical forests can contribute substantially to sustainable development.



*Degraded tropical dry forest in northern Peru.*  
Photo: D. Yarlaque

## Establishing a baseline for sustainable community forestry in Togo

<i>Activity title</i>	Support to the local communities of the Mono Plain for the promotion and sustainable management of community forests in Togo
<i>Identifier</i>	PPD 191/18 Rev.1 (F)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 71 211
<i>Implementing agency</i>	Les Amis De L'environnement
<i>Funding</i>	United States of America
<i>Relevant SDGs</i>	1, 12, 13 and 15

Mangrove forests are found in the Togo lagoon system, the Gbaga Channel, and the lower reaches of the Mono River in Togo and are subject to strong anthropogenic pressures and ongoing degradation. Up-to-date, reliable information has long been lacking, however, hindering the sustainable management of the ecosystem.

This ITTO pre-project assisted in establishing a baseline by conducting socioeconomic surveys among 21 communities in the area, which in turn, raised villager awareness of the importance of sustainably using mangrove ecosystems. The survey showed that Togo's mangrove forest ecosystems are of considerable social and economic importance for local people and contribute greatly to their well-being, despite their current degraded state. A full project proposal for follow-up actions has been developed and submitted to ITTO for funding.



Farmers in North Sulawesi, Indonesia, received training on cempaka planting techniques as part of efforts under an ITTO project to revitalize cempaka-growing in the province. Photo: D.I.D. Arini/MEFRDI

### Strategic priority 6: Build and develop human resource capacity to implement SFM and increase trade in forest goods and services from sustainably managed forests

ITTO has a strong focus on enabling local communities and industries to sustainably use forest resources. Working closely with local people and building their capacity to engage in forest-based enterprises and decision-making helps ensure the sustainability of ITTO projects and activities after their official completion. Working with industry is also crucial for ensuring SFM, wood-processing efficiency, and the sustainability of international trade.



A traditional Minahasa house made predominantly of cempaka wood. Photo: Muh. Farid/MEFRDI

### Conserving and using cempaka in Sulawesi, Indonesia

<i>Project title</i>	Initiating the conservation of cempaka tree species ( <i>Elmerrillia</i> spp.) through plantation development with local community participation in north Sulawesi, Indonesia
<i>Identifier</i>	PD 646/12 Rev.3 (F)
<i>Status</i>	Completed
<i>ITTO cost</i>	USD 435 187
<i>Implementing agency</i>	Manado Forestry Research Institute
<i>Funding</i>	Japan
<i>Relevant SDGs</i>	8, 12 and 15

Cempaka wood has long been used in the construction of traditional houses in Sulawesi and demand is rising, bringing concerns for the long-term future of these species. This project worked with local communities to establish cempaka plantations with the aim of decreasing pressure on natural forests, contributing to the sustainable management and conservation of the species, ensuring future supplies of cempaka wood, and improving local livelihoods. The project provided training in cempaka seed collection, storage and germination and set up tree nurseries in three villages. A total of 18 hectares of cempaka plantations was established to demonstrate the potential of plantations for generating income and assisting village development. The project also published technical studies on aspects related to the sustainable management of the cempaka.

**BOManejo: software for improving forest management practices in the Amazon**

<i>Project title</i>	Sustainable management of production forests at the commercial scale in the Brazilian Amazon – Phase II
<i>Identifier</i>	PD 452/07 Rev.5 (F)
<i>Status</i>	Ongoing
<i>ITTO cost</i>	USD 556 963
<i>Implementing agency</i>	Embrapa Amazônia Oriental
<i>Funding</i>	Japan
<i>Relevant SDGs</i>	12 and 15

Operators in the Brazilian Amazon are required by law to follow SFM plans. Under these, operators must conduct a 100% forest inventory of the area to be logged in a given year, and they must also have annual operational plans that specify the activities to be carried out and indicate the trees to be logged. Harvesting is permitted only after state and federal agencies have evaluated and approved the annual operating plan. The forest inventories carried out to meet these legal requirements produce an enormous quantity of data, the analysis of which requires significant data-processing capacity. Most operators use electronic spreadsheets, making the process slow and cumbersome and not conducive to good forest management planning.

Under an earlier ITTO project,<sup>3</sup> management-planning software was developed in 2008 with limited capacity. The current project has improved the software interface



*A launch event for the BOManejo software in Belém, Brazil, in June 2018. BOManejo has been used successfully in a pilot trial by Cikel Brasil Verde Madeireiras Ltda, a large forest company. Photo: R. Rosal*

and data-processing capability and is better able to meet the data requirements of recent forestry legislation, and it also takes advantage of rapid advances in information technology. The improved software, called BOManejo, enables forest managers to refine and adjust the criteria used to select trees for felling with various combinations of parameters such as bole quality, minimum cutting diameter and percentage of remaining individual trees per species. Using information from the forest inventory, the identified selection criteria and parameters specified by law, BOManejo can interactively select the trees to be harvested. Managers are also able to use the software to evaluate (quantitatively and qualitatively) the volumes to be harvested.

BOManejo can be used to generate reports and spreadsheets for submission to the licensing governmental offices.

<sup>3</sup> PD 57/99 Rev.2 (F): "Sustainable management of production forests at a commercial scale in the Brazilian Amazon".



*Staff discuss the sustainable management of a forest concession in the Congo Basin. Photo: C. Duhesme*

Photo: J. Blaser

### 3 Policy, analytical and normative work

This chapter highlights the Organization's policy, analytical and normative work in 2021, conducted under the Biennial Work Programme 2021–2022.

#### Incentives for green-growth value-chain investments in tropical forests

ITTO released two publications on incentives for investments in green value chains in 2021 as part of its Technical Series: *Fiscal and Non-fiscal Incentives for Sustainable Forest Management* (TS 48) and *Tropical Timber 2050* (TS 49).

*Fiscal and Non-fiscal Incentives for Sustainable Forest Management* analyzes incentives and disincentives for SFM in the tropics with a view to assisting ITTO producer member countries to put effective incentives in place. The report makes 22 recommendations for designing incentives that can make a difference in the adoption of sustainable practices in the tropical forest sector, and it presents case studies from Brazil, Cambodia, the Congo, Côte d'Ivoire, Myanmar, Peru, Thailand and Viet Nam.

*Tropical Timber 2050* describes a model developed to forecast trends in tropical timber supply and trade to 2050. It analyzes a number of scenarios and examines previous economic and non-economic shocks to estimate the likely time required for the sector to recover to pre-pandemic levels.

With ITTO support, Climate Investment Funds and the World Bank published *Designing Fiscal Instruments for Sustainable Forestry* in April 2021. This report shows how various fiscal reforms can positively influence forest conservation while freeing up resources for national development.

The two Technical Series reports are available at [www.itto.int/technical\\_report](http://www.itto.int/technical_report)

*Designing Fiscal Instruments for Sustainable Forestry* is available at [www.itto.int/other\\_technical\\_reports](http://www.itto.int/other_technical_reports)



## Building legal and sustainable forest product supply chains

ITTO supports the development of means for providing assurance of sustainability and legality—SFM plans, tracking systems, information-exchange platforms and other tools.

### Global Green Supply Chains platform

The Global Green Supply Chains platform is a communication and business exchange platform launched in 2019. In 2021, the platform facilitated virtual exchanges with representatives of the Union of Asian Forest Industries in Gabon (*Union Forestière des Industries Asiatiques au Gabon*) and an online workshop with enterprises from Gabon, Cameroon, the Congo and Equatorial Guinea on practices for improving timber supply chains in trading with Chinese enterprises.

Visit <http://itto-ggsc.org>

### Timber Trade Portal

ITTO, Form International and the International Tropical Timber Technical Association signed an agreement in 2021 to expand and improve the Timber Trade Portal (TTP), the aim of which is to assist the growth, transparency and diversity of legal and sustainable tropical timber trade. The TTP provides answers for numerous questions related to timber trade legality, due diligence, and domestic and export requirements. It serves as a central information hub, with country profiles on the timber industry and relevant laws in producer countries in tropical Africa, Asia and Latin America and the Caribbean.

The new partnership agreement will enable the further development of the TTP by:

- Expanding the geographical and linguistic coverage of the TTP by adding six new country profiles, mainly in Asia, and translating the entire website into Chinese.
- Redesigning the website to make it more user-friendly.
- Increasing the TTP's exposure and audience through a new marketing strategy.

Visit [www.timbertradeportal.com](http://www.timbertradeportal.com)

## Global Forest Education Project

The Global Forest Education Project is managed by ITTO, the Food and Agriculture Organization of the United Nations (FAO) and the International Union of Forest Research Organizations (IUFRO). The goal of the project, which is financed by Germany's Federal Ministry of Food and Agriculture (BMEL), is to catalyze, accelerate and



*A prospective course participant views the ITTO's free online course on legal and sustainable timber supply chains. Photo: Mahtuf Ikhsan*

enhance broad efforts in forest education at the national and local levels in developing countries and address existing deficiencies in forest education. The project is helping prepare the foundation for a longer-term effort in forest education, envisaged as a joint initiative involving multiple international organizations, including members of the Collaborative Partnership on Forests (CPF).

The project included:

- A global survey on forest education at all levels—from primary schools to universities—that synthesized and verified the status of forest education.
- An international conference on forest education in June 2021 attended by 1000 experts, which launched a global call to action on forest education.
- The release of a free online course on legal and sustainable supply chains (LSSC), based on ITTO's work on the production, trade and use of forest products, especially its Programme on Legal and Sustainable Supply Chains of Tropical Wood and Tropical Forest Products.

The LSSC learning course has four modules. The first module introduces participants to SFM, including reduced-impact logging and FLR. The second outlines timber legality assessment, and the third explores how meeting legality requirements in forest management can help ensure sustainable outcomes. The fourth learning module examines marketing aspects that users should know to maintain, expand and sustain their legal and sustainable forest-based businesses. Participants receive a certificate for successfully completing the course.

*For more on the International Conference on Forest Education and the global call to action, visit [www.fao.org/forestry/forest-education/conference](http://www.fao.org/forestry/forest-education/conference)  
Visit the LSSC online course at <https://lsscourse.com>*



Farmers work in their teak nursery in Lampang, Thailand, which is producing higher-quality teak planting stock as part of efforts to expand and improve the area's planted-teak resource. Photo: ITTO

### Increasing knowledge on timber legislation

ITTO signed an agreement with FAO and developed three country case studies in Brazil, Colombia and Ecuador to update the TimberLex database.

Visit TimberLex at <https://timberlex.apps.fao.org>

### Strengthening private-sector participation in ITTO work

ITTO worked in cooperation with TAG, the World Resources Institute, the Global Timber Forum, FAO (through its Forest Law Enforcement, Governance and Trade – FLEGT – programme) and other partners to build capacity on due diligence among private-sector actors involved in the international trade of tropical timber. Tailored training modules were delivered in Colombia,<sup>4</sup> Guatemala and Peru.



This promotional poster was an output of capacity-building activities in Colombia by ITTO and partners.

<sup>4</sup> <https://elijamaderalegal.com>

## Enhancing teak management in the Greater Mekong Subregion

The aim of this ITTO activity is to assist governments, local communities and smallholders to improve natural teak forest management, production and marketing to facilitate the establishment of legal and sustainable teakwood supply chains while improving national economies and the livelihoods of local communities in the Greater Mekong Subregion.

The activity has built capacity on teak propagation techniques, silvicultural practices and teak value-chain assessment. During the COVID-19 pandemic, it supported monthly webinars on teak-related issues in participating countries—Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand and Viet Nam. Thirteen editions of the Teak Mekong Newsletter had been published by the end of 2021, providing regular updates on the activity and facilitate networking among teak stakeholders.

Visit [www.facebook.com/ITTO-TEAK-IN-Mekong-393301941225768](https://www.facebook.com/ITTO-TEAK-IN-Mekong-393301941225768)

Read the Teak Mekong Newsletter at <http://teaknet.org/itto.php#newsletter>

Read accounts of the activity in TFU issues 30/3–4 and 29/4 at [www.itto.int/tfu/back\\_issues](http://www.itto.int/tfu/back_issues)

## Independent market monitoring of licensed timber

The IMM was established under a European Union-funded ITTO activity to support the implementation of bilateral VPAs between the European Union and timber-supplying countries and to analyze their market impacts.

Despite the COVID-19 pandemic, regular trade and stakeholder surveys continued in all countries covered by the IMM in 2021, except for the Congo. The IMM updated its website in July 2021, with a new design improving the user experience and increasing the accessibility of trade data and market information. The IMM completed a study in 2021 on progress towards FLEGT recognition in private and public green procurement policies.

Visit <https://flegtim.eu>



Participants at the opening of the Regional Workshop on ITTO Criteria and Indicators for the Sustainable Forest Management of African Natural Forests. Photo: Arnaud Ulrich Chyngwa Nganso/CIFOR-ICRAF

## Adapting the ITTO criteria and indicators to the African context

A workshop held in October 2021 involving about 30 African forestry experts validated a draft new version of the ITTO criteria and indicators for the sustainable management of African tropical forests, which, according to participants in a statement, marked a new beginning for the monitoring of SFM in Africa.

Amendments made at the workshop to update the criteria and indicators included:

- Expanding the scope beyond the permanent forest estate to be applicable at the landscape level.
- Separating planning indicators from those for implementation and monitoring.
- Separating indicators for timber from those for non-timber forest products and environmental services.

The new version of the criteria and indicators, which will be published in the second half of 2022, is expected to facilitate systematic assessments of the implementation of SFM in Africa.

Visit [www.itto.int/news/2021/10/14/african\\_forest\\_experts\\_endorse\\_new\\_beginning\\_for\\_sfm\\_monitoring](https://www.itto.int/news/2021/10/14/african_forest_experts_endorse_new_beginning_for_sfm_monitoring)



*Firefighters work to suppress a wildfire in Indonesia. Photo: Ministry of Environment and Forestry*

### Building capacity in forest products statistics

ITTO and FAO co-hosted a workshop in October 2021 to improve understanding of data collection and reporting practices in West and Central Africa and identify needs for technical training in areas such as the use of statistical software, survey design and data communication. The workshop, which involved 41 participants from 16 countries, was part of ongoing efforts by ITTO and FAO to boost capacity for generating reliable statistics on forest products.

The ITTO online statistical database, which covers the period 1990–2020, was updated twice in 2021 (February and August) with production and trade figures for primary wood products and the trade of secondary wood products.

Visit [www.itto.int/news/2021/11/19/workshop\\_for\\_west\\_and\\_central\\_african\\_countries\\_builds\\_capacity\\_in\\_forest\\_product\\_statistics](http://www.itto.int/news/2021/11/19/workshop_for_west_and_central_african_countries_builds_capacity_in_forest_product_statistics)

The ITTO statistical database is available at [www.itto.int/biennial\\_review](http://www.itto.int/biennial_review)

### Preventing and managing fire in tropical timber-producing forests

Two ongoing ITTO initiatives in Indonesia and Peru are tackling the threat of wildfire by improving fire prevention and firefighting capacity, developing early-response protocols and increasing public awareness. This, in turn, will benefit biodiversity conservation and local livelihoods and assist climate-change mitigation efforts. Both initiatives made progress in 2021 by carrying out webinars, providing field training and raising awareness of fire management practices. In addition, fire brigades have been equipped and, in Indonesia, a guide on zero-burning agricultural waste practices has been developed.



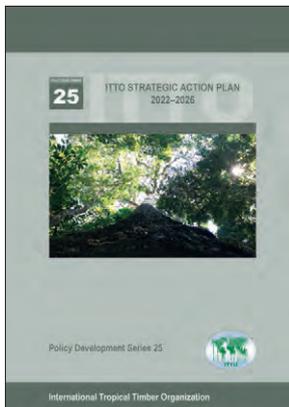
*A promotional banner for the launch of the fire management initiative in Peru.*

## A new strategic action plan

The International Tropical Timber Council adopted a new strategic action plan at its 57th session in December 2021 to guide the Organization over the five years to 2026. The plan has five parts:

- Part 1 highlights the importance of forests to human wellbeing and the role of ITTO in this regard.
- Part 2 identifies trends and challenges in the tropical forest sector, including in the context of the COVID-19 pandemic.
- Part 3, the heart of the plan, identifies four strategic priorities for the Organization (“governance and investment”; “economies and tropical timber trade”; “resilience, restoration and conservation”; and “statistics and information”) and four crosscutting strategies (on capacity building, ITTO’s effectiveness, COVID-19 recovery and gender equality), as well as 38 associated targets to be achieved by 2026.
- Part 4 details the framework for implementing the strategic action plan.
- Part 5 addresses the monitoring, reporting and review of the plan’s implementation.

*The Strategic Action Plan 2022–2026 is available at [www.itto.int/council\\_committees/action\\_plans](http://www.itto.int/council_committees/action_plans)  
A TFU article summarizing the plan is available at [www.itto.int/tfu/2022/05/19/itto\\_s\\_next\\_five\\_years](http://www.itto.int/tfu/2022/05/19/itto_s_next_five_years)*



*Students, teachers and officials of the Forestry Administration had a tree-planting day in early 2020 in the Teuk Kraham commune, Preah Vihear province, Cambodia, as part of an FLR initiative. Photo: Hort Sothea/Cambodia Forestry Administration*

## Disseminating the ITTO guidelines for forest landscape restoration

ITTO and various partners co-hosted training events in 2021 designed to increase awareness and understanding of ITTO’s Guidelines for Forest Landscape Restoration in the Tropics, which were published in 2020. Three webinars were held in Latin America—one for Central America and Mexico, one for South America, and one in Peru. A five-day virtual workshop was convened in September–October 2021 for countries in the Asia-Pacific region.

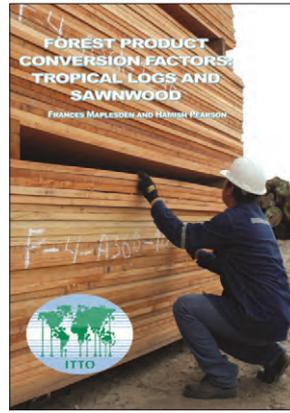
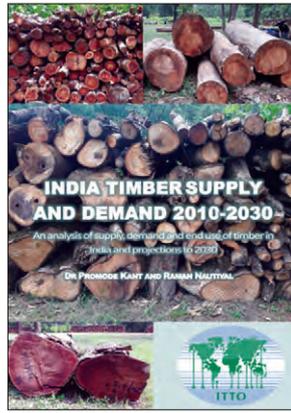
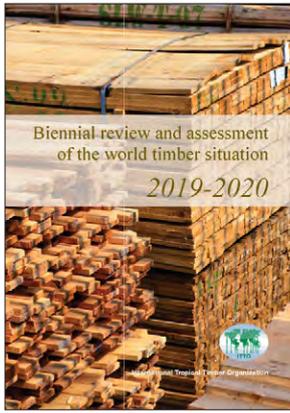
The training events brought together about 370 participants from 30 countries, providing opportunities for the exchange of good practices in FLR among practitioners, researchers and administrators. They also gave rise to recommendations for increasing application of the guidelines.

*Read articles published in the Tropical Forest Update at [www.itto.int/tfu/2022/05/19/itto\\_s\\_next\\_five\\_years](http://www.itto.int/tfu/2022/05/19/itto_s_next_five_years)*

## Tropical Timber Market Report

Twenty-three editions of ITTO’s Tropical Timber Market Report were published and distributed to almost 19 000 readers worldwide in 2021, providing news and information on tropical timber market trends and trade from around the world.

*The report can be subscribed to (on free registration) at [www.itto.int/market\\_information\\_service](http://www.itto.int/market_information_service)*



## Biennial review and assessment of the world timber situation

The *Biennial Review and Assessment of the World Timber Situation 2019–2020* was published in August 2021, with data on the production and trade of primary and secondary processed wood products in 73 countries worldwide. The edition featured a summary of a market study on timber demand, supply and end use in India; the full report of that study was published as a stand-alone report in September 2021.

The *Biennial Review* is available at [www.itto.int/annual\\_review](http://www.itto.int/annual_review)

The *Indian market study* is available at [www.itto.int/other\\_technical\\_reports](http://www.itto.int/other_technical_reports)

## Conversion factors

*Forest Product Conversion Factors: Tropical Logs and Sawwood*, published in June 2021, estimates conversion factors for a wide range of tropical timber species based on weight using data on wood and bark density and wood moisture content. The derived factors can be used to convert the dry weight of timber consignments to volume, and vice versa.

Visit [www.itto.int/other\\_technical\\_reports](http://www.itto.int/other_technical_reports)

## Developing business models for non-timber forest products

ITTO and the Precious Forests Foundation released a publication in June 2021 examining the case for multiple-use management for timber and non-timber products (NTFPs) in the tropics. *Not Only Timber* (ITTO Technical Series No. 50) explores multiple-use forest management approaches in which NTFPs help make the economic case for natural forests. It describes how these NTFPs can be grown and harvested in tropical production forests while respecting traditional forest-community interests and rights. It presents three examples of well-established NTFPs in humid tropical forests—Brazil nut, rattan and rubber. For each, it examines the factors and strategies that have enabled the sustainable harvesting of the NTFPs, as well as the challenges involved in maintaining sustainable NTFP management regimes. The report also describes six promising NTFPs that grow in tropical forests—two each from tropical Africa, Southeast Asia and the Amazon—for which the potential is yet to be fully realized. And it uses a five-star system to rate the potential of 28 individual NTFPs to yield positive economic, social and environmental outcomes.

Visit [www.itto.int/technical\\_report](http://www.itto.int/technical_report)



*A customer inspects a board. Photo: Lightpoet, POND5*

## 4 Collaborative work

This chapter presents examples of collaborative work undertaken by the Organization in 2021.

### Asia-Pacific Economic Cooperation Experts Group on Illegal Logging and Associated Trade

ITTO participated in the 19th meeting of the Asia-Pacific Economic Cooperation (APEC) Experts Group on Illegal Logging and Associated Trade (EGILAT), held virtually in February 2021 (hosted by the Government of New Zealand), which focused on promoting trade in legally harvested forest products in APEC economies. ITTO also contributed to APEC-EGILAT workshops held in May and September 2021.

Visit [www.itto.int/news/2021/02/24/itto\\_participates\\_in\\_apec\\_experts\\_group\\_on\\_illegal\\_logging\\_and\\_associated\\_trade](http://www.itto.int/news/2021/02/24/itto_participates_in_apec_experts_group_on_illegal_logging_and_associated_trade)

### ITTO and biodiversity convention renew collaboration to 2025

ITTO and the CBD have been collaborating closely for a decade. In February 2021, ITTO and CBD renewed their longstanding collaboration for another five years, with the aim of supporting CBD Parties and ITTO member countries in the tropics in their efforts to conserve biodiversity, implement SFM, restore degraded forest landscapes and encourage the sustainable use of forest resources.

To date, the Collaborative Initiative has encompassed 16 projects in 23 tropical countries. All these countries have experienced forest and biodiversity losses and have large numbers of forest-dependent people. At USD 13 million, the total budget of the 16 projects is modest, but a recent technical review found that they have achieved extraordinary success in improving local livelihoods and forest management, restoring degraded forest landscapes and conserving biodiversity. Notable achievements include increasing the size of a mangrove protected area in Peru by more than 700 000 ha; providing more than 400 foresters and technicians in Central Africa with education and training on SFM; enabling previously difficult transboundary cooperation in the Emerald Triangle between Cambodia and Thailand; and restoring 130 ha of mangroves in Fiji.

Visit [www.itto.int/news/2021/02/05/itto\\_and\\_biodiversity\\_convention\\_renew\\_collaboration\\_to\\_2025](http://www.itto.int/news/2021/02/05/itto_and_biodiversity_convention_renew_collaboration_to_2025)

Read the TFU article, "Two organizations and a common goal", at [www.itto.int/tfu/2021/03/31/tough\\_climb\\_up\\_for\\_biodiversity](http://www.itto.int/tfu/2021/03/31/tough_climb_up_for_biodiversity)

## Collaboration with FAO on major reports

ITTO collaborated with FAO on the Global Forest Resources Assessment 2020 and a global study on the supply and demand of tropical timber used in FAO's State of the World's Forests 2022; the two reports were launched at the XV World Forestry Congress in May 2022.

Visit [www.fao.org/documents/card/en/c/ca9825en](http://www.fao.org/documents/card/en/c/ca9825en) and [www.fao.org/publications/sofo/2022/en](http://www.fao.org/publications/sofo/2022/en)

## ITTO and the Collaborative Partnership on Forests

ITTO participated in several meetings of the CPF in 2021, most of which were held virtually. The focus of the meetings was on providing updates on organizational work, including post-COVID-19 recovery measures and data on the impacts of the pandemic on the forest sector gathered through ITTO and TAG surveys. ITTO contributed to:

- The development of the new CPF workplan for 2021–2024.
- The CPF report presented at the 16th session of the United Nations Forum on Forests, particularly on achievement of the Global Forest Goals.
- The United Nations High-Level Political Forum on Sustainable Development on the theme, "The role of forests in a time of crisis: sustainable production and consumption patterns to turn the tide on deforestation", convened in July.
- The United Nations Forum on Forests Expert Group Meeting on the Mid-term Review of the International Arrangement on Forests, held in November.
- The United Nations Framework Convention on Climate Change FACT Dialogues as a member of the Trade and Markets Group. We highlighted ITTO activities on SFM and trade in tropical wood and non-wood products, which fed into the government-to-government meetings and ministerial dialogues prior to and at the Climate Change Convention's COP26 in Glasgow.
- CPF consultation group meetings on the XV World Forestry Congress.
- The CPF Joint Initiative on Forest Education.



*A Javanese eagle in the Cibodas Biosphere Reserve, Indonesia, an area of work of the ITTO/CBD Collaborative Initiative for Tropical Forest Biodiversity. Photo: Hardi, ITTO Project PD 777/15 Rev.3 (F)*

## G7 ministers pledge to work with ITTO on sustainable supply chains

In a joint communiqué issued in May 2021, the G7 Ministers Responsible for Climate and Environment committed to working with ITTO to increase support for sustainable supply chains that decouple agriculture from deforestation and forest degradation.

In a section of the communiqué addressing the transition to sustainable and legal use of natural resources, ministers pledged to increase support for sustainable supply chains that decouple agricultural production from deforestation and forest degradation and to conserve, sustainably manage, restore and protect forests and other ecosystems.

According to the communiqué, they will do this "while promoting development and trade, including through participating in the dialogue between consumer and producer countries ... and through work by the International Tropical Timber Organisation".

Read the G7 Climate and Environment: Ministers' Communiqué at <https://www.gov.uk/government/publications/g7-climate-and-environment-ministers-meeting-may-2021-communiqué/g7-climate-and-environment-ministers-communiqué-london-21-may-2021>



High-school students learn about forest values during a field trip to the Lanjak Entimau Wildlife Sanctuary in Sarawak, Malaysia. Photo: Sarawak Forest Department

### ITTO and IUFRO encourage learning on forest landscape restoration

ITTO and IUFRO released a series of free learning modules for high-school and university students in November 2021 to guide further understanding on FLR as a contribution to the 2021–2030 United Nations Decade on Ecosystem Restoration. The learning modules were developed to raise awareness among the next generation of professionals and policymakers and decision-makers of the vital role that FLR will play in restoring degraded landscapes.

The production of the four modules was supported by a joint CPF FLR initiative, with finance from the Global Environment Facility project, “Fostering partnerships to build coherence and support for FLR”.

View the learning modules at [www.itto.int/resources/learning-materials](http://www.itto.int/resources/learning-materials)



Photo: R. Carrillo/ITTO



Japan’s Parliamentary Vice-Minister of Health, Labour and Welfare, Shimamura Dai (left), stands alongside ITTO Officer-in-charge Steve Johnson. Photo: S. Kawaguchi/ITTO

### Collaboration with Japan, ITTO’s host country

ITTO participated in the Yokohama [Kokusai] International Forum held virtually in February 2021, delivering a lecture on the contributions of tropical forests and ITTO to the SDGs.

ITTO also joined celebrations for the 30th anniversary of the Yokohama International Organizations Center in a hybrid event in July 2021 that highlighted the City of Yokohama’s strong support for ITTO and other international organizations as a clear demonstration of its determination to help solve global issues through international cooperation.

ITTO, Japan’s Forestry and Forest Products Research Institute and Indonesia’s Bogor Agricultural University co-organized an event at the 26th Conference of the Parties to the United Nations Framework Convention on Climate Change on forest fire management in the tropics. The hybrid event showcased lessons learned from ongoing ITTO initiatives on fire management in Indonesia and Peru.

Japan’s Parliamentary Vice-Minister of Health, Labour and Welfare, Shimamura Dai, visited ITTO on 23 December 2021 and met with Officer-in-charge Steven Johnson. Vice-minister Shimamura represents Kanagawa prefecture in Japan’s Parliament and is based in Yokohama. Discussions focused on how ITTO’s work could contribute to Japan’s pledge to achieve net-zero greenhouse-gas emissions by 2050.

Visit [www.itto.int/activities\\_in\\_japan](http://www.itto.int/activities_in_japan)

# ITTO



## Sustaining Tropical Forests



*ITTO Fellow Sandra Rodriguez (Colombia) at ITTO's booth at the XV World Forestry Congress. Photo: R. Carrillo/ITTO*



Photo: Oumar

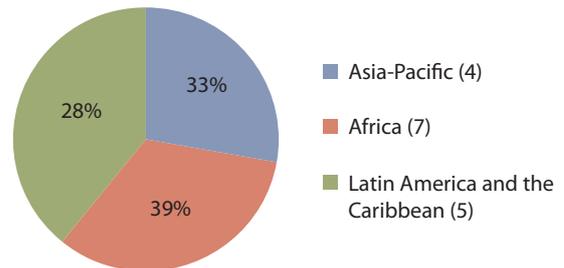
## 5 Fellowships

The ITTO Fellowship Programme promotes human-resource development in member countries and strengthens professional expertise in tropical forestry and related disciplines. Since its establishment in 1989, the programme has enabled more than 1400 young and mid-career professionals from 49 countries to pursue professional development opportunities and improve their career prospects. The total value of Fellowship awards is nearly USD 9.8 million, of which Japan has contributed 67%, the United States of America 19%, the Netherlands 7% and Australia 2.5%, with the remainder obtained from various sources, including the private sector.

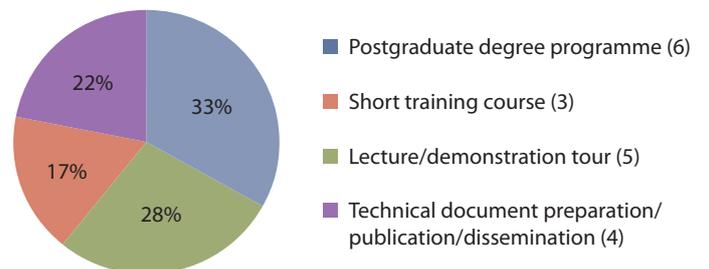
In 2021, the International Tropical Timber Council awarded 18 Fellowships to professionals in 14 producer member countries and one consumer member—including seven women, or nearly 40% of awardees—at a total value of USD 127 321, based on the recommendations of a selection panel convened as part of the Council's 57th session. The charts show how these Fellowships are distributed by region and purpose.

*Accounts of recent Fellowships are featured regularly in the Tropical Forest Update at [www.itto.int/tropical\\_forest\\_update](http://www.itto.int/tropical_forest_update)*

**ITTO Fellowships awarded in 2021, by region**



**Purpose of ITTO Fellowships awarded in 2021**





*ITTO Fellow Angelica Barrero works in a vegetable plot at CATIE, Turrialba, Costa Rica, during the pandemic. Photo: A. Barrero*



# 6 Outreach

The aims of ITTO's outreach are to:

- Enhance knowledge-sharing and dissemination.
- Leverage knowledge through partnerships.
- Enable knowledge use.
- Deliver key messages on ITTO's work to the international community.

Much of ITTO's outreach is achieved through field projects, activities and collaborative work, as outlined in other sections of this report. This section presents outreach activities conducted mainly by the ITTO Secretariat.

## Tropical Forest Update

ITTO published three editions of the TFU—a newsletter promoting the conservation and sustainable use of tropical forests—in 2021 (one edition was a double issue).

Hard copies of the TFU are distributed free of charge to about 14 000 individuals and organizations in more than 160 countries. The TFU is also available electronically on the ITTO website<sup>5</sup> and via the TFU app (which can be obtained from App Store and Google Play<sup>6</sup>).

<sup>5</sup> [www.itto.int/tfu](http://www.itto.int/tfu)

<sup>6</sup> Keywords = TFU ITTO



## Tropical Forest News

ITTO published 12 editions of its e-newsletter, *Tropical Forest News*, in 2021, providing subscribers with insights into ITTO's work and other relevant news and events. Subscriptions to *Tropical Forest News* can be obtained via "Quick links" on the ITTO website.

## ITTO website

The ITTO website ([www.itto.int](http://www.itto.int)), which is available in English, French and Spanish and also offers extensive coverage in Japanese, received nearly 523 000 views in 2021, an increase of around 31% compared with the previous year (400 000 views). The website contains a wide range of information on ITTO's work, including news; calls for proposals; information on the International Tropical Timber Council and its committees; publications, including the TFU, the Policy Development Series and the Technical Series; a statistical database; the Market Information Service; information on ITTO Fellowships; a list of forthcoming events; outputs of project work (with a comprehensive search facility); a photo gallery; and quick links to various areas of the website. It is continually updated with new content.

A new section was released in 2021 to describe how ITTO's work is contributing to the achievement of various SDGs.

## Videos

As of December 2021, 122 videos were available on ITTO's YouTube channel showing various aspects of the Organization's work. Additions in 2021 included videos on ITTO's work on sustainable forest management and markets, an introduction to the LSSC online course, and recordings of FLR and wildfire-management events and the Annual Market Discussion.

## Coverage of the 57th session

A dedicated webpage<sup>7</sup> provided comprehensive reporting of the 57th session of the International Tropical Timber Council, which was held virtually in November–December 2021, including daily news and developments, presentations, photos and insights.

## ITTO in the media

ITTO's work appeared in over 20 media outlets in 2021; a list is available from the Secretariat upon request. Noteworthy examples include:

- Mongabay,<sup>8</sup> published on 26 January 2021, noting that the International Tropical Timber Council's approval of a project proposal the previous November was "one step" towards creating the Baram peace park in Sarawak, Malaysia.
- *A Better World*, volume 7,<sup>9</sup> published by the Human Development Forum in March addressing SDG 17 ("Strengthen the means of implementation and revitalize the global partnership for sustainable development"), featuring an article on ITTO's work in promoting SFM as an effective means for building partnerships.
- *Landscape News*,<sup>10</sup> published on 27 April, featuring ITTO's Guidelines for Forest Landscape Restoration in the Tropics.
- *Double Helix*,<sup>11</sup> published on 7 May, describing work conducted under an ITTO project on DNA timber tracing as part of efforts to reduce the illegal trade of African cherry.
- *El Comercio* (a major newspaper in Peru),<sup>12</sup> published on 16 September, reporting on ITTO's role in improving fire management in Peru.

<sup>7</sup> [www.itto.int/ittc-57](http://www.itto.int/ittc-57)

<sup>8</sup> <https://news.mongabay.com/2021/01/timber-organizations-backing-one-step-toward-peace-park-in-borneo/>

<sup>9</sup> [www.humandevforum.org/digital/A-Better-World-Vol-7/60/index.html](http://www.humandevforum.org/digital/A-Better-World-Vol-7/60/index.html)

<sup>10</sup> <https://news.globallandscapesforum.org/51824/6-guiding-principles-for-successful-restoration-of-tropical-forest-landscapes/>

<sup>11</sup> [www.doublehelixtracking.com/news/dna-test-trace-aims-to-cut-illegal-exports-of-endangered-african-cherry](http://www.doublehelixtracking.com/news/dna-test-trace-aims-to-cut-illegal-exports-of-endangered-african-cherry)

<sup>12</sup> <https://elcomercio.pe/lima/sucesos/serfor-ejecuta-proyecto-para-prevenir-y-dar-una-respuesta-oportuna-a-incendios-forestales-en-cinco-regiones-nndc-noticia/?ref=amp&source=mas-en-seccion&outputType=amp>

## Social media

ITTO has an increasing presence on Facebook,<sup>13</sup> Instagram,<sup>14</sup> Twitter,<sup>15</sup> YouTube<sup>16</sup> and LinkedIn.<sup>17</sup>

**LinkedIn**—the most popular post of the year had a combined total of about 12 600 impressions in 2021 (no comparable data are available for 2020).

**Twitter**—the top tweet of each month in 2021 produced a combined total of 9131 “impressions” (or individual views on Twitter), up from 7830 in 2020.

**Facebook**—the ten most popular posts in 2021 had a combined reach of about 21 800 views, up from 12 000 in 2020.



**YouTube**—the ten most popular videos had a combined total of about 15 505 views in 2021, compared with 14 000 views in 2020.

**Instagram**—the total number of accounts reached by the top monthly posts combined was about 3321, down from 3800 in 2020.\*

\* Number of accounts reached, as of January 2021.

### ITTO on socials

13 [www.facebook.com/ittosfm](https://www.facebook.com/ittosfm)  
14 [www.instagram.com/itto\\_sfm](https://www.instagram.com/itto_sfm)  
15 [twitter.com/itto\\_sfm](https://twitter.com/itto_sfm)  
16 [www.youtube.com/user/ittosfm/videos](https://www.youtube.com/user/ittosfm/videos)  
17 [www.linkedin.com/company/itto-sfm](https://www.linkedin.com/company/itto-sfm)



*An agroforestry system in the Cibadas Biosphere Reserve in Indonesia, location of an ongoing ITTO project. Photo: K. Sato/ITTO*

## 7 Financial highlights

This chapter consists of two main sections: an executive summary of ITTO's financial statements prepared by the ITTO Secretariat, and an extract of ITTO's audited financial statements. Both sections are part of the financial reports prepared in accordance with ITTO's Financial Rules and Procedures to be considered by the International Tropical Timber Council at its 58th session.

### **Executive summary of ITTO's financial statements for the year ended 31 December 2021 prepared by the ITTO Secretariat**

The audited financial statements provide information on the financial position and performance of ITTO for the fiscal year ended 31 December 2021 (FY2021).

For ITTO's project accounts in FY2021, new voluntary contribution pledges of USD 3.8 million were announced at the 57th session of the International Tropical Timber Council, and total project cost expenses during this period amounted to USD 3.9 million for projects mostly funded prior to FY2021. Total Administrative Account assessed contribution revenues were USD 7.1 million, of which USD 2.0 million was not received during FY2021 and was accounted for as assessed contributions receivable (arrears). Actual costs for the FY2021 Administrative Account budget were USD 5.5 million, therefore creating a cash deficit of USD 0.4 million for the Administrative Account budget for the year. The

International Tropical Timber Council adopted Decision 3(LVII), "Management of the Administrative Budget for 2021–2022", in December 2021 to address this issue by revising the Financial Rules and Regulations to allow ITTO to utilize an amount not exceeding 10% of the budget from the Working Capital Reserve (WCR) to meet any shortfall of funds to implement the Organization's work programme, as long as expenditures stay within the specified annual budget. The same decision also established a virtual intersessional group made up of producer and consumer members to make recommendations on thresholds for the use of the WCR, ways to prompt members to pay assessed contributions, and ways to adapt the budget to long-term trends in the payment of contributions; the report of this group will be presented at the 58th session of the Council.

The Council adopted Decision 5(LIV) at its 54th session in November 2018 to enhance the Organization's financing architecture. In accordance with operative paragraph 8 of that decision, the Secretariat is including here the revenue and direct and indirect costs associated with implementing the pilot of "an additional fundraising approach focused on pro-active development of proposals with potential sources of funding and/or participate in tenders which address/contribute to the objectives of the International Tropical Timber Agreement and the strategic priorities of the Organization, taking into consideration the need for transparency, and opportunities for member engagement".

**Required financial disclosures in accordance with Decision 5(LIV)**

(USD)

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*Pledges associated with implementing the pilot* 2021


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**Pledges in Council Decision 1(LVII) associated with implementing the pilot**

Pledge by United States of America for CN-1523, "Development of an information system on the potential for wood and carbon to support sustainable forest management in South Kalimantan (Indonesia)"	150 000
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Pledge by China for PP-A/53-323, "Building legal and sustainable forest product supply chains (LSSC)"	100 000
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Pledge by FAO for PP-A/53-323C, "LSSC education programme"	10 000
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Pledge by FAO for PP-A/56-323E, "Review of sustainable forest trade in the Lower Mekong Region"	70 000
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Pledge by Soka Gakkai for 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"	89 582
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<b>Total pledges</b>	<b>419 582</b>
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(USD)

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*Costs associated with implementing the pilot* 2021


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**Costs charged to the administrative budget**

Staff time*	180 000
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<b>Subtotal</b>	<b>180 000</b>
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**Costs charged to the Working Capital Reserve in accordance with Decision 9(LIII) and Decision 5(LIV)**

Development of concept-note database	25 817
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Consultancies	3 070
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Translation/transcription	2 433
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<b>Subtotal</b>	<b>31 320</b>
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<b>Total costs</b>	<b>211 320</b>
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\* Estimated based on time spent on brainstorming, meetings and implementing fundraising initiatives as well as time spent on implementing the resulting activities not explicitly budgeted for in those activities.

For the sixth successive year, the 2021 financial statements have been prepared based on the International Public Sector Accounting Standards and in accordance with the Financial Rules and Procedures adopted by the International Tropical Timber Council, disclosing additional information on actual assets and liabilities and enabling the improved management of ITTO's resources and internal control. Highlights include the following:

- 1) The surplus for the FY2021 Statement of Financial Performance was USD 1.0 million due to differences in the timing of recognizing revenue and expenses (the entire administrative budget is recognized as revenue in the year that the assessments are due, but only expenses incurred during the same year are recognized as expenses from that year's budget).
- 2) Project expenses increased by USD 1.0 million between 2020 and 2021. This was due mainly to projects making more progress in 2021 than in 2020 at the beginning of the COVID-19 pandemic.
- 3) Advance transfers to projects increased by USD 0.3 million between 2020 and 2021. This was also due mainly to projects making more progress in 2021, increasing the funds transferred to executing agencies.

ITTO is committed to enhancing its solid foundation for transparent and effective financial management and reporting. In addition to the best practices for internal control previously implemented under the Financial Rules adopted in 2016 and further revised in 2019 and 2020 with a new project audit framework, the Council adopted new human-resource-related policies to strengthen governance and bring ITTO into greater alignment with the accreditation criteria of certain multilateral donor funds. ITTO will continue to implement and strengthen its internal controls and accountability measures by proactively evaluating and improving its systems where appropriate by adopting best practices from organizations of a similar nature. The Council will play a crucial role as the governing body in receiving regular reports of the Organization's finances and providing oversight of these.

## Extract of ITTO's Audited Financial Statements for the year ended 31 December 2021

### Statement of financial position as of 31 December (USD)

	31 December 2021	31 December 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	18 278 014	18 658 085
Investments	–	–
Assessed and voluntary contributions receivable, net	5 084 427	5 129 987
Other accounts receivable, net	61 305	232
Advance transfers – projects	1 105 747	770 836
Advance transfers – others	268 150	235 932
<b>Total current assets</b>	<b>24 797 642</b>	<b>24 795 072</b>
<b>Non-current assets</b>		
Property and equipment	177 726	199 550
Intangible assets	4 107	6 847
Other assets	–	–
<b>Total non-current assets</b>	<b>181 832</b>	<b>206 397</b>
<b>Total assets</b>	<b>24 979 474</b>	<b>25 001 469</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable – members	8 941	65 133
Voluntary contributions advance receipts – allocated	1 529 404	724 907
Voluntary contributions advance receipts – unallocated	890 165	859 466
Assessed contributions advance receipts	325 247	442 547
Other liabilities	728 839	740 038
<b>Total current liabilities</b>	<b>3 482 595</b>	<b>2 832 090</b>
<b>Non-current liabilities</b>		
Voluntary contributions advance receipts – allocated	9 033 527	10 715 010
Other liabilities	1 121 255	1 107 751
<b>Total non-current liabilities</b>	<b>10 154 782</b>	<b>11 822 760</b>
<b>Total liabilities</b>	<b>13 637 377</b>	<b>14 654 851</b>
<b>Net of total assets and total liabilities</b>	<b>11 342 097</b>	<b>10 346 618</b>
<b>Net assets</b>		
Accumulated surplus – restricted	7 043 563	6 279 329
Accumulated surplus – unrestricted	1 798 534	1 567 289
Reserves	2 500 000	2 500 000
<b>Total net assets</b>	<b>11 342 097</b>	<b>10 346 618</b>

**Statement of financial performance for the year ended 31 December (USD)**

	2021	2020
<b>Revenue</b>		
Administrative Account		
Assessed contributions	7 104 313	7 091 488
Host country contributions	977 884	1 140 215
Financial revenue	724	2 582
Other income	1 189	230
Project Accounts		
Member states' voluntary contributions	3 845 506	3 018 554
Other voluntary contributions	-	-
Programme support revenue	398 614	478 948
Ex-post evaluation revenue	30 950	28 365
Financial revenue	957	2 714
Other income	-	135 337
<b>Total revenue</b>	<b>12 360 137</b>	<b>11 898 432</b>
<b>Expenses</b>		
Administrative Account		
Employee benefits	4 833 641	5 237 814
Operating expenses	1 933 913	1 944 678
Project Accounts		
Project expenses	3 964 657	2 964 781
Depreciation and amortization	71 269	64 060
Other expenses	561 179	894 511
<b>Total expenses</b>	<b>11 364 658</b>	<b>11 105 844</b>
<b>Surplus/(deficit) for the year</b>	<b>995 479</b>	<b>792 588</b>

**Statement of cash flows for the year ended 31 December (USD)**

	2021	2020
<b>Cash flows from operating activities</b>		
Surplus/(deficit) for the year	995 479	792 588
<b>Adjustments to reconcile deficit/surplus to net cash flows</b>		
Increase/(decrease) in allowance for doubtful receivables	356 053	911 011
Depreciation and amortization	71 269	64 060
Unrealized (gain)/loss on foreign exchange	173 878	(22 344)
<b>Changes in assets</b>		
(Increase)/decrease in assessed contributions receivable	(536 353)	(815 337)
(Increase)/decrease in voluntary contributions receivable	225 860	1 032 092
(Increase)/decrease in other accounts receivable	(61 073)	40 222
(Increase)/decrease in advance transfers – projects	(334 911)	(252 009)
(Increase)/decrease in advance transfers – others	(32 217)	(62 258)
<b>Changes in liabilities</b>		
(Decrease)/increase in accounts payable – members	(56 192)	(92 395)
(Decrease)/increase in other liabilities	42 735	118 564
(Decrease)/increase in voluntary contributions advance receipts – allocated	(876 986)	20 157
(Decrease)/increase in voluntary contributions advance receipts – unallocated	30 699	444 920
(Decrease)/increase in assessed contributions advance receipts	(117 300)	116 149
<b>Net cash flows from operating activities</b>	<b>(119 059)</b>	<b>2 295 421</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	<b>(46 705)</b>	<b>(25 005)</b>
Purchases of intangible assets	–	–
<b>Net cash flows from investing activities</b>	<b>(46 705)</b>	<b>(25 005)</b>
<b>Cash flows from financing activities</b>		
Net proceeds from/(payment of) finance lease liabilities	<b>(40 429)</b>	<b>(39 233)</b>
<b>Net cash flows from financing activities</b>	<b>(40 429)</b>	<b>(39 233)</b>
Effect of exchange rate changes on cash and cash equivalents	<b>(173 878)</b>	<b>21 108</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(380 071)</b>	<b>2 252 291</b>
Cash and cash equivalents – beginning of year	18 658 085	16 405 795
<b>Cash and cash equivalents – end of year</b>	<b>18 278 014</b>	<b>18 658 085</b>

## **Result of the internal audit procedures of the Anti-Money Laundering and Counter Terrorism Financing Programme, in accordance with Decision 3(LIV) of the International Tropical Timber Council**

Takeshi Tanaka, Certified Public Accountant licensed in Japan with the Mazars Japan group, as part of ITTO's internal audit programme, performed the relevant internal audit procedures, instructed by ITTO, on ITTO's implementation of its Anti-Money Laundering and Counter Terrorism Financing (AML/CFT) Programme ("the Programme"). The objective of the internal audit by ITTO was to assess whether ITTO complied with the Programme. The procedures covered the period from 1 January 2021 through 31 December 2021.

As a result of the procedures performed for the internal audit, no significant issues were detected that could bring into doubt ITTO's compliance with the Programme.

*Women involved in forest restoration and agroforestry as part of an ITTO project in Dimbokro, Côte d'Ivoire. The project has had catalytic effects, as described in Chapter 1. Photo: MALEBI*



## 8 Membership

ITTO had 74 members, as of 31 December 2021.

### Producer members

#### Africa

Benin, Cameroon, Central African Republic, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Gabon, Ghana, Liberia, Madagascar, Mali, Mozambique, Togo

#### Asia and the Pacific

Cambodia, Fiji, India, Indonesia, Malaysia, Myanmar, Papua New Guinea, Philippines, Thailand, Viet Nam

#### Latin America and the Caribbean

Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Guyana, Honduras, Mexico, Panama, Peru, Suriname, Trinidad and Tobago, Venezuela

### Consumer members

Albania, Australia, China, European Union<sup>18</sup> [Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden], Japan, New Zealand, Norway, Republic of Korea, Switzerland, United Kingdom of Great Britain and Northern Ireland, United States of America

<sup>18</sup> The European Union is an ITTO member in its own right.



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