



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(LVIII)/19
27 June 2023

ENGLISH ONLY

FIFTY-EIGHTH SESSION
7–11 November 2022
Yokohama, Japan (Hybrid Session)

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

**Yokohama, Japan
7–11 November 2022**

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KEY ACRONYMS AND ABBREVIATIONS

APEC	Asia-Pacific Economic Cooperation
BWP	Biennial Work Programme
CBD	Convention on Biological Diversity
CEM	Committee on Economics, Statistics and Markets
CFA	Committee on Finance and Administration
CFI	Committee on Forest Industry
CFRQ	Collaborative Forest Resources Questionnaire
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora
COP	Conference of the Parties
COVID-19	coronavirus
CPF	Collaborative Partnership on Forests
CRF	Committee on Reforestation and Forest Management
CSAG	Civil Society Advisory Group
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FLR	forest landscape restoration
GEF	Global Environment Facility
IAG	Informal Advisory Group
IMM	Independent Market Monitor
ITTA	International Tropical Timber Agreement
ITTC	International Tropical Timber Council
ITTO	International Tropical Timber Organization
JFSQ	Joint Forest Sector Questionnaire
RMS	Resource Mobilization Strategy
TAG	Trade Advisory Group
United Kingdom	United Kingdom of Great Britain and Northern Ireland
UNFCCC	United Nations Framework Convention on Climate Change
UNFF	United Nations Forum on Forests
UNSPF	United Nations Strategic Plan for Forests 2017–2030
USA	United States of America
USD	United States dollar(s)

OPENING OF THE SESSION (AGENDA ITEM 1)

1. The 58th Session of the International Tropical Timber Council (ITTC, the Council), held in Yokohama, Japan, as a hybrid session, was opened by the Chairperson, Mr Jesse Mahoney (Australia). He acknowledged, with appreciation, the longstanding support for ITTO from the Government of Japan and the City of Yokohama, as hosts of the Secretariat and Council sessions. He thanked the Secretariat for its tireless work in enabling the session and recognized the presence of several high-level government representatives. He thanked the former consumer spokesperson, Mr Luke Thompson (USA), who had stepped down from the role after three years, in which Mr Thompson helped deliver major outcomes for the Organization. The Chairperson welcomed Ms Anna Tyler (New Zealand), who was resuming the role of consumer spokesperson, and recognized the producer spokesperson, Mr Jorge Malleux (Peru).
2. The Chairperson said it had been three long years since the Council had last convened in person, in Togo. Everyone had been through trying times and were slowly coming out the other side. In that time, ITTO had made major progress. Notably, it was almost one year since the Council had elected Ms Sheam Satkuru as the new Executive Director. This was an historic occasion, as she was the first woman in the Organization's history to be appointed Executive Director, and she is doing an excellent job.
3. The Chairperson acknowledged the Council's success in extending the International Tropical Timber Agreement (ITTA), 2006 in the previous year and the continued advancement of the new financing architecture. What this meant was that it was time to get on with the job. The world was facing the stark realization that climate change was occurring, and swift and meaningful progress was needed. The world was also in recovery from the pandemic, which had uncovered many systemic shortcomings spanning labour, supply chains and market resilience, all issues in the mandate of ITTO. The 58th Session presented an opportunity to shape the future of ITTO and consolidate its place in multilateral forestry through partnerships and complementarity across the system.
4. The Chairperson said that, to deliver continued success, the Council needed to uphold its commitments as parties to the ITTA. Solutions needed to be found to the challenges facing the Administrative Budget, and it was also necessary to advance work on the financing architecture and to celebrate the successes the Organization's project work continued to deliver. The Council was meeting to reaffirm support for sustainable forest management, the conservation of tropical forests and the expansion and diversification of international trade in tropical timber from sustainable and legal sources. To this end, it was necessary to work together during the session in a spirit of cooperation, compromise and advancement towards a common mission. Together, it was possible to make this a successful Council session.
5. The Honourable Mr Shunsuke Takei, State Minister, Ministry of Foreign Affairs Japan, was invited to deliver his opening remarks.
6. Mr Takei said this was the first face-to-face meeting of the Council for three years and he welcomed all participants. He congratulated the Council and Secretariat for making it happen. The pandemic was having a huge impact on the global economy, as was the Russian invasion of Ukraine. The world faced many challenges around energy, food and timber industries, along with impacts on supply chains. At the same time, there was a need to tackle climate change and conserve biodiversity.
7. Mr Takei said ITTO promotes sustainable timber trade, which was a great tool for reducing greenhouse-gas emissions. Timber differs from concrete and steel because carbon can be captured by using timber in construction. Timber also used less energy in production and processing. It was important to work together on climate change and biodiversity conservation, and forestry could make a great contribution to reducing greenhouse-gas emissions. ITTO's membership encompassed 80% of tropical forests and 90% of the tropical timber trade, making it unique in terms of the sustainable and legal use of timber. He was sure this contribution would only expand in the future.
8. Mr Takei said ITTO was based on the ITTA, 2006, and the agenda of this session would cover the future of the Agreement as well as the new financial architecture. He was sure ITTO would make a global-scale contribution, and discussions this week were a critical part of that. He expressed hope that all members would have productive and successful discussions during the session, with implications for all humanity, and he wished them success.

9. The Honourable Dr Takeharu Yamanaka, the Mayor of the City of Yokohama, was invited to deliver his opening remarks.
10. Mr Yamanaka welcomed delegates to the City of Yokohama and said it was wonderful to finally host the Council in Yokohama for the first time in four years. ITTO is the only international organization with its headquarters in Yokohama. For more than 30 years, ITTO and the City had built a strong relationship through diverse collaboration, including efforts to increase public awareness on the need to protect the environment. The City of Yokohama is proud to share this valuable relationship with ITTO. Yokohama was an SDGs future city, as selected by the Government of Japan, with the goal of achieving decarbonization by 2050.
11. Mr Yamanaka said the City of Yokohama continued to challenge itself by setting a new greenhouse-gas reduction target, with the aim of reducing emissions by 50% by 2030 compared with 2013. This included promoting the use of wood in building construction as a key action for lowering carbon emissions. In addition to using wood in public facilities, the City government is encouraging the private sector to proactively use timber. The City is also cooperating in the decarbonization of Asian cities through the Yokohama Partnership of Resources and Technologies, a public-private partnership initiative. Yokohama would host the World International Horticultural Expo in 2027, which would propose a new lifestyle and city model that coexists with nature.
12. Mr Yamanaka said the world faces many challenges, and the supply of timber products had been disrupted worldwide. This situation is a reminder that peace and stability across the international community are the basis of everyday life. As a member of the global community, the City of Yokohama would contribute to achieving the SDGs, together with ITTO, other international organizations and other cities. He expressed hope that the session would represent a vital step towards the resolution of various issues affecting the planet.
13. His Excellency, Mr Roberto Seminario Portocarrero, Ambassador of Peru to Japan, was invited to deliver his opening remarks.
14. Mr Seminario said that more than 60% of the Peruvian land area is covered by forests. Peru has the ninth-largest forest area worldwide, the fourth-largest tropical forest area and the second-largest expanse of Amazonian Forest. It has a total of 72 million hectares of forest, more than 68% of which is in the Amazon; there is also 3.7 million hectares of coastal forest and 0.22 million hectares of forests in the highlands. Peru has a large area of degraded forest lands that could be restored.
15. Mr Seminario said Peru has been a member of ITTO since 1986, during which time it had received support for the implementation of more than 50 projects, with a total financing of more than USD 20 million. This had made a valuable contribution to the sustainable management of the country's tropical forests, and he thanked all the donors that contributed to this. Peru hosted the 28th and the 53rd sessions of the Council in 2000 and 2017, respectively, and had also chaired the Council three times. Mr Seminario thanked Japan and the United States of America (USA) for financing projects in 2021 and 2022 on fire prevention and response, forest plantations, and the formulation of a regional strategy for the recovery and restoration of degraded lands in Costa Sur, Peru. ITTO has an important role in tackling the various aspects of sustainable forest management, such as forest restoration, the efficient utilization of timber, the competitiveness of timber products, market information and transparency, tropical timber trade and supply chains, the implementation of laws and forest governance, illegal logging, biodiversity conservation, climate-change mitigation and adaptation, non-timber forest products, environmental services, and the livelihoods of forest-dependent communities. For this reason, ITTO needed to continue financing programmes that prioritizes sustainable forest management and supports legal and sustainable supply chains. Peru has three concept notes and three projects awaiting financing for a total amount of USD 2.3 million, and he hoped these could be financed during the session. Mr Seminario said Peru reaffirmed its commitment to strengthening ITTO to enable it to achieve its objectives. He wished delegates every success.
16. Ms Sheam Satkuru, ITTO Executive Director, was invited to deliver her opening remarks.
17. Ms Satkuru welcomed all participants to the 58th Session of the Council in the beautiful City of Yokohama. She expressed gratitude to the Government of Japan and City of Yokohama for their continued support for ITTO. She was also grateful to all members who had participated diligently in ITTO working groups during the year, which had taken ITTO's work forward. She was grateful to the dignitaries in the opening session for highlighting the main challenges the Organization is facing. She expressed

confidence that, with the support of all participants, the sustainability of the Organization would be assured.

18. Ms Satkuru said that, in addition to some formidable challenges, there were also promising opportunities. In addition to the strong support of members, and the guidance of the Council, a strong Secretariat is needed to take the Organization's interests forward. She informed the Council that she had appointed Mr Gerhard Breulmann as the new Director of Operations, and the Secretariat was in the process of recruiting additional staff. She assured the Council that the Secretariat was completely at its disposal, and she wished all delegates a progressive, constructive and enjoyable session in the beautiful City of Yokohama.
19. This agenda item was closed after a musical performance by the flute quartet of the Ferris University of Yokohama.

ASCERTAINMENT OF THE QUORUM (AGENDA ITEM 2)

20. The Secretariat (Mr Steve Johnson) reported that the quorum for the 58th Session of the Council had been met. The list of participants is contained in Document ITTC(LVIII)/Info.2 (Annex I). Due to the nature of the hybrid meeting, quorum was re-assessed daily and prior to the adoption of decisions during the session.

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

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

REPORT ON MEMBERSHIP OF THE COUNCIL (AGENDA ITEM 4)

23. The Executive Director, Ms Sheam Satkuru, informed the Council that Angola had acceded to the ITTA, 2006 on 7 July 2022, thereby becoming ITTO's 14th African member and 37th producer member. Ms Satkuru said that the membership of the Organization stood at 75, comprising 38 consumer members and 37 producer members.
24. The Chairperson invited the delegate of Angola (participating virtually) to take the floor and make a short statement. In the absence of a response from the delegate of Angola, the Chairperson closed this item.

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

25. The Chairperson drew the attention of the Council to the annex of Document ITTC(LVIII)/1 Rev.2, which showed the distribution of votes for the 2022–2023 biennium, in accordance with Article 10(7) of the ITTA, 2006.
26. The Chairperson reminded members that the votes for the current biennium were approved at the last session and there had been no subsequent changes in the votes allocated to consumer members. He said the votes for the producer members had been reallocated, as per the provisions of Article 10(8) of the ITTA, 2006, to account for the accession of Angola. The approved distribution of votes would remain in effect except whenever the Organization's membership changed or when a member had its voting rights suspended or restored, in which case the Council would redistribute votes within the affected categories.
27. The Chairperson reminded members that, in accordance with Article 19(4) of the ITTA, 2006, the distribution of votes would be used to assess the contribution of each member to the biennial administrative budget for 2022 and 2023.
28. In the absence of further comments, the distribution of votes, as contained in the annex of Document ITTC(LVIII)/1 Rev.2, was approved.

DISTRIBUTION OF VOTES FOR THE 2022–2023 BIENNIUM

PRODUCER MEMBERS

	2021 <u>No. of votes</u>	2022/2023 biennium <u>No. of votes</u>
Africa		
Angola	-	21
Benin	22	21
Cameroon	22	21
Central African Republic	22	21
Congo	22	21
Côte d'Ivoire	22	21
Democratic Republic of the Congo	22	21
Gabon	22	21
Ghana	22	21
Liberia	21	21
Madagascar	22	21
Mali	21	21
Mozambique	22	21
Togo	21	21
Asia & Pacific		
Cambodia	24	21
Fiji	14	14
India	28	28
Indonesia	90	93
Malaysia	83	72
Myanmar	30	26
Papua New Guinea	42	44
Philippines	15	15
Thailand	49	52
Viet Nam	16	16
Latin America/Caribbean		
Brazil	121	122
Colombia	23	23
Costa Rica	13	13
Ecuador	19	19
Guatemala	12	12
Guyana	16	15
Honduras	11	12
México	24	24
Panamá	13	13
Peru	29	27
Suriname	15	15
Trinidad and Tobago	10	10
Venezuela	20	20
TOTAL:	1,000	1,000

CONSUMER MEMBERS

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

ADMISSION OF OBSERVERS (AGENDA ITEM 6)

29. The Chairperson referred to Document ITTC(LVIII)/Info.3 and Document ITTC(LVII)/Info.4. He said that, in accordance with ITTC Decision 3(LI), the Executive Director had reviewed applications for observer status for compliance with requirements. In accordance with that decision, the results of the initial review had been published on the ITTO website two weeks before the present session of the Council. The Chairperson noted that no new observers had applied to participate in the session, as indicated in Document ITTC/LVIII/Info.4.
30. In the absence of objections, all observers in compliance with the guidelines according to ITTO rules were admitted as observers to the 58th Session of the Council.

STATEMENT BY THE EXECUTIVE DIRECTOR (AGENDA ITEM 7)

31. The Executive Director said it had been an extraordinary year for the Secretariat since she assumed office on 1 February 2022. In addition to ongoing projects and programmatic lines, which were being operationalized under either the regular project cycle or the new financing architecture, the Secretariat had invested tremendous energy on outreach and in re-establishing and increasing collaboration with a number of partner organizations. It had also worked to strengthen the position of the Organization based on its technical expertise in the sustainable management of tropical forests and the diversification of trade in products sourced from legal and sustainably harvested forests.
32. The Executive Director said many organizations were reaching into the space occupied by ITTO. For example, the 27th Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) had explicitly recognized the crucial role of tropical forests in climate-change mitigation and adaptation. The ITTO Secretariat had followed the discussions at UNFCCC COPs closely and was physically present at COP26 the previous year, when pledges of up to USD 20 billion had been made for climate-change mitigation and adaptation measures. ITTO was yet to secure any of that funding but was not discouraged. The Executive Director said the Secretariat would continue to pursue partnerships through the Collaborative Partnership on Forests (CPF), which consisted of 15 international organizations, including ITTO, that met regularly, and the ITTO Secretariat had run joint events at all the international events it had attended this year. ITTO would also participate in a high-level event at COP27 and also attend COP15 of the Convention on Biological Diversity (CBD). ITTO would be present at COP15 of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), which was due to take place immediately after the present Council session.
33. The Executive Director said the one situation that should be of great concern to the Council was funding. This had been discussed in depth, including during the previous Executive Director's tenure, leading to the development of the programmatic approach and the Council's approval of the four programmatic lines. All activities currently being conducted by the Secretariat were based on the programmatic lines in a pilot phase of the new approach.
34. The Executive Director said the Council might wish to discuss the planned review of the efficiency and efficacy of the new programmatic approach now being piloted. The basic question to be addressed was whether the approach was meeting the needs of the members and the Organization. She said that, as Executive Director, she had made special efforts to speak to consumer member countries and had had productive meetings with the European Union (EU), Switzerland, Norway and ITTO's host government, Japan. It was discouraging that some members were still talking about the financial impairment, which happened eight years ago. The Executive Director said that, if members wanted the Organization to survive and play the role for which it was created, they needed to respect the obligations of the ITTA, 2006 and commit to moving the Organization forward.
35. The Secretariat had done everything it needed to do to stabilize the credibility and integrity of the Organization, the Executive Director said. Members had indeed commended the Secretariat for the steps it had taken to resolve the issues and find ways forward for the Organization. Nevertheless, the voluntary contributions being made to the Organization were still desperately low. The Executive Director expressed her gratitude to those members who continued to make such contributions, without which the Organization would be in a far worse situation.

36. The Executive Director said it was also essential for members to pay their assessed contributions. She urged producer members who had not paid their dues to do so if they wished the Organization to represent their interests into the future. She reminded the Council that producer members in arrears in their assessed contributions were ineligible for project funding and their citizens were unable to apply for ITTO Fellowships.
37. The Executive Director said that, given the low level of voluntary contributions, ITTO was unable to offer co-funding to partner organizations on specific initiatives. ITTO is well respected by CPF members, and several were interested in working with ITTO, but this required a certain amount of co-funding. Regardless of the current situation, she said, the Secretariat would always strive to make the Organization visible to articulate its positions internationally.
38. The Executive Director drew the attention of the Council to three agenda items. Regarding item 11 on matters related to Article 19 of the ITTA, 2006 on the Administrative Account, a working group established under Decision 3(LVII) had been working diligently and had had progressive discussions. The co-chairs will be presenting the report of the working group under the agenda item.
39. On agenda item 12 on the extension of the ITTA, 2006, the Executive Director said the question is whether the Council should agree to a final extension to 2029, during which time negotiations for a new agreement would commence, or start negotiations before expiry of the current extension in 2026. The co-chairs of the relevant working group will present their report under the agenda item.
40. On the resource mobilization strategy under agenda item 13, the Executive Director said this task was entrusted to her, in close consultation with the ITTO Advisory Board, as specified in Decision 5(LVII), and she would be making a presentation to the Council under the agenda item. In closing her opening remarks, the Executive Director thanked the Advisory Board, the Informal Advisory Group, the Chairperson and the Secretariat for their hard work and ongoing efforts.

REPORT OF THE INFORMAL ADVISORY GROUP (IAG) – DECISIONS 3(XXII), 5(XXVI), 2(XLIX) and 2(LI) (AGENDA ITEM 8)

41. The Chairperson informed the Council that the 36th meeting of the Informal Advisory Group was held virtually on Wednesday 2 November 2022. He drew the attention of members to the draft decisions forwarded by the IAG for the Council's consideration, as annexed in the report of the meeting contained in Document ITTC(LVIII)/2. He invited comments and questions on the IAG report and, seeing none, closed this agenda item.

REPORT OF THE CREDENTIALS COMMITTEE (AGENDA ITEM 9)

42. Quorum was assessed and obtained prior to the commencement of this agenda item.
43. Ms Janet Shannon (United States of America—USA), Chairperson of the Credentials Committee, presented the report of the Credentials Committee, drawing attention to Document ITTC(LVIII)/3 Rev.3. She said the Committee, consisting of Austria, Brazil, Indonesia, Ghana, Malaysia, and New Zealand, had examined and accepted the credentials and attendance of 37 countries and the EU participating in the 58th Session of the International Tropical Timber Council and Sessions of the Associated Committees.
44. Ms Shannon said the Credentials Committee had also examined the representation of interest and the delegation of voting rights of 21 countries in accordance with Article 11, Paragraph 2 of the ITTA, 2006. The list of member countries delegating their interests and voting rights was as shown below:

LIST OF MEMBER COUNTRIES DELEGATING VOTES

Country	Delegating votes to:
Belgium	European Commission
Bulgaria	
Croatia	
Cyprus	
Greece*	
Hungary	
Italy	
Latvia*	
Lithuania	
Luxemburg	
Poland	
Slovakia	
Spain*	
Ireland*	
Netherlands	
Portugal	
Romania	
Malta	European Commission or the Czech Republic as President of the Council of the European Union
Costa Rica*	Guatemala
Gabon	Togo
Madagascar	

**Submitted both credentials and delegation of voting rights.*

45. The Council adopted the report and approved the credentials of delegations.

PROCEDURES AND MODALITIES GOVERNING THE FIFTY-EIGHTH SESSION OF THE COUNCIL (AGENDA ITEM 10)

46. The Chairperson informed the Council that the Ad Hoc Advisory Group under Decision 9(XXXI) recommended the convening of the present session in a hybrid format. He invited the Secretariat to brief the Council on the arrangements made for the session, in line with the ITTA, 2006 and the Rules of Procedure.

47. The Secretariat (Mr Gerhard Breulmann) said the 58th Session of the Council will be conducted as a hybrid session, meaning that delegations or parts of delegations might be present in Yokohama or attend virtually using the Zoom web conferencing system. Instructions for the latter had been circulated and posted on the website. Two test sessions had also been conducted. Virtual participants should bear in mind that there were four virtual meeting rooms, one for the plenary, one for the committee room, and two as virtual meeting rooms, one for the producer caucus and the other for the consumer caucus. Each virtual participant had received four links, which would be used throughout the week. Mr Breulmann provided additional instructions to assist virtual participants. He informed the Council that the chairperson's drafting group would be convened in the committee room to enable the provision of simultaneous interpretation as well as virtual participation.

48. The Chairperson thanked the Secretariat and, seeing no requests for the floor, closed this agenda item.

MATTERS RELATED TO ARTICLE 19 OF THE ITTA, 2006 ON THE ADMINISTRATIVE ACCOUNT – DECISION 3(LVII) (AGENDA ITEM 11)

49. The Chair invited the Co-Chair of the Virtual Intersessional Working Group on the Management of the Administrative Budget for 2021 and 2022, Mr Björn Merckell, to present the report of the working group.

50. Mr Merckell said the working group had been given four tasks: (1) to make recommendations on any change to the threshold for the annual use of the working capital received by the Executive Director without Council approval; (2) to propose ways to prompt members to pay their contributions to the administrative budget; (3) to explore ways to adapt the Organization's budget to long-term trends in the

payment of contributions; and (4) to prepare a report for the consideration of the Council. On the first task, the working group recommended enabling the Executive Director to withdraw resources from the Working Capital Reserve without any Council decision up to 10% of the reserve but increasing this to 15% for the time being given the difficult economic situation the world was facing. The working group had also discussed the possibility of increasing the flexibility in the use of dues, given that the Organization had a biennial budget, such as using funds obtained through late payments of contributions over the course of a biennium.

51. Mr Merkell said that, regarding the second task, the working group had come to no conclusions, despite a wide-ranging discussion, and it had deferred the matter to the Committee on Finance and Administration (CFA) for an open and frank exchange between members during the Council session, with a view to making recommendations to the Council. The working group had requested the Secretariat to provide information on members' arrears and to categorize, for each ITTA, the countries that had received write-offs under Decision 7(XXXIII) of the Council (this information was contained in an annex to the report of the working group).
52. Mr Merkell said the working group had also encountered difficulties in reaching a conclusion on the third task. The working group had recommended to the Council to extend the mandate of the working group for an additional year to allow further exploration of this item. Mr Merkell said the Council now had a report before it, which constituted the working group's fourth task.
53. The Chairperson thanked Mr Merkell for his comprehensive summary of the work conducted by the working group and invited the producer spokesperson to take the floor.
54. The producer spokesperson congratulated the working group and especially the Co-Chairs for the work it had undertaken and the detailed report it had prepared. He said that, during its deliberations, the working group had heard various approaches for dealing with the issue of contributions being paid by producer members in arrears and had been so for some time. He had hoped that this issue would have been reflected in the proposed draft decision, which, instead, was mainly focused on changing the threshold regarding the Working Capital Reserve from 10% to 15%, although this was reducing in size over time. He said any decision should recognize the difficulties that many producer countries were facing in meeting their debts, which were exacerbated by the economic crisis, the pandemic, and the consequences of the Russian–Ukrainian war. Even the strongest world economies had been affected by these crises and were taking drastic decisions and reducing their budgets, and countries with weaker economies, such as those in Africa, were affected most. He said only one country in Africa, Togo, was up to date with its contributions to the Organization. Several countries were in arrears in Latin America and, even in Asia, where the situation was somewhat better, some countries were in arrears. Many countries had arrears dating back ten years. This was a problem that needed to be dealt with and required a decision by the Council. The working group had recommended extending its mandate for another year, and the producer spokesperson suggested giving it a specific mandate to deal with the situation with a view to proposing an intelligent, balanced solution that incentivizes countries in arrears.
55. The Chairperson thanked the producer spokesperson for his comments and invited the CFA to consider them. He gave the floor to the delegate of the EU.
56. The delegate of the EU thanked Japan, the Executive Director and the Secretariat for the organization of the meeting and for enabling online participation. He said the EU was represented at the session both in person and virtually through several member states, and his colleague in the European Commission would be joining the meeting later. He thanked the working group and its co-chairs for their excellent work, report and substantive recommendations and indicated that the EU and its member states would support the solution proposed with regard to the Working Capital Reserve to increase it temporarily to 15%. He said the measure should be considered in the specific context of the current economic situation and subject to enhanced scrutiny by the CFA. It should also be subject to reporting by the Executive Director and returned to the current level at the earliest opportunity. The EU also saw a need to discuss further the issue of long-term trends in payments and arrears during the Council session and would support an extension of the mandate of the working group for this purpose.
57. The Chairperson thanked the delegate of the EU for his intervention, commenting that he appreciated his acknowledgement that the discussion would continue later in the week in the CFA. He invited the delegate of the USA to take the floor.

58. The delegate of the USA thanked the Co-Chair of the working group for his summary of the group's report. The USA had taken note of the various economic factors impeding many governments and international organizations but seconded the Executive Director's opening remarks regarding the need for members to fulfil their financial commitments. She said all governmental representatives were aware that, when certain financial resources were not what was expected, adjustments have to be made to key areas, and this should be a consideration in the discussion. She said her delegation wanted to support the Secretariat as well as projects to help producer member countries. She thanked Mr Simon Kawaguchi in the Secretariat, who had been helping lead efforts to craft and coordinate new or adjusted governance policies that would support ITTO as a fair, open and welcoming place to do business. She said this was another area of work that was important to the USA, and she wanted to bring it to the Council's attention.
59. Seeing no other interventions from the floor, the Chair adjourned this item, pending later discussion in the CFA and the Council.
60. Resuming this agenda item on Wednesday 9 November, the Chairperson invited the Chair of the CFA, Mr Björn Merkel, to deliver an update on deliberations on this matter in the committee.
61. Mr Merkel said the CFA had discussed various innovative ideas on this matter and needed more time to digest those. The CFA, therefore, would recommend that the Council extend the working group, and it would provide a draft decision in the Chairperson's open-ended drafting group later in the day.
62. The Chairperson thanked Mr Merkel for the update and, seeing no requests for the floor, closed this agenda item.

EXTENSION OF THE ITTA, 2006 – DECISION 4(LVII) (AGENDA ITEM 12)

63. The Chairperson said that pursuant to Decision 4(LVII), a virtual intersessional working group had been established to assess the need to renegotiate or further extend the ITTA, 2006. He invited the Co-Chairs of the working group, Mr Nurudeen Iddrisu and Mr Keiran Andrusko, to present the report of the working group, as contained in Document ITTC(LVIII)/5.
64. Mr Andrusko thanked the Secretariat for its work in convening the working group, including by providing useful background information and helping prepare the summary report. He also thanked the Government of Japan and the City of Yokohama for their longstanding support in hosting the Council and ITTO. He said the working group, which involved broad representation across the caucuses, met on 8 June 2022 and 14 July 2022, chaired by himself and Mr Iddrisu. The discussions had been cooperative and constructive, and Mr Andrusko underlined his appreciation for the strong professionalism with which the working-group members had conducted themselves.
65. He said the terms of the working group were to assess the need for the renegotiation or further extension of the ITTA, 2006 for a final three years from 2026 to 2029 and to report back to the Council at the present session. Early discussions with the Secretariat had focused on setting out the options, including how to change elements of the existing treaty. The Secretariat had explained that, alongside renegotiation, two other options were amendment/s and through Council decision. The limitations with amendment/s including the need to seek, through special vote and meeting, thresholds for entering into force, and the need for members to obtain approval through their capitals. The Secretariat also mentioned resources and scheduling as considerations for renegotiation. An understanding had developed among working-group members that a final decision would be needed by the 57th Session of the Council to prepare either way for the 2026 expiry date.
66. Mr Andrusko said that, given the limited time before the Council session, the working group had agreed to conduct a short survey of members to gather views on whether a three-year extension of the treaty was supported and whether they felt any elements of the ITTA, 2006 needed to change and whether such changes would be achieved by decision, amendment/s or renegotiation. A final question around project submission procedures was included in the survey, reflecting strong interest among working-group members in ensuring the success of the ITTA's project functions. A total of 11 responses had been received, with the overwhelming majority supporting extension. Many members had listed multiple elements of the ITTA that should be re-examined or changed.

67. Mr Andrusko reported strong interest among several members of the working group, and expressed in the survey, in seeing that the ITTA's new financial architecture attracted new funds to the Organization; multiple members had listed this as among their reasons for supporting an extension. It reflected earlier discussions in the working group, which had noted that moving to review and negotiation could detract focus and resources away from the substantive functions of the Organization. The Secretariat had prepared a draft decision proposing the collection of more views and a one-year extension of the working group, which largely reflected the outcomes reached by the working group. One member had suggested edits to the draft decision. Several working-group members had noted an interest in horizon-planning to 2029, which could include elements like when and how to review the ITTA and a timetable for renegotiation. Mr Andrusko said the Co-Chairs suggested that the Secretariat table their proposed draft decision and, if adopted, that the working group further explores these elements.
68. The Chairperson thanked the Co-Chairs of the working group for their summary, saying he appreciated the immense effort they and all members of the working group had put in. He invited the producer spokesperson to take the floor.
69. The producer spokesperson said this was a very important subject, on which ITTO's future depended. The Organization had faced serious issues in recent years, especially financial, and these needed to be solved immediately, but beyond that were the goals and mandate of the Organization. He said he was a member of the working group, and he thanked the other members and especially the Co-Chairs. One of the main tasks had been to conduct a survey, which included three basic questions: (1) on whether it was necessary to renegotiate; (2) on those elements or aspects that members felt should be reassessed, amended or improved; and (3) on the way in which the financial structure was developing and whether members felt they could agree with it.
70. The producer spokesperson said that not all members had had the opportunity or time to respond to the survey. The EU had requested an extension of the deadline, which had been granted, and had subsequently submitted a full and exhaustive analysis, which had been worth waiting for. A total of eight countries had responded to the survey, and a common feature was the need for a renegotiation. The question, then, was when to start such a renegotiation. The working group had analyzed the financial cost of a renegotiation and the Secretariat had informed it that, in the most recent renegotiation process, the cost had exceeded USD 1 million, which the Organization was not currently in a position to cover.
71. The producer spokesperson said the highest proportion of the cost would be incurred by the member countries and the proportion to be met by the Organization from the working capital or other funds would be considerably less. He said his caucus had looked at this matter carefully and conscientiously in a long meeting and had agreed on a position. Many producer delegations had not been present, however, and many had new focal points, and the producer spokesperson requested that the Secretariat make certain decisions related to the ITTA available to enable all members to better understand the mechanism and the renegotiation process, which was quite complex. An extension of the mandate of the working group would enable further in-depth discussions and make it possible to prepare a roadmap. The working group had estimated that it would take about ten years for a new agreement to come into force; therefore, the working group was looking to indicate to the Council a date by which the renegotiation process should commence.
72. The Chairperson thanked the producer spokesperson and gave the floor to the delegate of the EU.
73. The delegate of the EU thanked the working group and its Co-Chairs for their excellent work and report. He said the EU and its member states agreed on extending the mandate of the working group. The EU was thankful for the recognition of its inputs to the survey but also saw a need for more inputs and to better engage with ITTO members, partner organizations and stakeholders. He indicated that the EU would like to see more discussion on the scope of a full review, the need to engage consultants, and the financial implications. The projected cost of further work had increased from USD 50 000 to USD 200 000, which would require justification. Finally, the EU would need to make sure that the future work matched the scope of the work decided by the Council.
74. The Chairperson thanked the delegate of the EU gave the floor to the delegate of the USA.
75. The delegate of the USA thanked the working group for its hard work to deliver its substantive report. The USA was among those member countries that had responded to the Secretariat survey, and it had indicated support for an extension of the ITTA to December 2029. The USA did not support ad hoc or

piecemeal changes to the ITTA, 2006, even if some members would consider such amendments to be fundamentally minor. As pointed out by the working group, for some countries the process was complex to approve even minor amendments.

76. The delegate of the USA noted that the response rate to the survey had been low, amounting to less than one-third of the Organization's membership. The first question, therefore, was whether there was sufficient information about the preferences of members to extend the 2026 deadline to 2029, renegotiate the agreement prior to the expiration date of 2026, or allow the agreement to lapse. This was the first question that should be answered. The USA, therefore, believes that clarity is needed on the process to fully engage membership to obtain feedback on this question. When this is achieved, the working group would have greater clarity on the roadmap it would recommend to the Council. The USA delegation agreed that the working group should be extended. The decision to be made by the Council in this regard should clearly spell out the terms of reference of the working group and what it should deliver to the Council in 2024.
77. The delegate of the USA said an extensive consultative review should be conducted of the current agreement before renegotiating the ITTA. Her delegation was not suggesting that this should be in any decision made at the current Council session but that at some point it should be part of the roadmap recommended by the working group, pending agreement among the membership to renegotiate the agreement. Based on experience in prior renegotiations such as the ITTA, 1994, which was extended three times, such a study could take more than two years to undertake appropriately.
78. The Chairperson thanked the delegate of the USA and gave the floor to the delegate of Colombia.
79. The delegate of Colombia thanked the Government of Japan for its welcome and the Secretariat and Executive Director for their work in preparing for the Council session. She thanked the working group for its report and said her delegation agreed with the producer spokesperson that, given current circumstances, it would be better to extend the agreement to avoid a renegotiation process or amendments, which might be difficult to implement. Her delegation considered that more consultation was needed because the survey, which had been carried out virtually, did not obtain a high response rate. She said that, although her delegation agreed with the extension, this did not mean it was in total agreement with the proposal. The Agreement needed to be improved to take into consideration different situations, especially regarding arrears and the lack of financing for projects in producer countries.
80. The Chairperson thanked the delegate of Colombia and gave the floor to the delegate of Japan.
81. The delegate of Japan extended a warm welcome to all participants on behalf of the Government of Japan and thanked the Co-Chairs of the working group for the report. He said Japan considered the question of whether to extend the ITTA, 2006 or negotiate a new agreement to be important, and clear guidance is needed. Before starting renegotiation, he said, a review of the present agreement should be conducted to determine whether it was sufficient. In this regard, Japan considered that, in extending the mandate of the working group for one year, clear objectives are needed. He proposed that the working-group discussion should lead to a process of review of the ITTA, 2006, which would require another working group.
82. The Chairperson thanked the delegate of Japan and gave the floor to the delegate of Australia.
83. The delegate of Australia clarified that he was taking the floor as the delegate of Australia rather than as Co-Chair of the working group. Australia supported the comments made by the USA that the working group could benefit from clarity, given that multiple questions were in play, such as on the need to extend, which elements of the ITTA, if any, might need to be changed, and how, and also on when, what and how to review the ITTA, 2006. He said Australia would welcome clarity in plenary around how these issues could be explored by the working group through a further one-year mandate. He suggested that it would be efficient to roll over the membership of the working group, if possible.
84. The Chairperson thanked the delegate of Australia and gave the floor to the delegate of Ghana.
85. The delegate of Ghana said he supported the suggestion made by the USA, supported by Australia, that more time is needed for the working group to advance some of the important items within its mandate. He said Ghana fully supported the idea of extending the ITTA, 2006 for an additional three years, from 2026 to 2029. Ghana also supported the point made by the producer spokesperson on the

need to discuss elements that should come into the new ITTA beyond 2029. The delegate of Ghana said more work is needed to develop the terms of reference of the working group.

86. The Chairperson thanked the delegate of Ghana and gave the floor to the delegate of Switzerland.
87. The delegate of Switzerland thanked the Government of Japan for hosting the Council session and the Secretariat for making the necessary arrangements. He said Switzerland supported an extension of the working group, as well as the statements made on the need to clarify its mandate and what its outputs would be. On the extension of the ITTA, Switzerland did not see a need for a final decision, and the outcomes of the working group, which would be discussed at the next Council meeting, would provide guidance. Switzerland also seconded the statement made by the USA that, for many countries, including Switzerland, approving either relatively minor changes or a fully negotiated new agreement would involve the same substantial internal process. Thus, if major points needed to be revised, it would be better to address them all at once rather than go through the same process twice within five or ten years.
88. The Chairperson thanked the delegate of Switzerland and gave the floor to the delegate of Brazil.
89. The delegate of Brazil said his delegation supported the idea of a full renegotiation of the treaty as soon as possible. ITTO was facing an identity crisis and was affected by new developments internationally concerning environmental policies. There was a need to renovate the ideas that inspired the Organization to make it more useful in the future. It was to be regretted that some producer countries were no longer able to take part in Council sessions because of financial constraints. Nevertheless, Brazil believed it was possible to rebuild the Organization into something more connected with current affairs and the way in which a commodity institution should be conducted in the twenty-first century.
90. The Chairperson thanked the delegate of Brazil and sought clarification on whether his delegation favoured a renegotiation before 2026 or extension and then renegotiation.
91. The delegate of Brazil responded that renegotiation should commence immediately.
92. The Chairperson thanked the delegate of Brazil for the clarification and gave the floor to the producer spokesperson.
93. The producer spokesperson said delegates should bear two things in mind: an extension had already been approved to 2026 and the discussion now was on approving a further extension; and the other decision to be made was on extending the mandate of the working group and making its terms of reference more specific. He said he believed the working group should meet in person although online meetings were useful, they tend to be short. A detailed analysis was required by people deeply familiar with ITTO, and this should involve a week-long meeting to reach clear decisions on a new and more detailed survey, which consumers and producers had both requested.
94. The producer spokesperson referred to Decision 8(XXXIII), which established a preparatory committee. It is possible that, in amending the mandate of the present working group, it could be renamed as a preparatory committee or preparatory group with a view to preparing a roadmap for proceeding with the renegotiation. The proposal of the producers was to start renegotiations as soon as possible, as was also proposed by the delegate of Brazil.
95. The Chairperson thanked the producer spokesperson and gave the floor to the Executive Director.
96. The Executive Director suggested that the task of printing and distributing various relevant decisions could be undertaken by the Secretariat to assist the working group, the mandate of which would be extended into 2024, pending a decision by the Council, given that this was what the working group would be working on. Her fear was that if the Council started discussing previous decisions, as well as the content of the working group's report and further deliberations on the survey, the discussion would be very lengthy. She reminded delegates that the ITTA, 2006 had been extended until early December 2026 under a Council decision in 2021. The task of the working group under Decision 4(LVII) had been to explore whether the Council would be ready to approve a further extension of the agreement from December 2026 to early December 2029. If the Council was unable to agree on the further extension, a decision would be needed to commence renegotiations.

97. The Executive Director said the delegate of the USA was correct in saying that a review of the ITTA was not within the current mandate of the working group. Its report had recommended extending this mandate into 2024, one of the purposes of which would be to conduct a more in-depth survey among the membership. The Executive Director pointed out that the window for responses to the initial survey was short because the working group needed to report to the Council at the current session. It could not commence its work earlier because nominations for the working group had been received late. It had been the Secretariat's view, she said, that the working group should not commence its work until there was at least parity in representation between producer and consumer members, in the interests of fairness and transparency in the process. She pointed out that, assuming the EU response represented the 27 EU member states, effectively 31 responses were received from consumer members (the 27 EU members, plus four other consumers). Only five responses were received from producer members, however, although the Secretariat obtained two additional late submissions, which were not included in the working group's report.
98. The Executive Director said the Secretariat's advice was that it was difficult to gauge the overall view of the membership on the process, given the limited response, which was why it was recommended by the working group that it undertakes a more in-depth survey in 2024. The questions for such a survey would be worked on by the Secretariat in close collaboration with members of the working group. The survey could be conducted with the assistance of consultants, should funding be available. Given sufficient funds, the survey and a review on the efficacy of the ITTA, 2006 could be conducted concurrently or subsequently. She reminded delegates that there was no need to take a decision at this Council session on whether to extend the Agreement again for the final three years. It could be deferred to the 59th Session upon completion of the more in-depth survey, when the Council would be in a better position to make an informed judgment on the way forward. She cautioned that an early commencement of renegotiation could affect the stability of the Organization in international forums.
99. The Chairperson thanked the Executive Director and gave the floor to the producer spokesperson.
100. The producer spokesperson said the producer caucus would prefer that the aforementioned documents were printed and made available at this session because delegates were asking for the additional information. This was not for detailed discussion of decisions but for reference and guidance on the possible development of a renegotiating process. He clarified that the producers were requesting that the working group, which could be called a preparatory committee, be extended by one year with a view to generating answers to some of the questions raised. A detailed survey of the membership and a report of the preparatory committee would provide a roadmap for the preparatory process.
101. The Chairperson thanked the producer spokesperson and indicated that the Secretariat would provide hard copies of the requested documents for participants in physical attendance and also circulate them electronically. He gave the floor to the delegate of the USA.
102. The delegate of the USA said her delegation believed it would be important to use the correct terminology and, in this case, "preparatory process" was correct, given that an actual renegotiation process would not start officially until two to three years before termination of the Agreement. Regarding the proposal to conduct a more in-depth survey to obtain greater clarity on the first question posed under the current decision, it was unclear to her delegation why an in-depth survey would solicit more responses, given that a survey of only three questions had not been fully answered. Thought would need to be given to whether an in-depth survey would get to the heart of the matter.
103. The delegate of the USA said that, in terms of a more extensive consultative review in preparation for a potential renegotiation, the USA believed that a consultant should be engaged to help facilitate the process and to add a voice of neutrality to the various opinions they would hear. She pointed out that, during the impairment, members had been surveyed on what they saw the value was of the Organization and what they would like to see changed. Therefore, the Secretariat and any consultant should refer to the extensive work done after the impairment and throughout the financial overhaul of the Organization, because that information would help inform the roadmap and potential points of discussion for the negotiation of a new agreement.
104. The Chairperson thanked the delegate of the USA and gave the floor to the delegate of Brazil.
105. The delegate of Brazil suggested that the lack of participation in the survey was more a symptom than a cause. In launching a renegotiation process, there would be a need to re-engage countries. Launching

negotiations as soon as possible would bring countries back to the table and enable their ideas and complaints to be heard, thereby structuring a better and more up-to-date treaty and document.

106. The Chairperson thanked the delegate of Brazil and gave the floor to the delegate of Japan.
107. The delegate of Japan said that sufficient reason was required to decide whether to extend the ITTA, 2006 or renegotiate. This would require making use of the working group, not only to implement an in-depth survey but also for informal consultation and discussion. The process should be conducted as early as possible to enable a fruitful discussion, which ultimately would lead to a de facto review of the ITTA, 2006. Therefore, it was important to clarify the working group's objectives.
108. The Chairperson thanked the delegate of Japan. He requested the Secretariat to circulate its version of the draft decision to all members and adjourned the agenda item until later in the week.
109. Prior to resuming this agenda item on Wednesday 9 November 2022, quorum was assessed and not achieved at that point. The Chairperson recalled the lengthy discussion on Monday and opened the floor for interventions. He invited the delegate of Brazil to take the floor.
110. The delegate of Brazil asked what sort of decision could be taken on this agenda item in the absence of a quorum.
111. The Chairperson responded that, technically, no decision could be taken without a quorum and that it was not a formal session without a quorum. Nevertheless, it was possible to continue to conduct the Council's business with a view to taking a decision when a quorum was achieved. He invited the producer spokesperson to take the floor.
112. The producer spokesperson said this was not a new situation and, for example, there was a lack of quorum in Papua New Guinea, but a quorum was achieved at the last minute to enable decisions to be made. Therefore, this should not prevent the Council from carrying on its debate with a view to taking a decision or achieving consensus when quorum was obtained. Regarding the matter at hand, the producer spokesperson proposed including the term renegotiation as a parallel option to the extension or amendment of the Agreement. This was a subject that had been worked on for some time. The producer caucus had reviewed the options and the advantages and disadvantages of extending the agreement or commencing renegotiation. It had achieved consensus this morning, and he had spoken with the consumer spokesperson, who had kindly provided him with a draft decision derived mainly from the working group under Decision 4(LVII), with some adjustments in light of debate in the consumer caucus. There had been insufficient time to discuss this draft in the producer caucus but, nevertheless, there was light at the end of the tunnel and the possibility of reaching a common understanding. The producer spokesperson summarized the position of the producer caucus as follows: the Agreement had already been extended to 2026 under a decision taken at the previous Council session. At the time, there had been no discussion about extending it to 2029. It was only after that Council session that the proposal had been made to extend the ITTA to 2029, and this was where there had been trouble in reaching agreement. The producer caucus did not oppose a further extension to 2029 but that should be subject to the advances made on the mandate of the working group under Decision 4(LVII). The producers considered this group to be a preparatory committee and would like to use this term, and the Agreement could be extended to 2027, 2028 or 2029, depending on the roadmap for those years.
113. The producer spokesperson said the position of the producer caucus was that the starting point was to appoint a group to prepare a roadmap for renegotiation. It would agree on a potential extension to the Agreement, depending on the recommendations of the working group. In addition, regarding the draft decision received from the consumer caucus, the producer caucus saw a need for a clear mandate and clear terms of reference for the working group, and this was something that could be examined jointly.
114. The Chairperson thanked the producer spokesperson for his comments and reflections. He clarified that the ITTA, 2006, Article 44, paragraph 2, allowed two options for extension: "The Council may, by special vote in accordance with Article 12, decide to extend this Agreement for two periods, an initial period of five years and an additional one of three years". The first extension to 2026 had already been exercised, and the only other extension would be three years to 2029. The Chairperson invited the delegate of Brazil to take the floor.

115. The delegate of Brazil said he wanted to present his delegation's concerns about the discussion on a second extension without proper consideration of the need to renegotiate the document as a whole. It was evident that some members were having trouble fulfilling their financial obligations and ensuring proper representation at the Council session, and the Secretariat was having trouble filling vacancies in its workforce. Moreover, some members were making unilateral decisions that were restricting trade in timber without proper consideration by the Organization. This was a crisis scenario requiring action to streamline the Agreement and produce a better arrangement that reflected the new status quo being imposed by some other organizations and by actions by members. Therefore, the Brazilian delegation wanted to restate that, in its view, there was a need to discuss the possibility of starting renegotiation of the Agreement as soon as possible to address the crisis before it paralyzed the Organization completely.
116. The Chairperson thanked the delegate of Brazil and invited the delegate of Australia to take the floor.
117. The delegate of Australia, taking the floor in his capacity as Co-Chair of the working group, thanked all members that had worked to update the draft decision circulated on Monday night, and real progress had been made. He praised the cooperation between the caucuses for that. Information received from the Secretariat was pertinent on two points. First, it would be particularly difficult for some members to amend the Agreement because the process would essentially be the same as that for a new treaty. Second, on the need or otherwise to extend for a period of three years, this was the key question the working group had been given a mandate to explore. In light of this, care was required with the language used around "preparatory committee", for example, which he understood had been used in the past when negotiations had commenced. The draft decision attempted to include language on this.
118. The Chairperson thanked the delegate of Australia and invited the consumer spokesperson to take the floor.
119. The consumer spokesperson said she had heard some points that appeared to need further discussion. There was a need to come close enough on positions to enable the work to continue in the drafting group later in the day. She proposed inviting other members to make remarks on the points they had heard, including the delegate of Brazil, in an effort to bring views closer together.
120. The Chairperson thanked the consumer spokesperson and noted that, to his knowledge, the Secretariat had not been provided with a revised draft of the decision, which put it in a difficult position. He gave the floor to the delegate of Ghana.
121. The delegate of Ghana, taking the floor in his capacity as Co-Chair of the working group, said the working group had three elements to address, the first of which was fundamental: whether to extend the ITTA, 2006 for a second time, to 2029, or go straight to renegotiation. The working group had come to a consensus that the second extension might be necessary. Although there had been only a limited response to the survey, the majority of respondents had also been of that view. Nevertheless, new ideas had been injected, including the possibility of a second extension alongside creating an exploratory committee to look into the possibility of renegotiation that would run concurrently with this extension. Given the fact that these two elements were under discussion, the delegate of Ghana said the view was that the working group should be given an additional one year to explore them further. He recalled that some people were of the view that if the working group was given this additional year, it could broaden the initial survey to inject more issues, and this might require tweaking of the terms of reference. With the additional year, the working group could produce something concrete, and this would be more appropriate rather than dwelling on renegotiation at the same time as extension, which might complicate the issue.
122. The Chairperson thanked the delegate of Ghana and invited the delegate of Australia to take the floor.
123. The delegate of Australia, taking the floor in his capacity as Co-Chair of the working group, thanked his Co-Chair for his suggestions, which he echoed. Moreover, the draft text that had been worked on to flesh out elements from Monday's discussion in the caucus picked those up. There had been some minor update of the previous version in the consumer caucus that morning, which he would be happy to circulate to producers.
124. The Chairperson thanked the delegate of Australia and requested that he provide the revised draft to the Secretariat as soon as possible. He suggested it would be a good process to allow the producers time to consider the draft and to provide comments in the evening before discussion in the drafting group

so that all delegates could be fully informed of the challenges and opportunities with respect to the proposed text. He gave the floor to the producer spokesperson.

125. The producer spokesperson said he supported the proposal made by the consumer spokesperson in the sense that more time was needed to continue discussing the topic, which was vital for the future of the institution. He didn't see a huge difference between viewpoints. In principle, no one was against a possible renegotiation. The difference, therefore, was that the consumer caucus was talking exclusively, for now, about an extension to 2029, and the producers weren't closing the door to that, but the producers also wanted a group created, which could be the same as the existing group, with a mandate not only to identify the pros and cons of the extension but also to review the renegotiation option. This would seek opinions and thoughts around, for example, costs and legal and operational matters.
126. The producer spokesperson said the delegate of Brazil had already mentioned a number of problems associated with the current mandate related to the participation of different members, and there were positions that needed to be considered and renegotiated. Clearly, as reiterated by several consumer members, it is not possible to commence a partial renegotiation of the Agreement—a full renegotiation is required, which could take eight to ten years. This raised issues around participation, the distribution of votes, the form votes should take, the financial architecture, and other things that might not be working in the way members would want. All these points justified a renegotiation. But producers would wait to see what the working group proposed, should it be extended for another year. As mentioned by the delegate of Ghana, this would be an exploration, which would need to be assisted by the United Nations Conference for Trade and Development Legal Advisor and the ITTO Secretariat, including to conduct a more detailed survey. The first thing to do is to clearly define the mandate of the working group so it could explore the various possibilities, the pros and cons of a renegotiation, and the need or otherwise for a further extension.
127. The Chairperson thanked the producer spokesperson and gave the floor to the delegate of Brazil.
128. The delegate of Brazil considered that all parties could agree that a decision to extend the Agreement for three years must be complemented by a decision to renegotiate it. This was because if there was no decision on renegotiation, there would be no need for extension because it would be a clear sign that no parties wanted to renegotiate it. The question then was why the Council should extend something it did not want to improve. An extension was necessary because it was not possible to guarantee a new agreement by 2026, but such an extension should not be a blank cheque for allowing the renegotiation to fade into the future.
129. The Chairperson thanked the delegate of Brazil and clarified his understanding of the present discussion, which was around what exactly the membership wished to do, with all options on the table. The draft decision, the latest tweaks of which would be circulated, sought to flesh out a process over the next 12 months to help in making a decision next year and in subsequent years, with a roadmap. It was not presupposing any outcome and was not asking the Council this year to decide on extension or renegotiation. He gave the floor to the delegate of Australia.
130. The delegate of Australia said his understanding was that the original mandate of the working group was to explore both the need for renegotiation and a further extension of the ITTA, 2006, and these two matters had been explored in parallel to date. The first survey had asked the question on not only the need for extension but also those elements of the ITTA, 2006 respondents would like changed, and how. The idea following on from that was to have a comprehensive plan for bringing these elements together in the future, not only for a decision on the matter of extension but also on what the roadmap would be in terms of what needed to be done. He assured delegates that those matters had been looked at and would continue to be looked at under the proposed draft decision, which would now be circulated.
131. The Chairperson thanked the delegate of Australia for his constructive input. He considered that there was a lot of commonality among the interventions and suggested that the issue be further discussed in the drafting group once the draft text had been circulated. He expressed confidence that a common position and compromise would be achieved. He closed this agenda item.

ITTO STRATEGIC ACTION PLAN 2022-2026 – DECISION 5(LVII) (AGENDA ITEM 13)

132. The presentation under this agenda item by the Executive Director is available at https://www.ito.int/direct/topics/topics_pdf_download/topics_id=7243&no=12&file_ext=.pdf?v=.

133. The Chairperson said that Document ITTC(LVIII)/6 had been posted online in English, following inputs from the Advisory Board. In accordance with Decision 5(LVII), the Council was to receive and consider for adoption an indicative five-year resource mobilization goal and related strategy that took into account the outputs and work related to the new financing architecture developed by the Executive Director in consultation with the Advisory Board, as contained in Document ITTC(LVIII)/6. The Chairperson invited the Executive Director to present the outcomes of this work.
134. The Executive Director said the document she was presenting was the draft Resource Mobilization Strategy (RMS) based on the ITTO Strategic Action Plan 2022–2026, which the Council had adopted at its previous session. This document consisted of preliminary cost estimates for the ITTO Strategic Action Plan 2022–2026 targets and an associated resource strategy. The work on the RMS took fully into account the work conducted under the new financial architecture and also the outputs of the working group on finance, which had spanned three years.
135. The Executive Director said the Strategic Action Plan (SAP) has 38 targets linked to the four strategic priorities and four cross-cutting strategies. She was requested to publish and widely disseminate the new (SAP), to identify the resources needed to achieve the targets in the strategic action plan, and to develop, in consultation with the Advisory Board, an indicative five-year resource mobilization goal and strategy, which was being presented now. The document has five annexes, with the main document being Annex 2, which was the draft RMS for the SAP 2022–2026.
136. The Executive Director reminded the Council that the first year of the (SAP) is now coming to an end, and she was happy to report that all the core activities that could be conducted by the Secretariat without the need for additional financial resources has been underway over the course of the year. Annex 1 to the document contains preliminary projected cost estimates for accomplishing the targets in 2023–2026. Annex 3 contains the draft terms of reference for a new working group called for in the SAP target 8 to examine market and trade issues. Annexes 4 and 5 comprise fact sheets on the Global Environment Facility (GEF) and the Green Climate Fund (GCF).
137. The Executive Director said preliminary draft cost estimates and a draft RMS had been circulated to the Advisory Board in June 2022, with the comments of one Advisory Board member received in July. A revised version of the estimates was sent to the Advisory Board in September, and substantive comments were received from several members of the Advisory Board in October. In making the target cost estimates, the first step was to identify the nine targets that could be accomplished through core budgets, for which voluntary contributions were not required. This was work in progress, and some had been completed, on which members would receive an update under agenda item 15. The second step was to generate preliminary projected cost estimates for 29 targets, as contained in the Biennial Work Programme (BWP) 2023–2024. The third step was to agree on four basic assumptions made in collaboration with the Advisory Board: (1) there was a need to continue accessing external expertise to assist on policy issues, at an average consultancy fee of USD 25 000; (2) communication and outreach materials and events would be key for promoting ITTO and its work; (3) training workshops would help build capacity in producer member countries, with the average cost of each workshop estimated at USD 30 000; and (4) country projects would be key to operationalizing many of the targets in the SAP, at an average cost of USD 250 000. Annex 1 contains these target cost estimates for 2023–2026.
138. The Executive Director said that, therefore, the estimated cost of implementing the BWP in 2023–2024 was just over USD 5.5 million. The cost of the BWP for 2025–2026, which would be more or less a continuation of the activities operationalized in 2023–2024, as well as potential other activities of interest to members, was estimated to increase slightly to about USD 6 million. The cost of projects between 2023 and 2026 was estimated at about USD 18 million, producing a subtotal of USD 29.6 million for the full period. The pledges made in 2022 were estimated at USD 3.4 million, leading to a grand total for the five-year resource mobilization goal close to USD 33 million.
139. The Executive Director said that, as delegates would be aware, the new financial architecture was being piloted and was due to be reviewed by the Council next year, but this should not be a hindrance to the implementation of the SAP. She briefly outlined the draft RMS, as per Annex 2 of the Document ITTC(LVIII)/6. She explained the objectives of the RMS, which were to attract additional voluntary contributions from a broad base of members to support ITTO functions, activities and projects; leverage financing through enhanced partnerships and joint initiatives with collaborative partners or other intergovernmental, non-governmental and private-sector organizations; and strengthen the capacity of the Secretariat to undertake core functions and policy work. Work to achieve the first objective would

include donor outreach, for which there were three proposed actions: (1) representation in capitals; (2) demarches and other diplomatic approaches; and (3) targeted messaging and materials for prospective donor members.

140. On the second objective, discussions focused on funding through the GEF and GCF, partnering with GEF agencies, private-sector joint initiatives, memoranda of understanding (MOUs), and enhanced cooperation. Work to engage more with the GEF and GCF started two years ago and was continuing. The focus on the GEF and the GCF derived partly from the earlier focus on these institutions during development of the SAP. A roadmap with seven actions had been prepared for obtaining GEF and GCF accreditation, and efforts in that regard were underway. The Executive Director said ITTO would be relying on Council members to advocate ITTO accreditation, especially those involved actively in the work of the GEF or which sat as focal points on the GEF Council or as alternative focal points. ITTO should also work closely with focal points in the CBD and the UNFCCC to increase cross-sectoral collaboration between all these organizations with the same aims and objectives for forestry, particularly tropical forestry.
141. The Executive Director said the RMS proposed that operational focal points of the GEF and the GCF, as well as national designated authorities, would advocate the inclusion of unfunded ITTO projects or project elements in GEF and GCF proposals. This would require the collaboration of all members, particularly developing countries. ITTO had already suggested that the main donor members to the GEF and GCF could earmark a percentage of their yearly annual contributions directly to ITTO, rather than expecting ITTO to go indirectly through the GEF and the GCF to access those funds. This was something that needed to be discussed in depth and to be operationalized through a pilot project, provided a donor member was willing to do that. The Secretariat had suggested this to two large donor countries to the GCF and GEF that were also ITTO members but had not yet received a response. ITTO should pursue accreditation to both organizations. Complications had arisen with the GEF process, and there had been no success to date with the GCF. The responsibility here was for the Executive Director and all ITTO members to work together. On the third objective, to strengthen the Secretariat's capacity to undertake core functions and policy work, the RMS included proposals for member countries to second well-qualified staff to the Secretariat to fill gaps in expertise and skills. This would be an undertaking from ITTO members, at no cost to the Organization. The RMS also proposed the inclusion of other in-kind contributions from members, such as high-quality equipment to help with project implementation and even the functions of the Secretariat, where necessary, and also to support general Secretariat operations. Another key element of the RMS was meeting the obligations under Article 19 of the ITTA, 2006, which applied particularly to members in arrears.
142. The Executive Director said the RMS was based on target cost estimates for the period 2023–2026, which, in turn, were calculated as double the actual voluntary contributions to the Organization in the previous six years. They totalled about USD 7 million–USD 8 million per year. The indicative five-year resource mobilization goal should be ambitious, she said, while also reflecting what could realistically be achieved. The draft RMS was the first document of its kind in ITTO. Caution had been observed in adopting the approach taken in the previous SAP, which included certain aspirations that had barely been touched. Achieving the ambition of the RMS was a shared responsibility, with the greatest potential for new resources being through the GEF and the GCF. Although there was still much uncertainty, there was light at the end of the tunnel, particularly with the GCF. This would be something that ITTO would strive hard for in 2023, including by assisting focal points in member countries to help make it happen. It was also essential that members paid their assessed contributions to the Administrative Account in order to portray ITTO as an organization that had the full confidence of its membership. The current state of payments in the Administrative Account did not leave much scope for this; it is detrimental, and it weakens the Organization significantly.
143. The Chairperson thanked the Executive Director for her presentation and the Advisory Board, which had assisted in the development of the RMS. He opened the floor for discussion and gave the floor to the producer spokesperson.
144. The producer spokesperson congratulated the Secretariat and the Executive Director for the report on resource mobilization, which had been requested as part of discussions on the SAP. That SAP had been approved at a previous Council session, but the Council had been waiting for the Secretariat to provide indicative figures on the budget for each part of the SAP, and these had now been received.

145. The producer spokesperson said the Executive Director had presented three main goals for the RMS. The first of these was to obtain resources from the members of the Organization through voluntary contributions. Sadly, he said, over the last two decades there had been an ongoing and accelerating decline in voluntary contributions for project financing. This was an important matter to consider because the Organization's existence depended on it. ITTO financed activities to meet the cost of developing technologies to guarantee sustainable forest management and supply chains of tropical timber coming from sustainable forest management. The idea was to meet the objectives and guidelines established by the institution itself, such as indicators for sustainable forest management, guidelines for conserving biodiversity in production forests, and guidelines on forest fire management. Project proposals submitted by producer members were aimed at fulfilling such objectives. Nevertheless, several projects that had been submitted several years ago and had undergone the necessary assessments and revisions were still pending financing. It is a commitment of the Council to find financing for those projects. The producers considered that the structure presented by the Secretariat with an indicative figure for projects should include projects awaiting financing. This is an obligation of the Organization. If this wasn't so, it would not have made sense for those project proposals to have gone through the long approval procedures. Thus, there was a commitment for consumers to participate in the financing of those projects. The consumers knew why they had approved those projects, which was because they were important for meeting the goals of the institution. Therefore, the producers would like to see a breakdown of figures for projects pending financing.
146. The producer spokesperson said he also wanted to make a point concerning external funding. Logically, it had always been part of the strategy to apply to external bodies. ITTO had had little success on this option, which must not replace efforts on the first objective of the RMS, which concerned voluntary contributions for funding projects, programmes and activities. This brought on thoughts about whether a strategy was needed to get closer to external bodies or whether there was a need for an internal strategy. A suggestion had been made in the producer caucus about a strategy involving a "tropical forest facility"—a kind of internal GEF that could fund forest projects. This was an interesting approach that would mean that at least part of the resources that consumer countries would normally provide to the GEF or to other funds or bodies would go directly into this ITTO fund.
147. The producer spokesperson said his caucus agreed on the need to strengthen the Secretariat. A strong, solid Secretariat is needed, with all the means required to carry out its activities. This depends to a large extent on the payment of assessed contributions, which are in considerable arrears; this is putting the Secretariat under pressure and is threatening the Organization's functioning. The producer caucus suggested that the decision to extend the mandate of the working group under Decision 3(LVII) should include a mandate to analyze various options to make things more flexible to enable debtor countries to pay their contributions.
148. The Chairperson thanked the producer spokesperson and gave the floor to the delegate of Guatemala.
149. The delegate of Guatemala said he seconded the views expressed by the producer spokesperson regarding objective 1. He said payments of assessed contributions were linked to the availability of funding for projects, and there was potential for a vicious circle where one member didn't pay their assessed contributions because they didn't receive funding for a project and then projects were not funded because assessed contributions were not being paid. There was a need to break this vicious circle, and he encouraged all countries to pay their contributions while also calling on donor countries to make voluntary contributions for those projects that had already been approved and that were already in ITTO's portfolio of projects. This was a shared responsibility—all were responsible to a certain extent and accountable when it came to the budget. Guatemala also supported the remarks by the producer spokesperson on the need for specific funding for projects that would not depend solely on voluntary contributions because this would incentivize countries to continue the work they were doing. He reminded delegates that other platforms might not have the same objectives or targets as ITTO, and there might be operational implications for accessing such funds. This point was worth taking into account as part of the strategy.
150. The Chairperson thanked the delegate of Guatemala and gave the floor to the delegate of Mexico.
151. The delegate of Mexico congratulated the Secretariat and the Executive Director for the important information on the RMS as part of the SAP 2022–2026 and for the efforts made to include consultations with the donor community. This would help in finding intelligent solutions to project funding and in achieving the objectives set out in the RMS.

152. The Chairperson thanked the delegate of Mexico and gave the floor to the Executive Director.
153. The Executive Director thanked the delegates for their interventions. The value of projects awaiting financing was estimated at about USD 17 million, on an annual basis. At the end of the year, some projects would go into the sunset clause, and the value of unfunded projects remaining after that would be USD 13 million to USD 14 million. She said the Secretariat recognized that voluntary contributions had been decreasing progressively. This was partly because of the impairment, but voluntary contributions had been decreasing from as far back as 2009, which was long before the impairment and the COVID-19 pandemic. The big question that needed answering was, why? Was it because ITTO was losing its relevance? Even though the membership supported the Organization's role, objectives and mission, how was it that members were not paying their assessed contributions, and why weren't the world's richest donor countries making voluntary contributions at the levels they used to, or even half that, even as those same countries were pledging millions or billions of dollars at the climate COPs and to the GEF, the GCF, the Japan-ASEAN Fund, the World Bank, and the development banks? These were not mandatory contributions, they were voluntary. Where was the balance? Everyone commends ITTO on its good work. Members of the EU are contributing millions to development work, and all donor countries are doing bilateral aid, which cuts into the role of ITTO. This had been a growing trend in the last two decades, but not much has been done to address it. She intends to find out how to get around the barriers and difficulties. She has been consulting directly with producer and consumer member countries to find out where the priorities are. Three had mentioned the impairment —these were members who had funded ITTO to a reasonable amount before the impairment, at which point their voluntary contributions diminished to zero and have not resumed. The impairment was eight years ago. Since then, ITTO has strengthened its processes and maintained a strong secretariat and was still delivering for members. What was the hitch? Regarding external funds, ITTO had had no success to date in securing funding from the GCF and GEF because their mechanisms are complicated. The GEF has 18 accredited agencies and was reluctant to use others. If delegates could provide new information, she would be grateful. ITTO has approached the GEF to become an accredited agency but, as a non-UN accredited agency, the chances of this are slim. This was why ITTO is approaching some of the 18 accredited bodies and would approach more in due course. ITTO was in contact with United Nations Development Programme, which is a member of the CPF. The Secretariat was trying hard to get ITTO into such circles but needed help from members. Some member countries sit on the GEF and GCF councils, so how is it that none had sought to accommodate ITTO?
154. The Executive Director apologized for being so forthright. She said the host government had been sitting on the GEF Council for a considerable time, but ITTO had not received any clear guidance. Recently, there had been a slight breakthrough in direct contact with focal points in the GEF, which was revising the way in which it worked in light of criticism. She thanked the host government for highlighting to the GEF Council that it was not focused enough on the sustainable management of tropical forests. The GEF Council had also heard how the method for working through their 18 implementing agencies was unclear to outside parties. The GEF Council would have recently completed a two-week retreat to revise its work procedures and methods, and further information had been promised when that process was complete.
155. The Executive Director said a tropical forest facility was a fantastic idea. The Secretariat had been discussing with some member countries an ITTO trust fund. Such trust funds already exist under the ITTA, 2006 in the form of the Bali Partnership Fund and the Special Account, but these might be unclear to external parties, who would need to know about the ITTA to understand the two funds. The Secretariat had considered proposing the renaming of one of the funds as the ITTO Tropical Trust Fund, which is similar to that mentioned earlier by the producer spokesperson. This would serve a useful marketing purpose and enable approaches to philanthropic organizations and other organizations as a means for supporting the sustainable management of tropical forests.
156. The Executive Director alluded to a youth tree-planting effort that had raised millions of dollars as an example of what could be achieved. This was one direct way of encouraging funding from the private sector, with suitable safeguards to ensure credibility. It could be tied to unfunded projects.
157. The Executive Director appealed to donor countries to revise their voluntary contributions. Even channelling half of 1% away from other vehicles to ITTO would increase contributions by more than USD 10 million per year, which would take care of the project cycle and attract members to return and to pay their assessed contributions on time. The solutions are relatively straightforward. Members have legal obligations under the ITTA, 2006. She said the Secretariat urges members to honour their

obligations under the Agreement and thanked the delegates of Guatemala and Mexico for their supportive statements.

158. The Chairperson thanked the Executive Director and gave the floor to the delegate of Colombia.
159. The delegate of Colombia thanked the Executive Director for her comments and indicated the support of her delegation for the comments of the producer spokesperson. Regarding the comment made by the Executive Director on the obligations of members, Colombia would continue to comply with its obligations under the ITTA, 2006, despite various crises that were affecting all members. Nevertheless, Colombia regretted that, despite this, the Organization was not focusing on it in return. The matter of projects with pending funding was not exclusive to Colombia. A proposal that was viable technically had been funded partially by the USA, for which Colombia was thankful, but Colombia considered that something needed to be done to address the USD 17 million shortfall in funding for approved projects, as outlined by the Executive Director. As the delegate of Guatemala had said previously, if not, there would be a vicious circle. Those members that met their obligations did not receive the same in return. Colombia expected support from the Organization in terms of capacity building and project funding.
160. The Chairperson thanked the delegate of Colombia and gave the floor to the delegate of Mexico.
161. The delegate of Mexico thanked the Executive Director for her presentation and clarifications. He said Mexico proposed that the Organization should approach associations and funds that provide resources to projects relating to climate change. For example, the Bill and Melinda Gates Foundation made a pledge of USD 1.4 billion in the context of UNFCCC COP27 with the aim of supporting small farmers to face the impacts of climate change. That foundation also had a partnership with the International Fund for Agriculture Development, and it might be worthwhile to approach this and other foundations to achieve the targets set out in the RMS.
162. The Chairperson thanked the delegate of Mexico and gave the floor to the delegate of Togo.
163. The delegate of Togo thanked the Executive Director for her fantastic work. He said the Council is bound by commitments made in line with the ITTA, 2006. Togo had been nearly three years in arrears with its contributions but had done everything it could to meet its commitments and, today, is up to date. ITTO must also make an effort because countries needed to observe that it is giving something back in return. If that is not the case, there would be a loss of interest, which would become greater, and countries would stop making their contributions. At some point there would be a need to make a qualitative leap to fix what is not working and to go forward from there and encourage other countries to contribute.
164. The Chairperson thanked the delegate of Togo and gave the floor to the delegate of Ghana.
165. The delegate of Ghana thanked the Executive Director and the Secretariat for the good work. The RMS that accompanied the SAP is comprehensive and gives hope that the Organization would have a long lease of life. He was convinced about the content of the SAP and the RMS, and much energy had gone into it. He agreed with the delegate of Colombia that new members had been paying their contributions for two or three years and putting forward project proposals, which had been approved, but no funding was available. This was a reason for a loss of motivation to continue contributing to the Organization. Ghana had been a pioneer member with many projects over the years. Despite this, it has considerable arrears in its contributions. It was concerning that new members that had provided so much had been unable to benefit from projects. The RMS gives hope that something will be done. The RMS contains elements on outreach, which he is happy about, because it would increase visibility in member countries, but what is missing is bringing together focal points. Focal points were like Whips in Parliament or Congress—without a good Whip, it would not be possible to mobilize votes to get legislation passed. Focal points are essential elements of ITTO, especially for producers, but few focal points are on top of what is going on in the Organization. If they didn't know what is going on, how could they project a positive image of the Organization in the country? He is not a focal point but has always been interested in them and sometimes had to guide them in Ghana and whip them to ensure they had the desire to continue to participate. A strategy should be put in place involving some form of financing to bring on board focal points and give them more education on ITTO so they could devote energy to reaching out to their respective ministries.
166. The Chairperson thanked the delegate of Ghana and gave the floor to the delegate of the EU.

167. The delegate of the EU thanked the Secretariat for the document and clear presentation. It arrived relatively late and the EU had not yet been able to consider it properly. Nevertheless, the document included a wide range of tools or mechanisms, and clearly it represented a very good effort to prepare a resource mobilization strategy. He said he personally appreciated the sentiment expressed by the Executive Director about wanting to be realistic on what could be achieved and avoiding being overly ambitious. He wasn't sure if this has been achieved but trusted that the Secretariat had made an effort on this. It had already been mentioned that significant financial flows were being mobilized for forests, and the challenge was to access those for ITTO. The Council had put in place a number of elements over the years, including the recent SAP and now the RMS and discussions on creating incentives for members to engage. The new financial architecture is being piloted, which is also important from the point of view of donors. The world has changed considerably and so has the strategies and approaches for mobilizing official development assistance, and there is a need to adapt to these parameters. With all these elements being put in place, time is required to enable them to deliver. With such efforts, it would hopefully be possible to move in the right direction jointly to achieve the Organization's objectives.
168. The Chairperson thanked the delegate of the EU and gave the floor to the delegate of the USA.
169. The delegate of the USA thanked the Secretariat and the Advisory Board for the work over the last year. The USA appreciated the context provided by the various remarks on the challenges and opportunities. It is clear that the landscape is very different from previous years, especially in terms of voluntary contributions and the funding available internationally to support sustainable tropical forest management. The USA considered that the RMS has been proposed as a framework and is a useful first step to guide the ongoing conversation on this matter. It is important because it recognizes the changed landscape and the need for ITTO to continue to understand and redevelop its internal procedures to provide incentives for participation by both producer and consumer members and to develop and fund projects. It is also necessary to look outside ITTO's own structures and to try to take advantage of the opportunities being offered in some external mechanisms. The proposed RMS, as contained in Annex 2, provides a useful guide for members to continue the discussion. As such, it would be useful to adopt the RMS at this session.
170. The delegate of the USA said her delegation considered that the concept of shared responsibility is important in its recognition of the changed landscape and the impetus it might provide in thinking about how to interact differently. Both donor and recipient countries—producers and consumers—have their challenges with internal coordination, competition for resources, and competing priorities for international engagement and funding. The RMS offers the chance for a conversation and to try to work better together. She said she appreciated the suggestion by Ghana and the Executive Director to better engage the various focal points. Ideally, before each Council session, the Executive Director would give a briefing further in advance to inform delegations of the information received so they could reach out and have conversations with focal points based on this latest information. It would be useful, therefore, to think about innovative ways to debrief through outreach and communication on what is happening to enable more effective coordination, both internally and among members.
171. In terms of a specific mobilization goal, the delegate of the USA said she added her voice to identifying an achievable number. Among other factors, the USA kept in mind the history of the impairment and the fact that it did not want the Organization to set a goal that would create either unrealistic expectations or extraordinary pressure to generate resources in ways contrary to what is credible and possible through legitimate processes and coordination. In summary, the USA would support adopting the RMS, as proposed in the document. If additional time was required to decide on a specific resource mobilization goal, that could be taken on advice of the Advisory Board, as well as other steps, such as a working group to address specific targets or other actions.
172. The Chairperson thanked the delegate of the USA and gave the floor to the delegate of Papua New Guinea.
173. The delegate of Papua New Guinea, on Zoom, apologized for the internet fluctuation. He said there had been a decline in donor funding since 2009, exacerbated by the financial impairment and then the COVID-19 pandemic, leading to a situation in which countries were unable to provide the funding needed to support ITTO. For Papua New Guinea, judging from the Executive Director's remarks, there has been a shift in donor countries towards giving support to climate-change organizations. For Papua New Guinea, forests are a resource on which the country relies on to bring about socioeconomic development, particularly infrastructure development. This means that conventional logging needs to

still go ahead, and there is a need to practise sustainable forest management. Donor governments and organizations should really take note of this.

174. The Chairperson said that, unfortunately, the delegate of Papua New Guinea had dropped out of the feed due to poor internet connectivity. He invited the delegate of Australia to take the floor.
175. The delegate of Australia thanked the Executive Director and the Secretariat for providing an overview of the RMS. He said Australia operated in an environment in which there are many competing demands among agencies and budgets. He echoed the comments made by Mexico, recalling a discussion at the previous Council session on the global forest finance pledge and the increasing philanthropic interest in forests. He encouraged attention in the RMS to efforts to engage that audience, which he understood were already being made by the Executive Director and the Secretariat. He further recalled an idea from 2019 around the new financial architecture to potentially advocate some of the opportunities to fund initiatives and projects in Council sessions, which Australia would support, and Mexico had made a similar comment in the working-group survey. He asked the Executive Director to indicate how achievable she thought the target currently set in the RMS to be. While Australia supported ambition, it wanted to ensure it was realistic and achievable and would set up the Organization to make good decisions going forward.
176. The Chairperson thanked the delegate of Australia and gave the floor to the delegate of Japan.
177. The delegate of Japan thanked the Executive Director for providing her views on resource mobilization. From Japan's point of view, donor countries make every effort each year to secure finance mobilization for the forest sector, but the priority of national policies changed each year and faced urgent matters in a changing world landscape, such as climate change, health, disasters, and the Russian invasion of Ukraine. National budgets must address such important matters, and each country always faces competition for funds. Therefore, it is difficult to make promises in advance to double the financial contribution. Japan considers that setting a fixed target for voluntary contributions is risky and preferred, rather, to look at the current situation every two or three years and how much each project has received in funding and how each member could contribute more in the future. In this way, the discussion would be more realistic and reliable according to the situation. Japan preferred, therefore, to avoid a fixed figure or alternatively, to put the fixed figure in brackets. The delegate of Japan further suggested that the draft RMS Objective 2, item D, earmarked a small percentage of country contributions to the GEF and the GCF for ITTO, which Japan considered unrealistic. The GEF was a main funding mechanism for the CBD, the UNFCCC, the UNCCD, the Stockholm Convention on Persistent Organic Pollutants, and the Minamata Convention on Mercury. Therefore, funding for the GEF is for the implementation of those conventions, and it is impossible to earmark in advance a small percentage of voluntary contributions for ITTO. He asked the Executive Director to clarify how she interprets this principle.
178. The Chairperson thanked the delegate of Japan and gave the floor to the Executive Director.
179. The Executive Director thanked delegates for their appreciation of the document and acknowledged the assistance of Ms Stephanie Caswell. She said she agreed with the opinion expressed by the delegate of Togo that it was necessary to fix what was wrong. As the delegate of the EU had mentioned, ITTO is operating in a new landscape and priorities have changed. Many governments were now saying they were channelling their funding towards other priorities, such as climate change and biodiversity. Where was biodiversity prevalent? Tropical forests. Increasingly, other organizations were crowding into the space previously occupied by ITTO. Other organizations are talking about legal and sustainable supply chains of forest and wood products from tropical forests. Shouldn't that be ITTO? The GCF is talking about legal and sustainable supply chains from tropical forests, which is why ITTO is pushing to get accreditation with it to access those funds. These organizations, however, preferred to keep the funds for their own agencies and their own people. This has taken away from ITTO's areas of work, which is why donors are funding other organizations rather than ITTO when previously those funds would have come to ITTO. The impairment hasn't helped, but that has nothing to do with the Secretariat that exists today. The Executive Director said she has inherited this situation and the Secretariat is trying to clean up this inheritance. This is where ITTO needs the help of its members to talk to the focal points involved in other areas of work, such as the GEF and the GCF. She said she understands why countries are directing more of their funds bilaterally because they want to look good in the international arena, but they should not forget the obligations they have to multilateral agreements, particularly legal obligations and membership to commodity agreements such as ITTO.

180. Referring to the suggestion by the delegate of Ghana to increase contact with focal points, the Executive Director said the Secretariat had started undertaking that. Two weeks ago she had had discussions with certain focal points in Latin America, and she had met with many other focal points at various international meetings during the year. She intended to focus on focal points in Africa early in the new year, and the aim is to regularize such contact each quarter; the request by the delegate of the USA for the provision of information through briefings and outreach and communication could also be accommodated.
181. Responding to the delegate of Japan, the Executive Director said she was referring just to rechanneling funding through the GEF; it is about channelling the total international aid budget. Considerable funding goes to various channels, such as, in the case of Japan, the Tokyo International Conference on African Development and the Japan–ASEAN Fund. Japan has also pledged an amount to climate change. These are the kinds of funds she was referring to, which had not previously been budgeted for. The comment also applied to other donor countries, with no doubt more announcements to come on pledges for climate-change challenges. She said it is ITTO's intention to also pursue funding from the Bill Gates Foundation and possibly also the Bezos Foundation. On the fixed targets for voluntary contributions in the RMS, that would be for the Council to discuss and decide. Not having a relatively stable amount coming in annually provides no certainty to the membership, and this is a shared responsibility to motivate members to return to the Organization. A decision is also needed on how to deal with the project cycle because an impossible situation could arise by running the project cycle twice a year, bringing in new proposals that are unfunded, with concept notes able to be submitted at any time during the year. She said that, with luck, there would be a breakthrough in the next year as a result of the efforts being put in.
182. The Chairperson thanked the Executive Director and gave the floor to the delegate of Germany.
183. The delegate of Germany said that, as one of the substantial donors to ITTO, he wanted to add an observation. There was always competition for finance, but it was insufficient to keep addressing this very well-known challenge in the Council. The problem is that governments, for important political reasons, are now emphasizing the big funds. The RMS is a good basis for future activity. But one thing is missing, which he called matchmaking—that is, the match between the interest expressed by specific countries submitting project proposals and the interest of donor countries. This could be done by focusing on certain themes; to use Germany as an example, it focuses on cross-border and regional projects. The GEF has an orientation towards the CBD, so matchmaking is needed. ITTO's new thematic lines included one on enhancing biodiversity, but what is missing is matchmaking. It might be an improvement in the RMS to add this as a request to the Secretariat to constantly work on this matchmaking when addressing potential donors and to look for the best possible match between project proposals and the interests of donors or certain windows in funds like the GEF and the GCF. Germany would do the same. The Secretariat rightly expressed this in the RMS. It is not solely the task of the Executive Director; all members also need to work on it and to explain what ITTO is about. ITTO was completely unknown beyond ITTO. If you asked people in the area of working for these funds, they sometimes do not even know ITTO.
184. The Chairperson thanked the delegate of Germany and gave the floor to the delegate of Ghana.
185. The delegate of Ghana said that, on behalf of Ghana and the producer caucus, he was making a passionate appeal to donors, including the three countries with the strongest economies—the USA, China and Germany. His colleagues in Ghana were impressed when he told them about the ITTO membership, including those three countries as well as Australia and New Zealand, but they could not understand when they were told about the funding challenges. How is that possible? they would ask. Referring to some of the issues raised by Japan, he said not only Japan but other countries including the EU talked about how global dynamics had changed, and everyone knows that even the great economies have their challenges. But Japan was the brain behind establishing ITTO in Japan, and ITTO was the only international organization headquartered in the country. In the way that the USA footed so much of the bill of the United Nations Secretariat, his delegation believed Japan also has a moral obligation to step up to the plate and do more. Other developed nations could do better, too. The delegate of Ghana named the USA, Australia, New Zealand and China, saying he wanted them to step up to the plate and help producer countries so they could continue to support tropical forests. This includes the small projects conducted by ITTO, which has had an impact globally. It is a global issue and he suggested there is a duty for donors to step up to the plate.

186. The Chair thanked the delegate of Ghana and gave the floor to the Executive Director.
187. The Executive Director said it has been a very charged and emotional discussion, but underlying the emotions is the knowledge that the reality needs to be addressed. She said she feared the current situation as things were continuing to go downward year after year, in contradiction to what members claim they want. She said she has always loved ITTO because of the work it does, because of the way in which it has been a partnership, because of the many difficult issues it has worked on in the last 35 years. If people were losing interest in tropical forestry, it would be understandable, but this was not the case. She said every time she hears that ITTO was not known it was like someone sticking a pin in her skin. ITTO has limited resources to do its public relations and outreach, and only so much can be achieved. It is also the duty of members to publicize ITTO and to talk about it with governments. Recently, a high-level level official in Japan told her that Japan's Ministry of Finance did not know ITTO. This was shocking because the ministry had been receiving financing requests for ITTO budgets for the last 35 years. The distinguished delegate from Germany also mentioned that ITTO was not known in Germany, but Germany has been a member for 35 years. If delegates had national publications that wanted to know what ITTO was, they should let the Secretariat know, because it could do press interviews and media outreach. To do broadcasts on TV and radio, however, requires funding. Members could also do their own publicity about ITTO and include links to ITTO on their own websites. She had made this suggestion to many ITTO members and their organizations and ministries.
188. The Executive Director thanked the delegate of the USA for raising the issue of focal points, not only ITTO focal points but those of the CBD, the UNFCCC, the GEF and the GCF. They could be brought together for briefings, either nationally or regionally. It is important for focal points in the climate-change sector, agriculture, the GEF, the GCF, ITTO and others to sit together so that priorities could be aligned.
189. The Chairperson thanked the Executive Director and commented that it had been a valuable, rich and emotional discussion that he hadn't seen in the Council in his time, and he commended delegates for that. He said the Council needed to provide direction for the Secretariat on what to do with the RMS. The delegate of the USA had suggested that the Council agree to it as it was now and to review it in time, and this could be a way to kickstart some of the action needed to get more funding into ITTO. This could be done without a decision by including it in the Council report. Alternatively, the document could be opened and negotiated, but there was insufficient time at the current session to do so. This course, therefore, would in effect delay giving that vital direction for another year. He said he was at the disposal of the Council on how to direct the Secretariat and the Executive Director to pursue this vital work. The two options were to adopt the document by consensus in the Council report or to sit on it for a further year. In response to a query from the delegate of Brazil, the Chairperson said that, although a quorum had not yet been achieved, there was an opportunity to continue conducting business and to reach general agreement. When a quorum is achieved, the report could be adopted. He gave the floor to the delegate of Brazil.
190. The delegate of Brazil, referring to comments by the delegate of Ghana about some countries taking leadership to help the Organization to thrive, he understood that there was also a lack of commitment among some countries. He referred to regulations that were being discussed in other forums that constituted a unilateral measure related to the economic exploitation of forests. ITTO had received no formal feedback on this and, when invited to speak about it, the representatives of some countries would say it was not yet a law and therefore it should not be talked about. The delegate of Brazil said the lack of interest in bringing this matter to the attention of the Council was what was slowly killing the Organization. Producer countries were struggling to protect their forests, and there was considerable political stress arising from forest wildfires and other issues raised in the press. Here was an opportunity to bring people to work together, fund projects and discuss regulations, but the latter was met with the idea that it was not yet a law and there was nothing to talk about. This kind of issue needed to be tackled. Nor was it possible to be heard in wanting to renegotiate the treaty in order to better balance the obligations of producer members. The lack of leadership from those countries in a position to provide it was putting stress on everything. It was easy to say that no tree would ever be cut down again, but the reality was that many people in the world depended on logging and the timber trade. This was not just about tropical timber—it was about temperate and boreal forests. Forests in the north and south of the world were also under stress, but only tropical forests were causing problems to the climate, were the only ones affecting economies. Some countries manufactured paper from native forests but when people in Brazil heard this they were deeply offended because Brazil only made paper from eucalyptus plantations. It should not be possible for CITES to put 100 species into Appendix II without asking ITTO. There is a lack of commitment that is harming the Organization and making producer countries consider

their involvement. The delegate of Brazil said he had flown for 36 hours, economy class, to attend the Council session but, when he arrived, he found it was not possible to talk about this law because it was not a law yet.

191. The Chairperson thanked the delegate of Brazil and gave the floor to the delegate of Guatemala.
192. The delegate of Guatemala said his delegation believed in the results of ITTO projects and that ITTO had good tools to fight against climate change. As the majority of delegates of producer members had said, activities developed by ITTO protected forests and the people who depended on forests. The forests did not survive on their own—it was people who were protecting the forests. And it was only through sustainable forest management that there would be a future for forests because if forests did not generate income, people would change the land use, with a consequent increase in carbon emissions. Therefore, it is necessary to protect forests through sustainable management, which is what ITTO is promoting, with excellent results. Guatemala had developed good tools that enabled it to develop sustainable forests. The outcomes were very positive, and Guatemala had talked about this at the UNFCCC. He said the delegate of Germany was also right—there was a need to come together with regards to national policies. All countries had tried to do this, but there was a need to communicate better. He suggested that, to continue the debate, the Council should approve the document and carry out a review of the RMS at the next Council session. The activities being carried out are important and should continue. A review could be conducted at the next Council session into how it is working and whether changes are needed.
193. The Chairperson thanked the delegate of Guatemala and his suggestion to adopt the RMS. Regarding a review, it would be challenging to do this within one year, which might produce only a partial picture. Such a review might therefore need two or three years of data, which would be the halfway point. He gave the floor to the producer spokesperson.
194. The producer spokesperson said the producers were happy to have had this open and sincere debate, which had been needed for some time, and he was happy to see that delegations from both consumer and producer countries were putting forward their opinions and contributing to this dialogue in a sincere and constructive manner. He linked the discussion to the need to review the objectives of the ITTA, 2006, and there is a need to think quickly about the importance of reviewing or renegotiating the Agreement.
195. The Chairperson thanked the producer spokesperson and gave the floor to the delegate of Japan.
196. The delegate of Japan said his country had been making a strong effort in recent years to improve the situation, despite the very difficult global context, and would continue to do so in the future, always taking into account the situation and other budgetary priorities. It is difficult to guarantee a doubling of the budget, however, and he suggested therefore that any goals should be in brackets and reviewed each year or every two years as a more realistic approach.
197. The Chairperson thanked the delegate of Japan and gave the floor to the USA.
198. The delegate of the USA thanked the Chairperson for suggesting a way forward on the RMS. Given some of the questions raised, she suggested labelling the document as a “provisional” resource mobilization strategy. She clarified that she was referring to pages 15 through 19, which was Annex 2 of Document ITTC(LVIII)/6. There were also references in the RMS and the footnote to other items such as the fact sheet. To make it a completely freestanding document, the footnotes and references to other annexes could be removed. She noted, in line with points raised by Ghana, Guatemala and Peru, that there would be a continuing need to monitor and implement the strategy, including through the Advisory Board.
199. The Chairperson thanked the delegate of the USA and gave the floor to Australia.
200. The delegate of Australia thanked the Chairperson, the delegate of Guatemala and others for suggesting a potential way forward. Australia considered that, given the work ahead, particularly with the focus on extension and renegotiation, it would be wise to adopt the RMS now. It had a good balance of actions directed at consumer nations in terms of better engaging and helping mobilize resources, as well as other ideas, and it would be good to adopt those and move towards formally following them. The delegate of Australia thanked the delegate of the USA for her suggestion around concerns with the

potential dollar figure and the need to review the strategy. This could be noted in the report and the text could be adopted as it was.

201. The Chairperson thanked the delegate of Australia and all delegations for indulging his suggestion. He proposed that the Council agree to provisionally adopt the RMS in the Council report, with a stipulation that the figures and objectives be reviewed in two to three years. That would provide a clear path forward. In light of a request from the delegate of Brazil, the Chairperson adjourned the session for a 15-minute break.
202. After the break, the Chairperson thanked delegates for their patience, and he said he appreciated the fruitful discussions. He indicated that a solution on the RMS was needed in the next 15 minutes, or it might need to be deferred until 2023. He gave the floor to the consumer spokesperson.
203. The consumer spokesperson thanked the Secretariat and the Executive Director for the thorough draft of the RMS, which traversed many issues, angles and approaches to progress the issue. The proposal was to adopt Annex 2, which was currently labelled as “draft resource mobilization strategy for the ITTO strategic action plan '22 to '26”. The producers considered that the word “draft” should be struck out. There was a further proposal to insert the number 33 million into paragraph B in the brackets, which was currently indicated by XX, as the resource mobilization goal. The consumer caucus appreciated the Executive Director’s proposal for that figure as a target that, from the consumer’s perspective, reflected ambition, and the fact the Executive Director was comfortable with it was also important because she had to deliver on it. At the same time, the consumers appreciated that the figure was probably not entirely the full level of ambition the producers wished to see.
204. The Chairperson requested clarification that the arrangement set out in the report around a “provisional” RMS and the ambition and review was still relevant.
205. The consumer spokesperson said it would be possible to strike out provisional. The consumers would like to see reference to a review and that, given the global financial situation and uncertainties, it would be appropriate to reconsider the dollar figure either at a halfway point or in two years.
206. The Chairperson thanked the consumer spokesperson and gave the floor to the producer spokesperson.
207. The producer spokesperson said that, despite the tight time constraints, the producer caucus had been able to discuss this matter and also to talk to the consumers through their spokesperson. In principle, the producers agreed that the document could be adopted, as proposed by the Secretariat, and accepted the budget, which was a minimum budget that should be considered for the financing of projects and activities in the years covered by the Strategic Action Plan 2022–2026. The producers trusted that the amount provided by the Secretariat was based on a serious calculation process and considered it a modest amount. It should be a minimum amount that should be readjusted upwards every one or two years.
208. The Chairperson thanked the producer spokesperson. Seeing no further interventions, he concluded that Annex 2 could be adopted through the Council report, with the provisions he had set out. He closed the agenda item.

ITTO BIENNIAL WORK PROGRAMME – DECISIONS 9(XXXIV) and 2(LVI) (AGENDA ITEM 14)

209. The presentation under this agenda item by Mr Gerhard Breulmann is available at https://www.itto.int/direct/topics/topics_pdf_download/topics_id=7244&no=3&file_ext=.pdf?v=.
210. The Secretariat (Mr Gerhard Breulmann) said he would present a general overview of the progress of all the activities approved under the BWP, several of which had already been presented to the Council. The BWP had been adopted under Decision 2(LVI). It contained 40 activities, which were divided into two parts, comprising 24 activities that required financing through voluntary contributions, core budget or other sources, and 16 administrative and financial activities that did not require financing. An additional activity had been added in 2021, which was the secondment of a programme officer, Mr Ham, from the Government of the Republic of Korea.
211. The total funding sought under the BWP was USD 4 346 760 in voluntary contributions and USD 1.86 million in core budget contributions. The activities requiring financing were divided into five groups,

comprising field-oriented activities, normative work, collaborative activities, meetings with other organizations, communication and the outreach, and analytical, statistical and other recurring work. Mr Breulmann presented an overview table showing the 24 activities that required financing, colour-coded to show those activities that had been fully funded, those that were pending finance, and those for which partial financing had been received. Core budget activities were also indicated as partially funded, and the report contained a chapter on the shortfall in contributions to the Administrative Account, which also meant that a certain percentage of the core budget had not been received in the previous year, which affected the implementation of activities approved and financed in the ITTO core budget.

212. Mr Breulmann said that, of the USD 4 346 760, approximately USD 4 million had been received. This comprised USD 1.85 million in voluntary contributions in 2021 and about USD 2.1 million in voluntary contributions in 2022. He showed a list of donors that had contributed to the implementation of this BWP, including the following ITTO members: Japan, the USA, China and the Netherlands; the Bali Partnership Fund had also contributed. Among non-members, the Macau Trade and Investment Promotion Institute had contributed USD 1.3 million for two new activities under the Legal and Sustainable Supply Chains initiative, and contributions had also been received from the Food and Agriculture Organization of the United Nations (FAO), Soka Gakkai, the Precious Forest Foundation, and Kisso-an. There had also been a grant from the EU for the Independent Market Monitor (IMM), and the secondment of the programme officer supported by the Korea Forest Service.
213. Under field-oriented activities, by far the biggest activity was activity 2 on building legal and sustainable forest product supply chains, which to date had received approximately USD 2.5 million in pledges, and it contained a number of sub-activities, the first three of which had been funded by the Government of Germany; those activities had been completed and reported as completed. Activities 2.4, 2.5 and 2.6 had been reported to the committees. The Global Forest Education programme had been completed, with online learning courses now available. Activities 2.8 and 2.9 were also completed. Two new sub-activities were underway to support the establishment and operation of the global timber index platform for building legal and sustainable forest product supply chains, and to support the collaborative pilot operation of a blockchain-based timber traceability system for building legal and sustainable forest supply chains. The work of the IMM had been presented at the joint session of the committees.
214. Mr Breulmann further introduced a range of activities related to normative work, collaborative work, communication and outreach, and statistical and analytical work. He reminded the Council that there was a draft decision to extend the BWP for one more year, through 2023, to bring it into line with the biannual cycle of the Administrative Budget. He closed his presentation by inviting, with the permission of the Chairperson, the Vice-Chairperson of the Council, who was the Chairperson of the ITTO Fellowship Panel, to present the panel's report.
215. The Chairperson of the ITTO Fellowship Panel, Mr Nurudeen Iddrisu, thanked the Chairperson of the Council for the opportunity to present his report. He reminded delegates that the Fellowship Programme had started in 1989 and to date had enabled about 1400 young and mid-career professionals from 49 countries working for governments, universities, research institutions, non-governmental organizations and the private sector to pursue their professional development and improve their career prospects. Of the Fellowships, 40% had been awarded to people in Africa, 30% to people in Asia-Pacific, and 30% to people in Latin America and the Caribbean. To date, 79% of Fellowship awardees were in the field of reforestation and forest management, 14% were in forest industry and 7% were in economics, statistics and markets. In 2022, the screening process of applicants had been carried out electronically and through email exchanges to finalize the selection of successful candidates for the autumn 2022 cycle. The selection panel comprised Mr Joseph Appiah-Gyapong from Ghana, Mr Leoncio Calderon Acosta from Peru, Mr Arsene Ewossaka from the Congo, Ms Marjukka Maehoenen from Finland, Ms Rata Muda from New Zealand, and Mr Rob Busink from the Netherlands, plus the Chairperson, Mr Nurudeen Iddrisu, supported by the Executive Director and Ms Elsie Yang in the Secretariat.
216. Mr Iddrisu reported that the ITTO Secretariat had received a total of 85 applications, of which 13 were preselected. The selection panel considered and recommended to the Council for fellowships 13 applicants, with a total budget of USD 76 635.37, comprising five from Asia-Pacific, four from Africa, and four from Latin America and the Caribbean. Ten applications were in the field of reforestation and forest management and three were in the field of forest industry; six applicants were female. The panel took into account the Strategic Action Plan in its selection process.

217. The Chairperson thanked Mr Breulmann and Mr Iddrisu for their presentations, as well as the Fellowship Panel for its excellent work. He reminded delegates that, as pointed out by Mr Breulmann, there was a draft decision to extend the BWP for an additional year. He opened the floor for comments and, seeing none, closed this agenda item.

MATTERS RELATED TO ARTICLE 15 OF THE ITTA, 2006 ON COOPERATION AND COORDINATION WITH OTHER ORGANIZATIONS – DECISION 7(LVII) (AGENDA ITEM 15)

218. The presentation under this agenda item by the Executive Director is available at https://www.itto.int/direct/topics/topics_pdf_download/topics_id=7244&no=1&file_ext=.pdf?v=.
219. The Executive Director opened her presentation on this agenda item by speaking on ITTO's engagement with the GEF Secretariat, which had been a focus in 2022. The Officer-in-Charge had sent a letter to ITTO members in May 2021 on the importance of including ITTO in any potential GEF-funded projects involving ITTO member countries and urging members to engage with GEF focal points. In 2022, the ITTO Secretariat had followed up this initiative with additional letters to producer members. The ITTO Secretariat was also in touch with the GEF as part of the CPF, and information exchange was ongoing. Communication with the GEF indicated that sitting on the GEF steering committees might not be the best way forward in engaging with the GEF, given that ITTO was not yet accredited with it. Moreover, no project proposals from member countries had requested the involvement of the ITTO Secretariat.
220. The Executive Director said member countries had been urged to include ITTO in GEF-related projects that were in line with the mandate of the ITTA, 2006. This is work in progress, with the GEF Secretariat also revising some of its work methodologies in a two-week retreat with implementing agencies. ITTO was waiting to see the outcomes of that revision. The GEF mainly works through its national officers in the countries in which it operates, including in the tropics. ITTO was made aware that at least two ITTO projects had formed the basis of GEF-funded projects. For example, an ITTO project in Peru with a budget of less than USD 400 000 in dry mountain forest had been upscaled in a GEF project with a value of about USD 50 million, although ITTO was not involved. It was too late now to urge such involvement, with the GEF Secretariat advising ITTO that this would need to be from the beginning of project formulation. Moreover, member countries with the potential to participate in the ITTO programmatic lines should be grouped together because the GEF preference was for regional approaches. Moving forward, ITTO would encourage further contact between implementing agencies willing to work with ITTO.
221. The Executive Director referred to memoranda of understanding (MOUs). She said that some members considered that entering into MOUs with partners could help generate funding for joint activities, but this would generally also require co-funding by ITTO. ITTO had entered into a new MOU with the CBD Secretariat in 2021, but the opportunity had not yet arisen to receive feedback from the CBD Secretariat on the projects or activities that could form the basis of future collaborative work. A few recent concept notes and project proposals submitted to ITTO focused on biodiversity conservation and the intention was to forward such projects for the CBD Secretariat's consideration. It was hoped ITTO would be able to bring funds to the table in order to make this a joint implementation under the MOU.
222. The Executive Director said ITTO had entered into various other MOUs, including with:
- (1) The Asian Forest Cooperation Organization (AFoCO), based in the Republic of Korea. AFoCO is funded by the Government of the Republic of Korea, and it focuses on the implementation of on-the-ground projects, albeit on a smaller scale and with far fewer members than ITTO.
 - (2) The Japan International Cooperation Agency, with both parties excited to be working together. The ongoing working group between JICA and ITTO would likely have its first meeting in 2023 to identify areas of work and projects where synergies might exist, and to fundraise together.
 - (3) The Institute of Global Environmental Studies (IGES), which is also located in Japan. ITTO had partnered with IGES on several projects funded by the Government of Japan and in other joint activities, such as side-events at international meetings. For example, ITTO and IGES had a joint event at the World Forestry Congress ahead of UNFCCC COP27.

223. The Executive Director said ITTO had been seeking an MOU with the UNCCD, which had indicated interest, but preparations for its own COP had interrupted that. Nevertheless, efforts to pursue joint work would continue. ITTO is also pursuing the renewal of an MOU with the United Nations Forum on Forests (UNFF) Secretariat, which is work in progress, as well as with the Amazon Cooperation Treaty Organization and the UNFCCC. The latter was much harder work than anticipated because of a lack of response. ITTO is in very close contact with the UNFCCC focal point through the CPF and was told that the preference of the UNFCCC Secretariat was to enter into MOUs with larger organizations. Nevertheless, ITTO continued to pursue discussions with the UNFCCC Secretariat, which had recently had a change in leadership, but, given the looming COP27, it would be difficult to find time for a meeting. The same applied to the Executive Secretary of the CBD. It was hoped that a discussion with her would be possible during CBD COP15 in Montreal, but this would depend on her availability.
224. On the GEF, the Executive Director referred to the briefing she had provided earlier (agenda item 13) and reminded delegates that it was important for ITTO member countries to push the Organization's interests with their own GEF focal points or the ministries with which the focal points worked, which were often different to those dealing with forestry and agriculture and ITTO. She said ITTO was ready to start pursuing work with the GEF, but this would resonate more if the impetus came from member countries. Often, such bodies didn't appreciate other organizations trying to muscle in and that was not ITTO's intention. ITTO was continuing its efforts with the GEF because it saw tremendous potential in being involved in work to harness the benefits and values of sustainably managed tropical forests.
225. Regarding the GCF, the Executive Director said ITTO had been pursuing accreditation since 2018, after a hiatus due to the impairment. Early in 2022, ITTO had been informed that the process of submission of information was being moved to an online platform and, once the submission was complete, ITTO would undergo the first review of the accreditation process. She had written to the GCF Chief Executive Officer in April and again in July seeking information on the progress made and how long the process would take. The Executive Director said she had learned from a member of the GCF Secretariat, whom she had met at the 26th session of the FAO Committee on Forestry, that it had been recommended that ITTO pass the first review; however, this would need to be confirmed by senior GCF officials. She had written again to the GCF but had not yet received a substantive response. ITTO intended to push for a virtual or face-to-face meeting, should the opportunity arise.
226. The Executive Director referred to ongoing engagement with other partners, especially members of the CPF, such as FAO, the UNFF, CITES and CIFOR-ICRAF. ITTO was also working to enlarge the participation of private sector in the Trade Advisory Group (TAG), in consultation with the TAG Coordinator and other TAG members. She also referred to the Civil Society Advisory Group (CSAG) and informed the Council that both TAG and CSAG would need funding to advance their work. The intention was to enable enlargement of TAG and CSAG and thereby increase their capacity to undertake work in collaboration with ITTO. She said the Council might wish to consider the establishment of a youth advisory group because that stakeholder group would be increasingly important in the future, as custodians of the forests in future, and young people could also bring innovation and new thinking. She referred to secondments of excellent young people at FAO, mostly through the International Forestry Students Association, with whom ITTO had worked closely through the CPF.
227. The Chairperson thanked the Executive Director and gave the floor to the delegate of Brazil.
228. The delegate of Brazil asked about the relationship between ITTO and other commodity organizations, such as the International Coffee Organization and the International Cocoa Organization.
229. The Executive Director responded that ITTO had been in contact with both those commodity organizations during Advisory Board consultations on the extension of the ITTA, 2006, to determine their rules of procedure. She said the mandates of those organizations were entirely different to that of ITTO and there was not a lot of common ground.
230. The delegate of Brazil said he understood that there was little similarity between ITTO and other commodity organizations. Nevertheless, the International Coffee Organization had been active in studying and trying to understand the European regulation on deforestation and it might be useful for ITTO to see if it was possible to bring the same discussion to this forum.
231. The Executive Director said ITTO was in contact with both, the cocoa and coffee organizations also through other forums because coffee and cocoa were now considered agroforestry.

232. The Chairperson gave the floor to the representative of FAO, Mr Ewald Rametsteiner.
233. Mr Rametsteiner said it was an honour and a pleasure to address the Council on the issue of cooperation and coordination. From the interventions, the importance of forest-based solutions to many global challenges was clear, as was the need to collaborate on scaling up these solutions, including with ITTO and through the CPF. FAO, together with the Government of the Republic of Korea, held the XV World Forestry Congress in May 2022 on the theme, “building a green, healthy and resilient future with forests”. This had resulted in a number of outcomes of potential relevance to the Council, including the Seoul Forest Declaration, the Ministerial Call on Sustainable Wood, the Youth Call for Action, and the XV World Forestry Congress action points. FAO's Committee on Forestry (COFO) had also recently convened in its 26th session, and, among other things, had taken note of the Ministerial Call on Sustainable Wood and recommended that FAO support members in promoting and scaling up legal and sustainable wood products and related value chains as part of national and international efforts and national strategies. Mr Rametsteiner said FAO and ITTO were leading partners in the CPF Joint Initiative on Sustainable Wood for a Sustainable World, the aim of which was to strengthen legal and sustainable wood value chains by enhancing the social, economic and environmental benefits. FAO looked forward to working with ITTO and Council members to scale up collaboration with a view to achieving more carbon-neutral and circular bioeconomies and more resilient and sustainable societies.
234. Mr Rametsteiner said one of the elements that had been reported on in the update on progress on work was the development of legal country profiles for the TimberLex database, a project funded by the Japanese Ministry of Agriculture Forestry and Fisheries. This was an important repository for national stakeholders but also an important element for facilitating due diligence by operators in the context of promoting the production and use of legal and sustainable wood. FAO, ITTO and the International Union of Forest Research Organizations were leading a CPF joint initiative on forest education, which was an important element for building the capacities and skills of the next generation and to enable practitioners to connect, learn and innovate. The partners had made a first important step in this through a global assessment of forest education, which had been launched at the 26th session of COFO. FAO intended to continue this collaboration with ITTO as a longstanding partner.
235. Mr Rametsteiner said ITTO was also an important partner with FAO in harmonizing definitions and in data collection, monitoring, assessment and reporting. They had been working together since 2011 on the Collaborative Forest Resources Questionnaire (CFRQ). He noted that FAO had started work on the 2025 Global Forest Resources Assessment, and it continued to emphasize the need for and benefits of jointly collecting and sharing forestry data in a consistent way through the CFRQ, with the objective of collecting once and using many times. FAO looked forward to continuing the very fruitful collaboration on this. Likewise, FAO was collaborating closely with ITTO and other partners in the context of the Intersecretariat Working Group on Forest Sector Statistics, which included the Joint Forest Sector Questionnaire (JFSQ). It also included the joint development of standards and classification of forest products, as well as data collection at the country level, including in the Lower Mekong Subregion.
236. In concluding, Mr Rametsteiner thanked ITTO for its excellent and longstanding collaboration. FAO looked forward to further extending this collaboration based on the respective mandates and comparative strengths of the two organizations. FAO was committed to achieving more impact at scale on areas of relevance to its members, including on the Strategic Plan for Forests, the Global Forest Goals and the SDGs and do that faster, which was necessary given the pressing needs to make a great deal of progress by 2030.
237. The Chairperson thank the representative of FAO and invited the Executive Director to respond.
238. The Executive Director said that FAO and ITTO had a very productive, progressive, friendly, longstanding established working relationship and it was a pleasure to continue this into the future through the various activities mentioned by Mr Rametsteiner. The effort was also ongoing to engage more members of the CPF so that these joint activities could be funded and potentially upscaled. She thanked Mr Rametsteiner for his kind words.
239. The Chairperson gave the floor to the delegate of the USA.
240. The delegate of the USA thanked the Executive Director for her hard work in trying to form new partnerships with existing international organizations as well as new partners. This was not an easy task

and it took perseverance and networking. She said the USA was heartened to see that the Organization now had some new and innovative partnerships that were not the traditional sources of funding sources, which was exactly what the USA had hoped for when it had asked the Executive Director to look at new partnerships. The delegate of the USA asked for information on the status of ITTO's partnership with the Common Fund for Commodities and on any inquiries that might have been made with private foundations and potential private-sector funders. In particular, there was a platform called 1t.org through the World Economic Forum, which was relevant in the UN Decade on Ecosystem Restoration and to ITTO's work on reforestation. The USA could provide contacts with 1t.org partners, if required.

241. The Chairperson thanked the delegate of the USA and gave the floor to the delegate of Japan.
242. The delegate of Japan thanked the Executive Director for her comprehensive report on efforts to expand cooperation and collaboration with other organizations, which Japan supported. Japan had sent a letter to the UNCCD asking that its organization conclude an MOU with ITTO and was considering doing the same with the UNFCCC. It was important for ITTO to diversify its funding sources and, in this regard, he expressed hope that other countries would do the same outreach to other organizations to reinforce the functions of the Organization.
243. The Chairperson thanked the delegate of Japan and gave the floor to the delegate of Mexico.
244. The delegate of Mexico thanked the Secretariat and the Executive Director for the report on this matter. He said he had listened with great interest to the suggestion to create an advisory group for youth and suggested that the Secretariat explore the prospects for collaboration on this front. He mentioned Chatham House, a United Kingdom-based organization, which focused on organizing meetings, debates and high-level discussions. Its environment and society programme comprised its forum on forest governance, in which high-level forest-sector actors from the private and public sectors took part, and Chatham House also had a youth group. His delegation urged the Secretariat to consider approaching this organization to see whether common actions might be possible and to explore the prospects for funding.
245. The Chairperson thanked the delegate of Mexico and gave the floor to the delegate of Panama.
246. The delegate of Panama congratulated the Executive Director for her efforts to achieve such great collaboration with other organizations, which was taking the Organization down the right path. He noted that FAO had also talked about collaboration with ITTO. Panama's traceability initiative had involved collaboration with both ITTO and FAO, and very good outcomes had been achieved. The delegate of Panama suggested that such collaboration involving ITTO and its other partners could benefit other countries in the same way.
247. The Chairperson thanked the delegate of Panama and gave the floor to the Executive Director.
248. The Executive Director thanked all delegates for their comments. In reference to the comments made by the delegate of the USA, she said ITTO was trying to approach private foundations, and this would be more of a focus in the coming year. In Japan, ITTO had held exploratory talks with a confederation of Japanese companies and was also in discussions with the City of Yokohama about involving the private sector more in ITTO's work. Two Japanese companies, APP Timber and Sumitomo, both of which operated internationally, had attended this year's Annual Market Discussion. Further discussions were planned, including on possible collaboration on joint carbon crediting mechanism projects and their involvement in projects on the ground in producer countries. She welcomed the suggestion of engaging with 1t.org under The World Economic Forum, which could be pursued in the coming year. In 2022, ITTO had focused on its closest partners in the CPF and other partners or potential partners discussed at the previous Council session, as contained in Decision 7(LVII). Accreditation processes had taken a toll and required considerable perseverance, but the Secretariat would persist. She informed the Council that devex.com was another website the Secretariat had been following closely because of the opportunities it might offer. The Secretariat had not yet decided whether to subscribe to the organization, which was required to gain access to projects and funding. A decision would be made in coming months.
249. The Executive Director thanked the Government of Japan for its support in writing letters to the UNCCD, and the good news was that an MOU had been signed with the CBD Secretariat in the previous year. What was outstanding was for the two organizations to agree on operationalizing the MOU. Projects had been identified that could be proposed for the CBD's consideration and for possible fundraising

within its fraternity to see if those proposals or concept notes could be moved forward. No response had yet been received from the UNFCCC.

250. Referring to the suggestion by the delegate of Mexico to pursue a partnership with Chatham House, the Executive Director said she knew this organization well and in a previous position had attended their twice-yearly meetings for more than fifteen years. ITTO would be interested in reengaging with the organization, which was on the agenda for the coming year. Chatham House's programmes had changed direction somewhat in recent years, but its events were good for networking, and the IMM consultants were regular attendees. The Executive Director also thanked the delegate of Panama for his comments.
251. The Chairperson thanked the Executive Director for her comments. Seeing no other requests for the floor, he invited the Executive Director to relay a statement made by the Director of the UNFF, Ms Juliette Biao, who had been unable to attend the Council meeting.
252. In her statement, Ms Biao said that, although the terms cooperation and coordination were often overused in international policy forums, the magnitude of the threats today could not be addressed without working together. The 2030 Agenda was built on the principle of leaving no one behind and recognized that creating a sustainable future required inclusive synergistic approaches that were people-centred, multisectoral and multistakeholder in nature. Global Forest Goal 6 of the UN Strategic Plan for Forests 2017–2030 (UNSPF) aimed to enhance cooperation, coordination, coherence and synergies on forest-related issues at all levels. This included within the UN system and across members of the CPF, sectors and stakeholders. Ms Biao said the UNFF Secretariat had been privileged to work in close cooperation with ITTO over the last two decades, both in the context of the CPF and bilaterally. The nature of the cooperation has ranged from joint projects, events, publications and staff secondments and addressed issues such as climate change, biodiversity, economic development and criteria and indicators. She said that to further advance these collaborative efforts to achieve globally agreed goals and targets on forests, it would be of great value to consider the inclusion of a standing item on the implementation of the UNSPF in the agenda of future Council sessions. The forest community was well aware that forests offered solutions to the triple planetary crisis and the looming prospect of a global economic recession, but there was more that could be done. Now, more than ever, stronger cooperation was needed to amplify the voices of the forest community and strengthen the impact of its work on the ground.
253. The Chairperson thanked the Executive Director for delivering the statement on behalf of Ms Biao. He closed the agenda item.

SPECIAL ACCOUNT AND BALI PARTNERSHIP FUND (AGENDA ITEM 16)

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

254. The Chairperson invited members and observers to announce any new contributions they might wish to pledge to the Special Account and the Bali Partnership Fund.
255. The delegate of Japan announced support from the Ministry of Foreign Affairs of Japan for the following projects and activities:
- PD905/19 Rev.2(F), Providing support for the sustainable management of the Fosse-aux-Lions gazetted forest in the savanna region in Togo, USD 200 000
 - BWP Activity 8, Statistical capacity building workshops, USD 15 000
 - BWP Activity 12, Conservation and sustainable use of biodiversity in tropical timber production forests, USD 24 712
 - BWP Activity 17(c), Translation of the ITTO website and relevant PR materials into Japanese, USD 25 000
 - BWP Activity 21, ITTO Fellowship Programme, USD 12 288
256. He said that the Government of Japan was also considering making an additional contribution, like the previous year, from its supplementary budget, but that was still subject to parliamentary deliberations. In addition, Japan was also considering providing some funding for the working group leading the consultative review process.

257. The delegate of Japan also highlighted that the Government of Japan was particularly considering to support projects with numerical targets that would contribute to global scale issues such as climate change and biodiversity conservation. He said this was of growing public concern and he expressed his hope that relevant proposals will be presented by producer members, so that additional contributions could be considered.
258. The delegate of Japan representing the Forestry Agency of Japan announced support for the following projects:
- PD926/22 Rev.1(I), Promotion of sustainable domestic consumption of wood products in Thailand, USD 320 000
 - PD928/22 Rev.1(I), Development of sustainable domestic market for wood products (Indonesia), USD 261 811
259. He said that the Forestry Agency of Japan was continuing its support for sustainable forest management and sustainable wood use in producer member countries for building a decarbonized society and a resilient circular economy. He also expressed his hope that the two new projects and the ongoing project on sustainable domestic wood consumption in Vietnam have synergies and produce valuable achievements and lessons learned.
260. The delegate of China said that in 2022 China had provided USD 83 000 to BWP activity two on building legal and the sustainable forest product supply chains. He said that China will continue to support ITTO projects and the work of the Secretariat.
261. The delegate of Korea announced support for the following concept notes:
- CN-22014, Assessment of planting caoba experiences in the coastal region of Peru in contribution to the climate change adaptation, USD 85 000
 - CN-21005, Repositioning of forest management as competitive land use in the agroforestry landscape of the North Huetar Region of Costa Rica, USD 138 370
262. He expressed his hope that the two projects would commence soon and thanked the Secretariat for the cooperation in developing the concept notes into projects.
263. The delegate of the USA announced support for the following projects and activities:
- CN-21009, Strengthening and consolidating the national process for controlling illegal logging and associated trade in Cameroon, USD 120 000
 - CN-21007, Strengthening the management and conservation for endangered rosewood (*Dalbergia*) in Vietnam, USD 49 000
 - PD 916/21 Rev.1(F), Pilot sustainable management systems for secondary natural forests in the collective afro-descendant community territory of the Bajo Calima community council, municipality of Buenaventura, Colombia, USD 100 000
 - BWP Activity 3, Strengthening participation of the private sector in the work of ITTO: Industry-led legality compliance/due care training, USD 25 000
 - BWP Activity 5, Enhance cooperation between ITTO and CITES, USD 125 000
 - BWP Activity 11b, Disseminating the ITTO Guidelines for Forest Landscape Restoration in the Tropics, USD 20 000
 - BWP Activity 13, Cooperation and consultation with the CPF, UNFF and others, USD 10 000
 - BWP Activity 17a, Communication and outreach/ITTC coverage by ENB (ITTC 59), USD 25 000
 - BWP Activity 18, Trade Advisory Group (TAG) and Civil Society Advisory Group (CSAG) involvement, USD 20 000
 - BWP Activity 21, ITTO Fellowship Programme, USD 40 000
264. The Chairperson, speaking as the representative of the Government of Australia announced support for the following projects and activities:
- PD903/19 Rev.2(F), Management of Sungai Menyang conservation area for orangutan protection and uplifting community livelihood in Sarawak, Malaysia, USD 121 904
 - CN-21007, Strengthening the management and conservation of endangered rosewood (*Dalbergia*) in Vietnam, USD 100 000
 - CN-1523 (PD 927/22 (F)), Development of an information system on the potential for wood and carbon to support sustainable forest management in South Kalimantan, Indonesia, USD 83 300

265. He said that it was the first time in many years that the Government of Australia had been able to make contributions of this nature and that was evidence that the new financing architecture was working. He added that the concept notes had been highly useful for Australia and had allowed consultations with different government agencies to achieve the support they required. He also said that Australia was looking forward to seeing concept notes of the same nature again to consider additional contributions in the future and that the contribution highlighted the confidence Australia has in the organization and the governance arrangements of the International Tropical Timber Organization.
266. The Chairperson invited a round of applause in appreciation of the pledges. In the absence of further interventions, he closed this agenda item.

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

267. The Chairperson reminded members that in accordance with the recommendation of the IAG, the panel on Sub-account B of the Bali Partnership Fund had not convened as the BPF has less than US 4000.
268. The Chairperson asked members whether there were any objections.
269. In the absence of any objections, the BPF panel did not convene, and no report was presented.

IMPLEMENTATION OF ITTO'S NEW FINANCING ARCHITECTURE, PHASE II – DECISIONS 4(LVI) and 8(LVII) (AGENDA ITEM 17)

270. The presentation under this agenda item by the Executive Director is available at https://www.itto.int/direct/topics/topics_pdf_download/topics_id=7244&no=2&file_ext=.pdf?v=.
271. The Executive Director presented the second progress report on the implementation of ITTO's new financing architecture, phase II, as contained in Document ITTC(LVIII)/12.
272. She said that Decision 4(LVI) had several operative paragraphs. She presented a table outlining the main content of those paragraphs, a description of what was to be implemented by the Secretariat, and the status of implementation. The first paragraph referred to adoption of the programmatic lines. The goals and objectives of each of the four programmatic lines, as contained in Annex A, had been adopted. The second paragraph was to streamline the project cycle, the online concept-note form and the online concept note project database. This was also fully completed. The third paragraph concerned funding scenarios under the programmatic approach, as outlined in Annex B, and this had been completed. The first open call for concept notes had been launched in December 2020 and closed in April 2021. Paragraph 5 referred to the new roles and responsibilities in the streamlined project cycle, and the respective roles for each participating actor in the streamlined project cycle had been acknowledged. Paragraph 6 referred to activities outside the core budget to be submitted as concept notes and included in the concept-note database. This was an ongoing exercise because there was no limitation on when concept notes could be submitted by members. Paragraph 7 was for the Secretariat to indicate how the BWP aligned with the programmatic lines. The alignments were already indicated in the BWP for 2021–2022 and thus this item had been completed. Paragraph 8 was to implement the virtual informed feedback loop, which would continue to be used where applicable. A letter had been sent to members on 13 April 2022. This was indicated as completed, which meant that the virtual informed feedback loop had been put in place and was ongoing. Paragraph 9 was on implementing Decision 8(LV) regarding engagement of the Advisory Board with funding mechanisms such as the GEF, on which the Council had received a comprehensive update under agenda item 13. On paragraph 10, the formal terms of reference of the Advisory Board had been adopted at the 57th Session of the Council under Decision 8(LVII). Paragraph 11 was to propose structures and an approach for the review of Decision 5(LIV) in 2022. The review of the programmatic approach had been discussed extensively in the Advisory Board and the details for the review and terms of reference were to be confirmed and discussed under agenda item 17 at the present session. On paragraph 12, a report on the implementation of Decision 4(LVI) had been presented to the Council at its 57th and 58th sessions. Engagement with other bodies required under Decision 8(LIV) and Decision 4(LVI) had been discussed under agenda item 15.
273. The Executive Director said Decision 8(LVII) included a stipulation for the Advisory Board to contemplate the timeline and terms of reference for the review of the programmatic approach, which should have happened in 2022. Following discussion and looking at the substance available for such a review, the Advisory Board had recommended to the Council to postpone this review for a further year. Therefore,

this item was ongoing because it would be deferred to the Council's 60th session in 2024. The Secretariat was requested to provide a brief update on how the concept-note approach was working, which was one of the new modes of operation under the programmatic approach, approved under Decision 4(LVI). After the first call, there had been further submissions of concept notes.

274. The Executive Director presented a diagram showing the various steps for concept notes. The Secretariat had received 33 concept notes to date since the first call in December 2020, with 13 received since the 57th Session of the Council in 2021. Submitted concept notes were screened by the Secretariat to ensure they fulfilled the requirements for submission and published; 23 concept notes had ultimately been published, with one subsequently withdrawn by the Government of Japan. Thus, since the 57th Session of the Council, an additional 11 concept notes had been screened and published. Seven of the 23 screened and published concept notes had received donor interest.
275. The Executive Director showed a slide showing the funding pledged or sought related to the pilot programmatic approach for 2019 and 2020. The total funds secured for the programmatic approach was USD 3.95 million in 2019 and USD 3.14 million in 2020. She showed another slide showing the funding pledged or sought for the pilot programmatic approach for 2021 and 2022 and briefly explained the main points shown. A total of USD 579 500 had been obtained for 2021 and USD 2 322 401 had been obtained for 2022.
276. The Executive Director showed another slide showing funding for both the non-programmatic and programmatic approaches. The funds available for the non-programmatic approach had increased in proportional terms in 2021, but funds for the programmatic approach declined. The bottom line was that the programmatic approach had not exceeded USD 2.5 million in any year, while the non-programmatic approach had reached about USD 3 million in 2021.
277. The Executive Director also provided details on the projects, activities and the concept notes still pending finance. The combined total of 48 unfunded projects and activities was USD 14 038 954. Of these, 16 projects to the value of USD 4 288 975 would be sunset by the end of 2023. She said the Secretariat was concerned that the Organization would be stuck in an annual cycle if the regular project cycle continued as it was now, and the submission of concept notes was kept open all year. The Organization would continue to receive project proposals through the project cycle and, as projects went into sunset, new ones would enter the project database. These concerns were presented to the Advisory Board, and there had been extensive discussion on this, as evident in the Advisory Board minutes. To the Secretariat's understanding, the Advisory Board was equally concerned about the situation and ways were needed to break this cycle. This would be impossible, however, unless new funding became available or other decisions were made on the frequency of the project cycle and the open process for concept note submission.
278. The Chairperson thanked the Executive Director for the comprehensive update on the new financing architecture phase 2 and gave the floor to the delegate of Malaysia.
279. The delegate of Malaysia thanked Australia for pledging a contribution to a project in Malaysia.
280. The Chairperson thanked the delegate of Malaysia and gave the floor to the delegate of India.
281. The delegate of India (on Zoom) welcomed and congratulated the ITTO leadership for providing the opportunity to participate in the session.
282. The Chairperson thanked the delegate of India and gave the floor to the EU.
283. The delegate of the EU thanked the Secretariat for the report and presentation and said his delegation would like to see a continuation of the work on the basis of the new financing architecture. There were encouraging signs, for example, in the fact that new donors were being encouraged to come in due to this new way of presenting projects. He looked forward to further reports on progress. The presentation also indicated that work should continue towards the alignment or matchmaking between projects and the priorities of donors to increase the success rate of funding.
284. The Chairperson thanked the delegate of the EU and gave the floor to the USA.

285. The delegate of the USA thanked the Secretariat for the update and its efforts toward implementation of this process, which was critical for the Organization. The USA continued to support the goals and objectives of each programmatic line, as outlined by the report, and encouraged the Secretariat to utilize and highlight these in ITTO's marketing messages. The USA continued to support implementation of the programmatic approach with the understanding that it was still in the pilot phase and adjustments might be needed in the future and results might take additional time. Specifically, the USA strongly supported delaying assessment of the pilot phase, as recommended by the Secretariat, including the streamlined project cycle and project concept-note process, as time was required to see the impact of this approach. It had only begun earlier in the year and it would be premature to assess success now, especially given the COVID-19 pandemic. The USA was engaged with a concept-note proponent and hoped to reach a funding agreement in the near future. The USA welcomed the continued routine engagement by the Secretariat with members through the Advisory Board to ensure transparency and supported the finalization of the terms of reference for the Advisory Board in the future. The USA underscored the importance of the Secretariat in providing adequate information and time to enable members' review of potential proposals and agreements that needed to undergo the virtual feedback loop process. The delegate of the USA thanked the Secretariat for its hard work in continuing implementation of the new financial architecture and the programmatic approach, which ultimately sought to increase and diversify funding for ITTO and enhance the benefits for all members.
286. The Chairperson thanked the delegate of the USA and closed this agenda item.

BIENNIAL REVIEW AND ASSESSMENT OF THE WORD TIMBER SITUATION 2021-2022 (AGENDA ITEM 18)

287. The presentation under this agenda item by the consultant, Ms Frances Maplesden is available at https://www.itto.int/direct/topics/topics_pdf_download/topics_id=7242&no=17&file_ext=.pdf?v=.
288. Ms Maplesden said her presentation would be based on the draft document circulated to all delegates, with a focus on country responses to the 2021–22 JFSQ, data quality, the analysis conducted to date on tropical production and trade data, focusing on primary and secondary processed wood products, and market drivers likely to influence the tropical trade in the longer term. The JFSQ was a collaboration between ITTO, FAO, UNECE and Eurostat. The JFSQ and other sources of information were used to generate the ITTO statistics database, with the JFSQ the primary information source. Member countries were expected to provide data to the Secretariat on an annual basis. Most consumer members submitted their questionnaires to FAO and the UNECE, while producer members and consumer members in the Asia-Pacific submitted their questionnaires to ITTO.
289. In 2021, 20 responses had been received from 20 of 36 producer members and from 33 of 37 consumer members. In 2022, as of 1 November, responses had been received from 41 of 74 ITTO member countries, comprising 32% of producer member countries and 78% of consumer member countries. This was a fairly poor response from the producer countries, although ITTO was confident that more responses would be received before the final publication of the data in 2023. Eight consumer countries were yet to submit their questionnaires, one of which had not submitted for two years. Of the 25 producers that had not yet submitted their JFSQs, there was concern that 11 had not provided data for two consecutive years and some for even longer periods. Ms Maplesden reminded members that countries that had not submitted their JFSQs for more than two years would receive letters from the Executive Director requesting an explanation for their lack of response under Article 27, paragraph 5 of the ITTA, 2006. For those JFSQs that had been submitted, there were concerns about the quality of data provided. A major concern was the non-reporting of production data, in the absence of which ITTO estimated these or repeated previous data because of a lack of alternative sources of information.
290. Alternative information sources were available for trade data, which could also provide important crosschecks for errors and anomalies. However, less than one-third of the production data for producer countries was from official sources, and Ms Maplesden urged producer members to work with the Secretariat to provide more timely and regular information, particularly production estimates via the JFSQ. The ITTO statistics database was available on the ITTO website, and the Secretariat had put considerable effort into improving it and the ability to generate better-quality data. The Secretariat was now in the process of revising some of its volume estimates through the use of more accurate conversion factors for tropical logs and sawnwood, which had been generated through a study that had been completed in 2021 and was available on the ITTO website.

291. Ms Maplesden said one of the developments to improve the quality of market information to supplement the JFSQ was the introduction of reports on particular markets and themes. The current review would focus on the efficiency of wood processing in African member countries, and there was also the intention to carry out a long-term study of tropical wood product consumption and trade. Regarding primary wood products, Ms Maplesden said her intention was to provide brief observations on production and trade trends for tropical wood products based on the information received to date. It was a work in progress and would be updated as new information came to hand, with final publication planned for mid-2023. She said EU data in the draft tables had been presented as EU 28 but, in the final review, data from 2021 would be presented as EU 27, with the United Kingdom included in the non-EU category.
292. Ms Maplesden showed a series of figures to illustrate her presentation. One showed the impact of the Asian economic crisis in 1997–98, the global financial crisis in 2008, and the 2020 COVID pandemic, which was still unfolding. Before the pandemic, the tropical log trade had been on a downward trend from a peak in 2014, largely reflecting a downturn in China's demand and the declining availability of tropical logs. It reached its lowest level in ITTO's records in 2020, with some indications of an upturn in 2021 and 2022. The trade in sawnwood, plywood and veneer had been more resilient than expected at the start of the pandemic, which was in response to the sharp recovery in final product consumer markets, particularly, the USA. Production data were somewhat tentative because of the limited amount of information received from members. The information received indicated that most of the global tropical log production continued to be in the Asia-Pacific region, with a number of substantial producer countries in that region, of which Indonesia was the largest. The other major producers were India, Viet Nam, Brazil, Thailand and Malaysia. Along with Indonesia, these countries accounted for 83% of tropical log production in 2021. ITTO estimates showed that production was down by about 4% in 2020 and remained at about the same level in 2021 and 2022.
293. Ms Maplesden showed a figure indicating the major tropical log flows in 2021. She said the major trade continued to be to Asian destinations, particularly China and to a lesser extent India and Viet Nam. The major directions of the trade were from PNG, the Solomon Islands, Brazil and West African countries to China; from Brazil to Portugal; from Malaysia and Ecuador to India and Indonesia; and from Cameroon to Viet Nam. Most of the other important Asian producers had some form of log export ban in place. Historically, tropical log exports had been trending downwards, and they had dropped considerably from the peak in 2014, when demand levels in China and India were very high. There had been a substantial drop in exports from Southeast Asia over the last decade, with Malaysia's exports now about 10% of what they had been a decade earlier.
294. Ms Maplesden said the contraction in exports from the rest of the world was due mostly to the imposition of a log export ban in Myanmar from 2015 and in the Lao People's Democratic Republic from 2016, as well as the impacts of the pandemic on supply and demand in 2020. Exports from Papua New Guinea and Solomon Islands dropped in 2020 and 2021. Although the Secretariat expected Papua New Guinea's exports to pick up again in 2022, exports from Solomon Islands were expected to decline. Brazil's exports were mainly eucalypt to China and Portugal; these accelerated between 2020 and 2022 from a relatively low base, and Brazil was now the second-largest tropical log exporter after Papua New Guinea. There was a significant difference in the respective trade volumes reported by Brazil and China in 2021, and ITTO would be consulting the delegates of these two countries for reasons for this discrepancy, which could be due to the misclassification of eucalyptus as a non-tropical species.
295. The West African region was also important in the tropical log trade, and export levels reflected demand levels in China and the disruption of transport in 2021. They would be further affected by planned log export bans in the Congo Basin, if those were implemented in 2023, and slightly by the suspension of trade of rosewood, *Pterocarpus erinaceus*, from 16 West African countries in 2022. Import demand continued to be dominated by China and to a lesser extent by India and Viet Nam. China imported 77% of the world's tropical log volume, although this had contracted by over 44% compared with the peak in 2014. Imports had been affected in early 2020 by COVID-19 measures; in 2021 they were affected by the tightening of regulatory controls to limit property speculation and cool the housing market and by disruptions to supply chains caused by soaring freight rates and shortages of shipping transport.
296. Ms Maplesden said that, although there had been signs of recovery in the first six months of 2022, imports had not reached pre-pandemic levels, and ITTO was expecting a more pessimistic outlook for 2022, with import levels likely to be downgraded in the final version of the review. India's imports had also declined considerably, largely because of a reduced supply of teak from Myanmar, and Viet Nam had progressively replaced its tropical supplies with temperate hardwoods and its own plantation

resources. West African log export prices had been on a downward trend until recently, reflecting the downturn in Chinese demand, but there had been a slight upswing from mid-2021 and in the first half of 2022. This was in terms of FOB prices, which didn't account for significant increases in freight costs, which had pushed up port prices considerably.

297. Regarding tropical sawnwood, Ms Maplesden said it was a similar story to tropical log production, although data were tentative given the lack of reporting by members in their JFSQs. From ITTO estimates, the Asia-Pacific region accounted for about 80% of tropical sawnwood production, with India, China, Viet Nam, Thailand, Malaysia and Indonesia the major producers and Brazil the only other country producing over 2 million cubic metres per year. The major trade flows showed that the bulk of the trade was also within the Asian region, with China importing about 60% of the world total and Thailand supplying 63% of China's imports, mainly of rubberwood, which was used mostly in the manufacture of wooden furniture. Looking at export trends over the last decade, about 70% of exports were supplied by Asian producers, particularly Thailand and Malaysia, although Malaysia's exports had been declining and were now nearly half the level in 2013.
298. Ms Maplesden said there continued to be significant differences in the trade reported by major importers and exporters. Malaysia, for example, reported about 8000 cubic metres of exports to Belgium in 2021, while Belgium reported 370 000 cubic metres of imports from Malaysia. China was the largest importer of tropical sawnwood, with its imports of this product growing dramatically between 2009 and 2017 due to increasing log export restrictions in the supplier countries and a reduction in China's competitiveness in sawnwood processing compared with some other producer countries. China's sawnwood imports reached a low in 2019 but recovered strongly in 2020 following COVID-19 response measures and a rebound in construction activity. Similar to log exports, West African sawnwood prices were affected by the economic slowdown in China in 2019 and the effects of the pandemic, with the West Africa export price index dropping by 10% between January 2019 and January 2021. The index trended upwards in 2021 and surged in July 2022 as demand increased in the major importing countries.
299. Moving on to tropical plywood, Ms Maplesden said world production had fluctuated but trended upwards between 2013 and 2019 and levelled off between 2019 and 2022. China was the largest producer, but there had been significant growth in India and Viet Nam's plywood production over the last decade, while Malaysia's production had contracted. Malaysia's production was heavily export-oriented, and the trend reflected declining consumption in China, the major market; production in China and India was mostly consumed in domestic markets.
300. Viet Nam's plywood production was also export-oriented, and its growth trend reflected significant growth in the USA market. Plywood production in all producer countries had been heavily affected by rising costs for labour and raw materials and the declining availability of logs of peeler quality. The major trade flows had changed significantly, with the USA now featuring as the major market destination. Japan continued to be important in the trade but was less significant than in previous years. The major exporters were all in the Asian region. In contrast to exports of logs and sawnwood, tropical plywood exports increased significantly between 2019 and 2022, due mostly to substantial growth in USA imports. Plywood exports by Indonesia, the largest plywood exporter, grew marginally over that period, while exports from Viet Nam surged from a very low base in 2013 and was now the second-largest exporter of tropical plywood. Malaysian exports had contracted significantly over the last decade and were now about half the volume exported in 2013. Global imports of tropical plywood recovered strongly from the impacts of the pandemic in 2020, and USA imports grew substantially between 2017 and 2021. This was driven by an increase in do-it-yourself repairs and remodelling activity during the pandemic and by surging economic growth and growth in housing starts in 2021. Japan was previously the powerhouse of tropical plywood demand, but its imports had already been contracting before the pandemic, with demand affected by a shift to domestic plywood manufactured from Japanese plantation material and by the availability of competitive substitute products. The weakening yen had affected the competitiveness of Indonesian and Malaysian plywood, which were priced in US dollars.
301. The curtailment of wood supplies from the Russian Federation due to the sanctions imposed by the EU following the invasion of Ukraine in February had opened up opportunities for tropical plywood in EU markets as substitutes for birch and large plywood from the Russian Federation. Indonesian plywood prices in Japan had been trending downwards in 2019 and 2020, reflecting the significant decline in Japanese demand for tropical plywood, but soared in 2021 and 2022, reflecting raw-material supply constraints, substantial increases in manufacturing costs, and competition for tropical plywood products among consumer countries.

302. Ms Maplesden said data on secondary processed wood products (SPWPs) were unavailable by volume and were presented by value in the review. Tropical and non-tropical SPWPs were not differentiated in trade statistics, but it was assumed that most exports from tropical countries were of tropical origin based on those countries' limited imports of non-tropical wood. Nearly two-thirds of the value of world SPWP trade was in wooden furniture, followed by other SPWPs, builders' woodwork, joinery, and wooden mouldings. Export value had escalated since 2020, although this did not necessarily imply that the volume had increased, with the cost of imports affected by increased costs of freight over the period. The final destinations of SPWP exports continued to be predominantly the US, the EU and other advanced economies. Recovery in the USA market had driven overall growth in imports since 2020, particularly of wooden furniture and parts, as well as a large proportion of USA imports from ITTO producer countries.
303. Viet Nam was the dominant exporter among ITTO producer countries, mainly of wooden furniture to the USA, which was the largest country trade flow in the world furniture trade in 2021. Viet Nam had benefited from the China–USA trade conflict and the trend towards outward investment by processors operating in China to countries in Southeast Asia, particularly Viet Nam. The major trade flows in wooden furniture from China and ITTO producer countries showed significant flows from Viet Nam and China to the USA and a reliance on USA and EU markets, which might pose a risk given pessimistic global economic forecasts and indications that consumer demand was already being affected by high inflation and high interest rates. Although the production and trade in tropical wood products had been more resilient than expected at the start of the COVID-19 pandemic, various shocks to the world economy in 2022 were likely to dampen the outlook for tropical wood products, with the big three being the Russian invasion of Ukraine, the cost-of-living crisis caused by inflation pressures, and the slowdown in China.
304. Global economic growth was forecast to slow in 2022 and 2023, according to the International Monetary Fund. It was the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic. The weak profile reflected significant slowdowns for the largest economies—the USA and the Euro area—and prolonged COVID-19 outbreaks and lockdowns in China, where there was a growing property-sector crisis. Inflation had been most widespread in ITTO consumer countries, with greater variability in producer countries. This was expected to affect the consumption of wood-based products in major consumer markets, which was closely linked to construction activity and disposable incomes. The appreciation of the US dollar relative to most other currencies was affecting the relative competitiveness of exports traded in euros compared with US dollars. It would also affect domestic prices and the cost of living in many markets, with flow-on effects for the consumption of wood products.
305. Ms Maplesden said that, in recent years, China's domestic consumption and processed wood products exports had been the driver of global growth and wood product demand. Its property sector represented one-fifth of economic activity in China and was weakening, and a worsening of the crisis in this sector would have implications for the tropical timber trade, given the size of China's domestic market and its importance for global supply chains. A resurgence of COVID-19 and worsening developments in the Russian Federation–Ukraine conflict would also worsen the global economic outlook and exacerbate supply-chain risks, such as the further escalation of freight transport and manufacturing costs. A number of other market developments and uncertainties would affect the supply of sustainably sourced and legal tropical wood products, which no doubt would be discussed in other sessions of the Council. Ms Maplesden reminded delegates that the ITTO Market Information Service was monitoring and reporting in real time every two weeks and the biennial review for 2021–22 would be released in July 2023.
306. The Chairperson thanked Ms Maplesden for the comprehensive update and opened the floor for comments, questions and reflections. He invited the delegate of Peru to take the floor.
307. The delegate of Peru thanked Ms Maplesden for her excellent presentation. It was a complex subject, he said, and no doubt the report itself would contain more information. It was clear that both supply of and demand for tropical timber were down, reductions that hadn't been seen for many years—up to 40% in some cases. This would obviously have an effect on the economies of tropical countries with forestry. The data presented were in volume terms, but information on price and sales would also be helpful, including trends in these. A reduction in prices would affect tropical countries. The delegate of Peru posed two questions: What have the effects been of decreases in volume and possibly price in tropical countries? The second question relates to barriers to trade, such as import and export bans. The EU had passed a regulation banning imports of forestry and agricultural products from countries that could not demonstrate that the origins of such products did cause deforestation. This was difficult to

demonstrate, given prevailing circumstances such as the COVID-19 pandemic, the war in Ukraine, and the economic crisis, on top of which was the new regulation in the EU. No doubt the EU had arguments to defend this regulation, but the delegate of Peru said he would like to know the position of the Organization on this because the regulation was directly related to tropical timber markets.

308. The Chairperson thanked the delegate of Peru and invited Ms Maplesden to respond.
309. Ms Maplesden said that, regarding prices, the eventual publication of the biennial review would contain data on value, unit value and price. Price information was based on market prices and price indices, which were derived from the Market Information Service data, which were two-weekly. Prices had been enormously volatile, trending downwards to 2020 and then rising in 2021. Import prices had gone up tremendously because of freight rates, but analyzing price data was complex and needed to be done in conjunction with volume and other factors. Information would be available in the final publication of the biennial review on the impacts of log export bans and so on, and this was also the subject of a long-term study, which would be included as part of the published biennial review and would examine long-term trends and factors such as log export bans and their impacts on trade. The EU regulation would be explored by the joint committee during the Council session.
310. The Chairperson thanked Ms Maplesden for her response and gave the floor to the delegate from Malaysia.
311. The delegate of Malaysia commended the Secretariat and the consultant for the presentation. He informed the Council that Malaysia would send written comments to the consultant.
312. The Chairperson thanked the delegate of Malaysia and gave the floor to the delegate of New Zealand.
313. The delegate of New Zealand welcomed ITTO's ongoing role in the biennial review and the JFSQ. In particular, she appreciated the effective use of graphics showing global trade flows as a valuable way of conveying information at a glance. She echoed the comments of the consultant encouraging members to complete the questionnaire, including information on policy changes and significant changes in trade settings in relation to tropical timber. The delegate of New Zealand also directed the attention of members to the quality of trade data, given the important role such data played in informing policy and global dialogue. She highlighted the consolidation of the Asia-Pacific region and its significant role in tropical timber production, consumption and trade and, within that, China's dominant role in some of those markets and product flows. She said she was interested in better understanding the distinction between trade flows from tropical plantation sources such as eucalypt, acacia, teak and rubberwood versus declining production in high-conservation natural forests, and she asked the consultant if she had information on whether differentiating such sources was feasible.
314. Ms Maplesden said differentiating plantation versus natural species in trade flows was difficult because those sources were not distinguished in the data unless, for example, eucalypts were identified as a species. Although it was complex, it was an issue that should be looked at in terms of broad-brush indications of perhaps percentages of plantation versus natural species. But regarding actual data across all countries, it was not possible to distinguish between plantation and natural sources. Many countries had a significant proportion of plantation species in the mix.
315. The Chairperson thanked the delegate of New Zealand and gave the floor to the delegate of Indonesia.
316. The delegate of Indonesia congratulated the consultant for her comprehensive presentation. In line with Malaysia, he said, Indonesia would submit its comments in writing, but he wanted to comment on the note contained in the report on the reliability of data on log production. This was a big challenge for Indonesia, particularly capturing data on log production in private and community forests, with the dissolution of district forest offices after a law change in 2016. An alternative source of data on log production from community and private forests was the secondary industry, which received logs directly from such forests. Therefore, Indonesia would like to provide information in this regard.
317. Ms Maplesden said she would follow up with the delegate of Indonesia on the matter.
318. Seeing no further requests for the floor, the Chairperson thanked Ms Maplesden for her comprehensive report. He said it would be encouraging for those countries that had not yet submitted the JFSQ to do so. He closed the agenda item.

UPDATE ON THE COOPERATION BETWEEN ITTO AND CITES – Decision 3(XVI) (AGENDA ITEM 19)

319. The presentation under this agenda item by Ms Isabel Camarena is available at https://www.itto.int/direct/topics/topics_pdf_download/topics_id=7242&no=18&file_ext=.pdf?v=.
320. The Secretariat (Mr Steve Johnson) informed the Council that he would make an introductory statement and then hand over to a colleague from the CITES Secretariat before making some concluding remarks. He said Council members would recall that this was a standing item in its agenda. ITTO had been working closely with CITES to assist countries to implement CITES listings of tropical tree and especially timber species since the early 2000s. ITTO had implemented a large programme that had attracted significantly more than USD 15 million in donor funding over about a decade, working closely with CITES on this. The largest amount of money was from the EU under a contract, but there were also other donors, led by the USA, which had continued to support the work over the years. In 2016, following the financial impairment, the EU had decided it was unable to continue with a new contract for that programme under ITTO. ITTO collaborated with CITES to continue the work under what was called the CITES Tree Species Programme (CTSP) implemented by the CITES Secretariat. As an indication of the good collaboration with CITES under that programme, which received a total of about EUR 7 million from the EU, ITTO had been assisting since 2017 to implement various aspects of it. For example, ITTO helped convene regional workshops to bring countries together, evaluated proposals that came in at the beginning of the programme based on ITTO's experience over the previous decade, and helped with the regional coordinators who managed the programme. Most recently, ITTO had signed a contract in 2021 with the CITES Secretariat to assist with the CTSP. That contract was for about USD 400 000 to, inter alia, carry out a study on agarwood-producing species. Agarwood is a high-value fragrant type of wood produced mainly in *Aquilaria* and *Gyrinops* species that had been overexploited almost everywhere it grew. Now, plantations were starting to produce agarwood. There was considerable interest in obtaining more information on how the listings of these species were working and what management practices could help in sustaining agarwood species. ITTO and CITES had recently produced a report on this topic as part of the ITTO Technical Series, which was now available on the ITTO website. This was a good example of the two organizations working closely together to help countries manage a threatened tree species. In addition to the work on agarwood, under the most recent contract to assist the CTSP, ITTO had also helped organize the programme's closing workshop to take stock and look forward. ITTO had participated in all meetings of the CTSP Advisory Committee and also continued to work on CITES issues beyond the CTSP. As part of ITTO's contract with the CITES Secretariat, ITTO agreed to fund a project that CITES was unable to fund under the CTSP on a non-detriment funding for mahogany in Ecuador. That project was just wrapping up and would be a contribution to the CTSP.
321. Mr Johnson said ITTO continued to work in Madagascar using funds provided by the USA and other donors to its BWP activity on CITES. ITTO also had a project in Cameroon working with the University of Adelaide to implement DNA tracking and verification tests for *Prunus africana* and *Pericopsis elata*, with the project expected to be completed in 2023. Whether under the CTSP or not, all this work was contributing to the better implementation of listings of these species and the sustainability of the species in the wild, which was the objective of CITES. Mr Johnson said most delegates would be aware that CITES COP19 would convene next week in Panama, and he would be travelling there at the conclusion of the Council session to represent ITTO. More than 150 tree species were proposed for listing in the agenda at CITES COP19. To give details of those species, Mr Johnson introduced Ms Isabel Camarena of the CITES Secretariat.
322. Ms Camarena thanked the Council for the invitation to present an overview of the tree species proposals that would be discussed at CITES COP19. She said a total of seven proposals relating to tree species would be considered, covering about 153 species distributed throughout Central and South America and the Caribbean, Africa and Asia. The first proposal related to three genera of tree species commonly known as trumpet trees or ipê, all native to the Americas: *Handroanthus* (33 species), *Roseodendron* (2 species) and *Tabebuia* (76 species). This proposal had been brought forward by Colombia, the EU and Panama. If the proposal was adopted, 113 species would be added to the CITES Appendixes with annotation 17. The annotations in CITES indicated which specimens would be regulated in international trade. In this case, annotation 17 would mean that CITES controls would be focused on specimens of logs, sawnwood, veneer sheets, plywood and transformed wood. Specimens of these species were traded mostly as wood for decking, floorings, furniture and construction. Ms Camarena said that, in reviewing proposals, the CITES Secretariat looked at what was essentially two CITES listing criteria: whether trade might be a concern for the conservation status of any given species; and a "lookalike"

criterion, which meant that even if a species was not necessarily targeted in international trade, it resembled other species that could be endangered and for which international trade regulation was needed to ensure the long-term conservation of the species. For this proposal, the CITES Secretariat found that species in the genus *Handroanthus* seem to warrant regulation in international trade and that *Roseodendron* and *Tabebuia* could meet the lookalike criterion. ITTO had provided comments on all these proposals, and those comments had been taken into account in making the final assessments. For this proposal, the Secretariat had recommended that the proposal be adopted.

323. Ms Camarena said proposal 46 related to the genus *Afzelia*, which was one of the examples of proposals that annotated a listing to only certain populations. The proposal here was to include populations of *Afzelia* with annotation 17. If the proposal was adopted, specimens of logs, sawnwood, veneer sheets, plywood and transformed wood would be regulated under the provisions of CITES. The proposal was brought forward by Benin, Côte d'Ivoire, the EU, Liberia and Senegal, and the genus was native to Africa and Southeast Asia. Only African populations were proposed for adoption, and this would mean that four species would be added to Appendix II, should the proposal be adopted. The main specimens in international trade, according to the supporting statement of the proposal, were timber for building machinery, furniture, flooring, veneer and musical instruments. The CITES Secretariat had recommended adoption of this proposal, although it pointed out concerns about how the populations of the genus not native to Africa would be distinguished from those that were native to Africa.
324. Ms Camarena said proposal 47 concerned North Indian rosewood, *Dalbergia sissoo*. *Dalbergia* species were listed at the genus level in Appendix II, with the exception of *Dalbergia nigra*, which was listed in Appendix I. The other 274 known *Dalbergia* species were listed in Appendix II with annotation 15, which extended to, among other things, musical instruments and small handicrafts. In this case, the proponents had pointed out that *Dalbergia sissoo* was native to 11 countries and grew as an exotic in around 35 other countries. Considering that the species was not endangered and that the trade was well-regulated, the proposal was to delete *Dalbergia sissoo* from the Appendixes. Should this proposal be adopted, it would mean a complicated listing, with only one of the 275 species in the genus exempted from CITES. The CITES Secretariat had noted in its assessments that, although harvests did not seem to be a threat, the lookalike criterion appeared to still be met. Ms Camarena said enforcement officers and custom authorities needed to be able to readily identify and distinguish specimens of *Dalbergia* in international trade, which would be challenging using traditional methods should the proposal be adopted.
325. Ms Camarena referred to the proposal to list the genus *Dipteryx*, a native of the Americas, also known as cumaru. In this case, the proponents—Colombia, the EU and Panama—were proposing the inclusion of the genus in Appendix II, with a new annotation that would read logs, sawnwood, veneer sheets, plywood, transformed wood, and seeds. The genus covered a total of 14 species, and the main specimen found in international trade was wood for flooring. In its assessment, the CITES Secretariat noted that there might be merits in listing the genus in Appendix II but that seeds did not appear to be in international trade. It recommended, therefore, that the proponents consider an already existing annotation, which would not cover seeds.
326. Ms Camarena said proposal 49 concerned *Paubrasilia echinata*, also known as brazilwood or pernambuco, which was currently listed in Appendix II with annotation 10. The proponent, Brazil, was presenting an “up-listing” proposal, which was to move the species from Appendix II to Appendix I, with an annotation, the purpose of which was unclear. The interpretation of the CITES Secretariat was that, if the proposal was adopted, the species would be listed in Appendix I, which would mean stricter controls in international trade or essentially no trade allowed for specimens of the species. The proposed annotation referenced a resolution to allow certain exemptions in the movement of musical instruments. It was important, however, to consider complications related to referencing a resolution in CITES Appendixes because these were reviewed at every COP, whereas annotations in the Appendixes tended to remain more static. This could have implications for the legal interpretation of the CITES Appendixes. Additionally, the CITES Secretariat had noted in its assessments that the text of the convention did not allow annotations for Appendix I listings to exclude certain parts and derivatives, as was being proposed in this case. Therefore, the proposal had legal considerations that had been pointed out to the proponent in case it wanted to make revisions on the floor at COP19.
327. Ms Camarena said proposal 50 concerned the genus *Pterocarpus*, of which three species were currently listed in the Appendixes. The proponents—Côte d'Ivoire, the EU, Liberia, Senegal and Togo—were proposing to include the entire genus in Appendix II, with annotation 17. The genus had a pantropical distribution and the proposal referred only to African populations, which would entail the addition of 12

species to Appendix II. The main specimens in international trade were logs and other wood products. The CITES Secretariat's assessment found that some species were subject to significant levels of international trade and that lookalike concerns for the other species appeared to be met. However, the assessment had also noted complications related to distinguishing in international trade those specimens of *Pterocarpus* strictly from Africa and therefore those that would be regulated under the convention versus those originating in other regions.

328. Ms Camarena said proposal 51 related to tree species in the genus *Khaya*, which, similarly to proposal 50, referred only to African populations to be listed in Appendix II, with annotation 17. The proponents were Benin, Côte d'Ivoire, the EU, Liberia and Senegal. The genus was native to Africa and comprised five species. According to the supporting statement, specimens of this species had become a commercial substitute for mahogany in the genus *Swietenia*. The main specimens in international trade were lumber, sawnwood, veneer, plywood and moulding. The CITES Secretariat found that some species in this genus were under significant levels of international trade and the lookalike criterion appeared to be met. The CITES Secretariat had therefore advised that this proposal be adopted.
329. Ms Camarena said the CITES Secretariat had made substantial assessments and had carefully assessed all the proposals against the criteria given in Resolution Conf. 9.24. Based on this, it had produced final assessments, which could be found on the CITES website. The CITES Secretariat also noted that ITTO had provided its comments, which had been very useful.
330. Mr Johnson thanked Ms Camarena for her comprehensive presentation. He said the reason ITTO provided inputs to CITES was because CITES COP15 adopted a resolution that mandated the CITES Secretariat to consult with ITTO on any tropical timber species listings proposals. ITTO also had a standing decision which called on members to consult within ITTO on any potential CITES listings, preferably well before such species were formally proposed for listing in the CITES Appendixes. That had not happened on this occasion. If members considered that it was no longer necessary to consult in ITTO about CITES tropical timber species listing proposals, it would probably be better to take a new decision specifying how the Organization should engage with CITES or overriding that provision because it was inappropriate for the Organization to have a standing decision that called for discussion on these items that wasn't complied with. Nonetheless, when the ITTO Secretariat had received these proposals for listings from the CITES Secretariat, it had immediately communicated with all member countries asking for input. Only two or three responses had been received from member countries, which were included in the ITTO Secretariat's submission to CITES, and this was available as Document ITTC(LVIII)/14. This document expressed a couple of concerns in addition to those covered by the CITES Secretariat in its assessments. One of these was that the genera-level listing was simpler logistically to implement, and it ensured that no specimen of a threatened species was exported by being labelled as something else. This was the positive side, but there were also costs associated with it, as in the case of *Dalbergia sissoo*, where India and Nepal were saying that their communities that used the species were being hurt by that genera-level listing. The ITTO Secretariat believed there were probably grounds for undertaking some kind of cost-benefit analysis of the genera-level listing approach compared with the individual species approach. That was especially the case because technologies for identifying wood were evolving rapidly. It might not be easy today for customs officials or field officials to determine the species of a given piece of wood, but this might not be the case for much longer because of the evolving technologies coming into play.
331. Mr Johnson said that a second, perhaps bigger concern from ITTO's point of view was that several of the proposed timber species were traded at significantly high volumes and values. ITTO's trade statistics, which were part of the submission to CITES, showed that some of the main trading countries of those species were not consulted or didn't respond to a request for consultation on the proposals. ITTO's experience in dealing with CITES over many years was that the most effectively implemented species listings were those that had the full support of the major countries trading in those species. ITTO was concerned to see, for example, a proposal to list ipê without any apparent input from Brazil, which was the major producer and exporter of that species.
332. Mr Johnson said that, despite over 150 new species proposed for listing at the forthcoming COP, there was no provision for funding a new phase of the CTSP. He expressed hope that donors would continue to put money into ITTO through the BWP to enable the Organization to continue, in collaboration with CITES, to support countries in implementing the CITES listings of timber species. Experience with species such as mahogany, *Prunus africana*, *Dalbergia*, ramin and others listed in CITES showed that it was not a simple process for countries to suddenly start implementing new listings. It was a very

difficult process that in many cases required assistance to determine the extent of the resource, how to manage it effectively, and how to track the wood and ensure it was compliant with CITES regulations. That was exactly what the collaborative programmes implemented by ITTO and CITES over the last 15 years had been doing. The ITTO and the CITES secretariats considered, therefore, that if countries were proposing many new species for listing in CITES, there should be a discussion about funding to help implement those proposals.

333. The Chairperson thanked Mr Johnson for his comments and Ms Camarena for her presentation and gave the floor to the delegate of the USA.
334. The delegate of the USA said the USA continued to support efforts to ensure the successful implementation of CITES-listed tree species. Next week, COP19 would include key decisions on tropical tree species in Asia, Africa and Latin America. With the number of tree species listed in CITES Appendixes growing, ITTO's technical expertise and cooperation with CITES was increasingly important. She thanked the CITES and ITTO secretariats for the update, including on the implementation of activities in Ecuador and Madagascar. As mentioned by Mr Johnson, funding for the CTSP would end this month. The USA would increase its annual support for cooperation between ITTO and CITES through BWP activity 5 with a new voluntary contribution of USD 125 000. The USA was encouraged by past successful cooperation and viewed ITTO's continued cooperation with CITES as a priority through the intersessional period following CITES COP19.
335. The Chairperson thanked the delegate of the USA and gave the floor to the EU.
336. The delegate of the EU expressed support for the work ITTO had been doing and thanked both secretariats for their comprehensive and useful overviews. The EU had been very supportive in the past and would like to continue supporting this example of cooperation between the two organizations. The EU would be looking into ways of continuing its support because, on the one hand, as the delegate of the USA had also stressed, ITTO had unique expertise and experience in this matter, and this should be built on; on the other hand, additional listings were coming and this made the work even more important.
337. The delegate of the EU said the EU had drafted and co-sponsored a number of proposals for timber species and had carried out extensive consultations over the past couple of years with all relevant range states in preparation of the new listings. It had consulted with close to 70 range states, in writing, and also organized regional consultations where almost 40 range states. The EU had tried to reach out to all range states to get their input. This had not always been successful, but the EU had done its best to incorporate information, data and views from all range states, including through close cooperation with co-sponsors.
338. The Chairperson thanked the EU for his comments and, seeing no further interventions, closed this agenda item.

REPORTS OF THE COMMITTEES (AGENDA ITEM 20)

339. Quorum was assessed and obtained prior to the commencement of this agenda item.

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

340. Ms Anna Tyler (New Zealand), Chairperson of the joint session of CEM and CFI, presented the report of the joint session, as contained in Document CEM-CFI(LVI)/4. She said the joint session of CEM and CFI had met twice during week and had very fruitful deliberations. Highlights from the report of the joint session were as follows:
- The committees had noted the work carried out under a completed project in Indonesia aiming to increase the contribution of the forest sector to renewable energy supply and regional economic development through the increased supply of wood-based biomass energy. Its specific objective was to improve enabling conditions for building up supply capacity for wood-based biomass energy in northern Sumatra by efficiently using existing forest resources through the development of energy forests on degraded lands involving local communities.
 - The committees reviewed progress in the implementation of three ongoing projects and one project pending financing under the CEM, and two ongoing projects and three projects pending finance under the CFI. The committees had noted that two projects that arose from concept

notes submitted under the call for proposals mandated by Decision 4(LVI) would be financed by the Government of Japan at the current session.

- The committees had considered presentations on the following policy work items—collaboration with Asia-Pacific Economic Cooperation (APEC), enhancing the conservation and sustainable management of teak forests in the Greater Mekong Subregion, and analysis of timber legality assurance systems in China and Viet Nam.
- Other committee policy work items had been taken up in the joint committee session in conjunction with the Annual Market Discussion. These included presentations on market access, forest and timber certification, and the IMM progress report. The committees had decided to continue work on all these policy work items in 2023, except for the Mekong teak activity, which was now complete.
- It was agreed to add two new policy work items for consideration in 2023—selected ongoing activities under the Legal and Sustainable Supply Chains programme, and promotion of sustainable wood use in domestic markets.
- The committees had unanimously elected Mr Samuel Doe (Ghana) as Chair of the Committee on CEM and CFI for 2023. The nomination from the Consumer Caucus for Vice-chair was Ms Catherine Karr-Colque (USA).

341. Ms Tyler informed the Council that the proceedings and recommendations of the CEM and CFI were available in Document CEM-CFI(LVI)/4. The committees recommended that funding be made immediately available for two new and five previously approved project proposals. She said the report was available in hard copy, with minor amendments, including links for presentations and minor edits. She thanked the interpreters, the Secretariat and participants for their contributions. Ms Tyler submitted the report to the Council for consideration and approval.

342. The report was adopted.

Committee on Reforestation and Forest Management

343. Ms Siti Syaliza Mustapha (Malaysia), Chairperson of the CRF, presented the report of the 56th Session of the Committee on Reforestation and Forest Management, as contained in Document CRF(LVI)/5. She said the committee had met twice during session to deliver 16 agenda items. It had reviewed the work of seven completed projects and two completed pre-projects, as well as four completed BWP-based activities. She informed the Council that the completed projects had contributed to SFM practices on the ground. The committee was pleased that the Government of Japan had financed two BWP-based forest-fire activities in Indonesia and Peru. These projects had contributed significantly to strengthening the capacity of government agencies, fire brigades and local communities while improving coordination among national and regional authorities and local communities to prevent and respond to forest fires. Regarding policy work, the committee had productive deliberations on the following six subjects: 1) promotion of smallholders forest landscape restoration (FLR) in West Africa; 2) the development of training curricula for Central African countries on legal and sustainable supply chains; 3) dissemination of the ITTO guidelines on FLR in the tropics; 4) the Joint ITTO–CBD Collaborative Initiative for Tropical Forest Biodiversity; 5) adapting the ITTO criteria and indicators for SFM to the African context; and 6) the prevention and management of forest fires.

344. Ms Mustapha said she was pleased to inform the Council that smallholder FLR in West Africa had been facilitated by six country studies in Benin, Côte d'Ivoire, Ghana, Liberia, Mali and Togo and in national validation workshops. Four practical training modules for Central African countries had been developed on legal and sustainable supply chains, and these were available in English, French and Spanish. The committee had noted that the ITTO FLR guidelines had been well received and had attracted the attention of participants at the XV World Forestry Congress held in Seoul, Republic of Korea, in May 2022. The committee had recommended further promotion of the ITTO FLR guidelines with partners to contribute to the achievement of the United Nations Decade on Ecosystem Restoration. Regarding biodiversity conservation in tropical production forests, the committee had noted that ITTO and the CBD had renewed an MOU for a further five years to 2025 with the aim of supporting CBD Parties and ITTO member countries in the tropics to conserve biodiversity in productive landscapes. The CRF had recommended the effective implementation of the ITTO–CBD Collaborative Initiative in support of the achievement of the post-2020 global biodiversity framework.

345. Ms Mustapha said that, in the thematic area of prevention and management of forest fires, the CRF had recommended that ITTO continue to support capacity building in fire management in producer member

countries through the strengthening of the partnership with the Global Fire Management platform, as well as through participation in the 8th International Wildland Fire Conference, which would take place in Portugal in May 2023.

346. Ms Mustapha informed the Council that Ms Alicia Grimes of the USA had been elected as the Chairperson of the CRF for 2023, and she congratulated her for her election and leadership. Ms Mustapha said she believed that the CRF had had useful deliberations on various themes related to forest management in the tropics, despite the limited time available. She thanked all participants, as well as the governments of Japan, the USA, Germany and Australia for their financial contributions, which had enabled the implementation of various projects in producer member countries and progress to be made on, among other things, sustainable forest management, FLR, the mitigation of climate change and its impacts, biodiversity protection, capacity building, and women and community empowerment. She said such collaborative partnerships between consumer and producer members were the Organization's key strength. She thanked the interpreters and translators, the ITTO Secretariat and resource persons and submitted the report to the Council for consideration and approval.
347. The report was adopted.

Committee on Finance and Administration

348. Mr Björn Merckell (Sweden), Chairperson of the CFA, presented the report of the 37th Session of the CFA, as contained in Document CFA(XXXVII)/9. He said the CFA had deliberated extensively on the important administrative work of ITTO and had brought forward seven recommendations for the Council's consideration. He indicated that nominations had not yet been received for the incoming Chair and Vice-chair, which he expected to be forthcoming in the intersessional period. He thanked all those who participated in the sessions of the committee, the interpreters and translators and the Secretariat for their hard work. Mr Merckell submitted the report to the Council for consideration and approval.
349. The report was adopted.

ELECTION OF CHAIRPERSON AND VICE-CHAIRPERSON OF THE COUNCIL FOR 2023 (AGENDA ITEM 21)

350. Quorum was assessed and obtained prior to the commencement of this agenda item.
351. The Consumer Spokesperson nominated Mr Mohamed Nurudeen Iddrisu from Ghana as the Chairperson of the Council.
352. The Producer Spokesperson informed the Council that a nomination had not yet been received for the position of Vice-Chairperson but expected this to be forthcoming.
353. The Chairperson thanked both spokespersons and proposed, by acclamation, the nomination of Mr Mohamed Nurudeen Iddrisu from Ghana as incoming Chairperson.
354. The Chairperson invited Mr Iddrisu as the incoming Chairperson to make an intervention.
355. Mr Iddrisu thanked the consumer spokesperson for the nomination and said it was a great pleasure and honour to be appointed to the position of steering the affairs of the Council in 2023. He thanked the producer spokesperson, whom he called a friend and mentor. To be Chairperson of an institution like this came with great responsibility, he said, and he could not discharge his duties without the cooperation of every single member of the Organization. He requested "all hands on deck" to take ITTO to the next level. He thanked the outgoing Chairperson, Mr Mahoney, for the opportunity to work with him throughout 2022, and he had left big shoes to fill. It was no easy thing, but with support of everyone present, the Council would be able to do what it had set itself to do. There had been a great deal of cooperation between the consumer and producer caucuses, which gave him hope, and a glimmer had been seen in the pledges made. Pledges of almost USD 4 million was a big commitment, and he knew that producer and consumer members would continue to work together. He thanked the Council again for the enormous confidence bestowed on him, and he looked forward to working with every single person there. On behalf of the Council, he presented a token of appreciation to Mr Mahoney.

356. Mr Mahoney, in turn, presented tokens of appreciation to two past Chairpersons, Mr Kheiruddin Rani (Malaysia) (in Mr Kheiruddin's absence, it was accepted by Mr Asmadi Juan Mohammedan) and Mr Björn Merzell (Sweden), who had officiated at virtual sessions in 2020 and 2021, respectively. He then declared this agenda item closed.

DATES AND VENUES FOR THE FIFTY-NINTH AND SIXTIETH SESSIONS OF THE COUNCIL AND THE ASSOCIATED SESSIONS OF THE COMMITTEES (AGENDA ITEM 22)

357. The Chairperson said that, to maintain the established practice of setting session dates and venue at least 18 months in advance to facilitate logistical arrangements, the Council was to set the dates for the next two sessions. He invited the delegate of Thailand to take the floor.
358. The delegate of Thailand said he was pleased to inform the Council that the Royal Forest Department was interested in hosting the 59th Session of the Council in early December 2023. The Royal Forest Department was currently undertaking an internal approval process and would inform the ITTO Secretariat accordingly.
359. On behalf of the Council, the Chairperson thanked the Government of Thailand and the Royal Forestry Department for the generous offer to host the 59th Session of the Council, recognizing that it was a provisional offer. In case there were challenges, he proposed that provision be made in the Administrative Budget to provide funding to enable a government outside the City of Yokohama to host every second session. He also proposed that, in the event that the City of Yokohama was called on to host the 59th Session, money be made available for this in the Administrative Budget. He opened the floor for comments and, seeing none, thanked delegates for their agreement and again thanked the Government of Thailand. He invited the Government of Japan to take the floor.
360. The delegate of Japan announced that the City of Yokohama would be pleased to host the 60th Session of the Council in early December 2024.
361. The Chairperson thanked the Government of Japan and the City of Yokohama for their continued support of ITTO and its Council sessions, recognizing that it was a long-standing partnership. He gave the floor to the Secretariat to provide advice on the tentative dates of the two Council sessions.
362. The Executive Director informed the Council that the 59th Session of the Council would tentatively be held on 4–8 December 2023. The Chairperson closed this agenda item.

DECISIONS AND REPORT OF THE SESSION (AGENDA ITEM 23)

363. Quorum was assessed and obtained prior to the commencement of this agenda item.
364. The decisions adopted by the Council are contained in Annex III. The full text of all decisions, including annexes, is available on the ITTO website.
365. The Chairperson introduced draft Decision 1(LVIII) "Projects, pre-projects and activities". There being no comments, the Council adopted the decision.
366. The Chairperson introduced draft Decision 2(LVIII) "Extension of the ITTO Biennial Work Programme 2021-2022". There being no comments, the Council adopted the decision.
367. The Chairperson introduced draft Decision 3(LVIII) "Management of the administrative budget". There being no comments, the Council adopted the decision.
368. The Chairperson introduced draft Decision 4(LVIII) "Working group on matters pertaining to Article 44 of ITTA, 2006". There being no comments, the Council adopted the decision.

CLOSING OF THE SESSION (AGENDA ITEM 24)

369. The Chairperson invited closing remarks from the floor.
370. The representative of CSAG thanked the Government of Japan, the City of Yokohama, and ITTO for hosting the Council session. CSAG had made a presentation during the plenary session on Tuesday,

but the CSAG statement could only be made at the end of the Council session, rather than earlier in the week when its input could enrich and guide the Council's deliberations. The CSAG presentation and plenary session was also appropriate on the role of the women in supporting the achievement of ITTO objectives. CSAG urged the Council to make a CSAG plenary event a regular item on the Council agenda. It was possible to work together on topics of interest to both parties to provide relevant advice and inputs to the Council's deliberations. CSAG also urged ITTO members to increase stakeholder engagement in policy development and implementation at the national level.

371. The representative of CSAG said CSAG had noted the topic of the Annual Market Discussion in 2022 on carbon trade and tropical forests and recommended that ITTO commission a paper that outlined how ITTO members, the Secretariat, the private sector, TAG, and civil society, including CSAG, could contribute towards adaptation and mitigation in concrete ways. CSAG supported the World Bank statement that carbon pricing was a powerful tool for putting economies on low-emissions paths. CSAG continued to advocate to Council that the Annual Market Discussion should be a joint session with CSAG. The views of the panellists were very business-oriented, but business and markets did not work in isolation from health, conservation, sustainability, livelihoods, and Indigenous Peoples and local communities. CSAG would bring expertise and knowledge that could enhance the knowledge-sharing and recommendations of such a platform to the Council. The collective work of CSAG members on forestry supply chains and the best ways to promote the sustainable use and management of forest resources made CSAG well placed to assist the international community in developing nature-based solutions that harnessed the power of the natural world to reduce greenhouse-gas emissions and help communities adapt to the impacts of climate change.
372. The CSAG representative said ITTO could play a role in implementing global commitments, especially the Aichi targets under the CBD Strategic Plan 2021–2030 and under other conventions such as CITES. CSAG noted ongoing negotiations on the post-2020 global biodiversity framework, including relevant draft targets such as target 10 on ensuring that forests were managed sustainably and target 15 on businesses moving towards the full sustainability of extraction and production practices, and sourcing and supply chains. CSAG urged that consideration be given to examining how ITTO could support governments to implement these ambitious and transformative targets. Addressing timber and forest resource overexploitation and amplifying conservation and livelihood benefits from sustainable use and trade should be integrated into the post-2020 global biodiversity framework.
373. The CSAG representative said the prevailing economic development policy towards extractive uses in the Strategic Action Plan 2022–2025 precluded the development of a comprehensive vision of species conservation and for actual sustainable levels of extraction according to the resilience of ecosystems and species. ITTO, on one hand, must strengthen or generate mechanisms, agreements and alliances with other instruments that could supply information and results and articulate these needs. There was an urgent need to incorporate and promote the development of diversified sources of timber and non-timber forest products, based on the regenerative capacity of the species and ecosystems and not on business sustainability.
374. The CSAG representative said ITTO had adopted the Policy Guidelines on Gender Equality and Empowering Women, in addition to guidelines on sustainable forest management and FLR. CSAG would continue to advocate and share these guidelines widely. CSAG recommended that the Council prepare a decision for the Secretariat to conduct regular monitoring and evaluation in collaboration with CSAG, perhaps through an annual questionnaire survey of ITTO members on progress towards implementation of ITTO guidelines and to share the results with Council annually. CSAG was committed to being involved in the rollout of ITTO's Guidelines on Gender Equality and Empowering Women and looked forward to working with the Council and the Secretariat to do this.
375. CSAG strongly supported the Council initiative to develop a new fundraising strategy. A CSAG representative had been actively involved in the Ad-hoc Working Group on Financing Infrastructure, and CSAG would like to be among the partners to pilot a fundraising initiative. As highlighted by all presentations at the Annual Market Discussion, carbon projects involved various types of businesses, including millions of households worldwide. The CSAG network involved women, local communities and Indigenous Peoples' groups who faced tenure, access and rights issues within their forests, and they aspired to access international markets for their legal and sustainable wood products. Tens of millions of women and men living in marginalized forest landscapes needed sustainable livelihoods to be able to send their children to schools and to get themselves out of the poverty trap. Local communities, smallholders and other forest communities could also help achieve the ITTO objective of sustainable

forest management and a sustainable trade in timber products. CSAG looked forward to working with ITTO on these issues.

376. The Chairperson thanked the representative of CSAG for her statement and gave the floor to the delegate of New Zealand.
377. The delegate of New Zealand offered a note of appreciation for the efforts and progress made by the Royal Forestry Department of Thailand to host the 59th Session of Council. She said Thailand had hosted a series of APEC meetings in 2022, which was a considerable undertaking. As part of this, the Royal Forestry Department had hosted a meeting of ministers responsible for forestry and was active in supporting the APEC Experts Group on Illegal Logging and Associated Trade. New Zealand commended Thailand's efforts to host the Council session next year, particularly given its efforts in 2022. She took the opportunity to echo the thanks of other delegates to the Government of Japan and the City of Yokohama for their ongoing support for ITTO. She said she looked forward to progressing the Organization's intersessional work in the strong spirit of cooperation and collaboration established at this Council session.
378. The Chairperson thanked the delegate of New Zealand and gave the floor to Australia.
379. The delegate of Australia also thanked the Royal Forestry Department of Thailand for its generous offer to progress towards hosting the next Council session. Australia had also been in Thailand for the APEC meeting of ministers responsible for forestry and the Experts Group on Illegal Logging and Associated Trade and had observed the excellent job of hosting. He thanked the Chairperson for his efforts and wished him every success in the coming year.
380. The Chairperson thanked the delegate of Australia and gave the floor to the delegate of Malaysia.
381. The delegate of Malaysia congratulated the Council for the successful conclusion of the session. She thanked the Chairperson for his able leadership and for enabling all the decisions to be made in a friendly and cordial manner. She thanked the producer and spokespersons for their hard work and leadership and expressed appreciation for the efforts of the Secretariat and translators and interpreters. She thanked the Executive Director who, in the past year, had brought a new energy and sense of optimism, and Malaysia looked forward to a successful future for the Organization under her leadership. The delegate of Malaysia said she also looked forward to the able leadership of the incoming chairperson, Mr Nurudeen, whose charisma would enable further success for the Organization at the next session.
382. The Chairperson thanked the delegate of Malaysia and gave the floor to the delegate of the EU.
383. The delegate of the EU thanked the Executive Director and all members of the Secretariat for their hard work, preparations and support during the session; the outgoing Chairperson for his very able conduct of the meeting; the chairs of the committees; the interpreters and translators; and all participants, especially the producer and consumer spokespersons; who had all played important roles in the success of the session and for the consensus reached on all decisions. His delegation was pleased to have been able to meet in person again; although the virtual sessions had been organized well and were successful, his delegation valued the opportunity to meet in person and considered that it made a significant difference. He said the EU looked forward to engaging in the important work ahead, including the working groups established by decisions just taken by the Council. The coming years would be important for the Organization, and the collaborative work this week provided a good basis for further strengthening. The EU felt progress was being made to build a more robust organization, which would help increase engagement by members and also interest from donors. Ultimately, the building blocks being put in place would contribute to making the Organization more visible, relevant and effective in contributing to the sustainable management of tropical forests and sustainable supply chains. The delegate of the EU wished the incoming Chairperson, Mr Nurudeen, the best of luck and success, and his delegation looked forward to working with him and with all other elected officers. He thanked the Government of Thailand for considering hosting the next session, and the Government of Japan for its continued support for the Organization.
384. The Chairperson thanked the delegate of the EU and gave the floor to the delegate of Mexico.
385. The delegate of Mexico thanked the Chairperson, the Executive Director and the producer and consumer spokespersons for their work during the session. He thanked all delegates and said Mexico

wanted to see the further strengthening of cooperation to enable ITTO to take the right road and to achieves its aims.

386. The Chairperson thanked the delegate of Mexico and introduced a video statement by Ms Cécile Ndjebet, president of African Women's Network for Community Management of Forests (REFACOF), Vice-chair of CSAG, and winner of the Wangari Maathai Forest Award in 2022.
387. In the video, Ms Ndjebet conveyed her greetings from Edea, Cameroon, and her apologies for not attending the session in person. She expressed the gratitude of REFACOF for the support provided by ITTO since 2009, when the organization was founded during an ITTO conference in Yaoundé, Cameroon. She said she had won the Wangari Maathai Forest Award in May 2022, as awarded by the CPF, in recognition of the key role that women in Africa were playing to promote sustainable forest management. She recognized the role of ITTO in making this happen, even before 2009. Ms Ndjebet said REFACOF had joined CSAG in 2011 and, since then, had benefited from ITTO support in implementing three projects, one with Cameroon Ecology, which was a member of REFACOF; another on mainstreaming gender in forestry, which was a pre-project implemented by REFACOF in Cameroon, Liberia, the Central Africa Republic and Gabon; and a third in Togo. She thanked the Council and requested its continued support. REFACOF had committed to planting 20 million trees as a contribution by African women to ecosystem restoration. She hoped ITTO would continue to support REFACOF in achieving this objective as part of greening the African continent, and she looked forward to continued collaboration.
388. The Chairperson thanked Ms Ndjebet for her video submission and began his concluding remarks.
389. He said it had been an honour to serve as Chairperson and to preside over the 58th Session of the Council. Until seven weeks ago, he had not been sure it would take place in person, and he expressed his sincere appreciation to participants from all corners of the world for joining the session in Yokohama. He also thanked all participants who had joined online through sunrises and sunsets and acknowledged them as the real heroes in making the session happen. It had been a productive and fulfilling session and one of the most collaborative in which he had been involved. This was a testament to the strength of the Organization. He expressed pleasure that the Council had been able to extend the working groups pertaining to the extension or renegotiation of the ITTA, 2006 and to the Administrative Account. He thanked the Government of Japan, particularly the Ministry of Foreign Affairs and the Forestry Agency; the City of Yokohama and its support staff; observers and speakers at the Annual Market Discussion; the interpreters and translators; the donors who had made pledges and those that would contribute in the months and years ahead; the two spokespersons; the official officeholders; the working groups; and the entire Secretariat. He echoed the sentiments of the Malaysian delegation about the energy the new Executive Director had brought to the Organization. He said that, sadly, he now needed to move on, and this was perhaps the last time he would attend a Council session. He praised all delegations for the patient, respectful and constructive way they had always conducted themselves. He thanked the Council for its trust, kindness and support for him in chairing the session, for which he was deeply grateful. He wished the Council the best of luck going forward, with a large body of intersessional work ahead. It would make the Organization bigger and better, and it would take place under the leadership of Mr Nurudeen as the incoming Chair, who would do a great job, and that of the Executive Director. He was happy that the session was finishing early so he had more time to see the City of Yokohama. He wished all participants a safe journey home and closed the 58th Session of the Council.

ANNEX I

LIST OF PARTICIPANTS

Document: ITTC(LVIII)/Info. 2



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTTC(LVIII)/Info.2
10 November 2022

ORIGINAL: ENGLISH

FIFTY-EIGHTH SESSION
7 – 11 November 2022
Yokohama, Japan (Hybrid Session)

LIST OF PARTICIPANTS

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

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

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

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COMMUNICATION FORUM OF COMMUNITY FORESTRY (FKKM), INDONESIA

Dr. Christine Wulandari Head of National Steering Committee

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Mr. Rupert Oliver
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Dr. Manoel Sobral Filho
Ms. Sarah Storck
Mr. Robert Tate
Mr. George White
Mr. Yasuhiro Yokoyama
Ms. Monika Ziegler

Mr. Nicholas Butcher	Market Discussion Speaker
Mr. William-Augusto Lactayo Leon	Market Discussion Speaker
Mr. Pierre Schueller	Market Discussion Speaker
Dr. Ivan Tomaselli	Market Discussion Speaker

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Vice-Chairperson	Dr. Mohammed Nurudeen Iddrisu

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Chairperson	Ms. Anna Tyler
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Chairperson	Mr. Björn Merzell
Vice-Chairperson	Mr. Joseph Appiah-Gyapong

Spokespersons

Producers	Mr. Jorge Malleux
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ITTO SECRETARIAT

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Dr. Gerhard Breulmann
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* * *

ANNEX II

AGENDA

DOCUMENT: ITTC(LVIII)/1 Rev.2



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTTC(LVIII)/1 Rev.2
4 October 2022

Original: ENGLISH

FIFTY-EIGHTH SESSION
7-11 November 2022
Yokohama, Japan (Hybrid Session)

PROVISIONAL AGENDA

1. Opening of the session
2. Ascertainment of the quorum
3. Adoption of agenda and organization of work
4. Report on Membership of the Council
5. Distribution of Votes for the 2022-2023 Biennium
6. Admission of Observers
7. Statement of the Executive Director
8. Report of the Informal Advisory Group (IAG) – Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI)
9. Report of the Credentials Committee
10. Procedures and Modalities governing the Fifty-eighth Session of the Council
11. Matters related to Article 19 of the ITTA, 2006 on the Administrative Account – Decision 3(LVII)
12. Extension of the ITTA, 2006 – Decision 4(LVII)
13. ITTO Strategic Action Plan 2022-2026 – Decision 5(LVII)
14. ITTO Biennial Work Programme – Decisions 9(XXXIV) and 2(LVI)
15. Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations – Decision 7(LVII)
16. Special Account and Bali Partnership Fund
 - (a) Pledges to the Special Account and the Bali Partnership Fund
 - (b) Report of the Panel on Sub-Account B of the Bali Partnership Fund (BPF)
17. Implementation of ITTO's New Financing Architecture, Phase II - Decisions 4(LVI) and 8(LVII)
18. Biennial Review and Assessment of the World Timber Situation 2021-2022
19. Update on the Cooperation between ITTO and CITES – Decision 3(XVI)

20. Reports of the Committees
21. Election of Chairperson and Vice-Chairperson of the Council for 2023
22. Dates and Venues of the Fifty-ninth and Sixtieth Sessions of the Council and the Associated Sessions of the Committees
23. Decisions and Report of the Session
24. Closing of the Session

ANNOTATIONS TO THE PROVISIONAL AGENDA

Item 1 **Opening of the Session**

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

Item 2 **Ascertainment of the Quorum**

The Executive Director will report to the Council on the state of the quorum requirement for the start of the Session. Note that as recommended by the IAG, the quorum for the session will be determined by confirming the presence of registered members who have submitted valid credentials, including both attendees physically present in Yokohama and attendees participating virtually, consistent with the thresholds established for physical meetings in the ITTA, 2006. Quorum will be re-assessed prior to any voting or adoption of decisions during the Session.

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

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

Item 4 **Report on Membership of the Council** (Document ITTC(LVIII)/9)

The Executive Director will report on the status of membership of the Council as contained in Document ITTC(LVIII)/9.

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

The distribution of votes for the 2022 – 2023 biennium, as approved by the 57th ITTC in accordance with Article 10(7) of the ITTA, 2006, is shown in the Annex of the Provisional Agenda [Document ITTC(LVIII)/1 Rev.2]. The distribution of votes shall remain in effect for the rest of the biennium, except whenever the membership of the Organization changes or when any member has its voting rights suspended or restored, in which case the Council shall redistribute the votes within the affected category or categories.

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

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

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

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

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

Item 7 **Statement by the Executive Director**

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

Item 8 **Report of the Informal Advisory Group (IAG) – Decisions 3(XXII), 5(XXVI), 2(XLIX) and 2(LI)**
[Document ITTC(LVIII)/2]

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

Item 9 **Report of the Credentials Committee**
[Document ITTC(LVIII)/3]

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

Item 10 **Procedures and modalities governing the Fifty-eighth Session of the Council**

The Council will be briefed on the arrangements for the 58th Session of the Council in line with the ITTA, 2006 and the ITTO Rules of Procedure.

Item 11 **Matters related to Article 19 of the ITTA, 2006 on the Administrative Account – Decision 3(LVII)**
[Document ITTC(LVIII)/4]

The Council will receive the report of the virtual intersessional group established under Decision 3(LVII) on management of the administrative budget for 2021-2022, including 1) recommendations on any change to the threshold for annual use of the Working Capital Reserve by the Executive Director without Council approval; 2) proposals on ways to prompt members to pay contributions to the administrative budget; and 3) proposals on ways to adapt the budget of the Organization to the long-term trends in payment of contributions

Item 12 **Extension of the ITTA, 2006 – Decision 4(LVII)**
[Document ITTC(LVIII)/5]

The Council will receive the report of the inclusive virtual intersessional working group to assess the need for renegotiation or further extension of the ITTA, 2006, including recommendations, established under Decision 4(LVII).

Item 13 **ITTO Strategic Action Plan 2022–2026 – Decision 5(LVII)**
[Document ITTC(LVIII)/6]

In accordance with Decision 5(LVII), the Council will receive and consider for adoption the indicate five-year resource mobilization goal and related mobilization strategy taking into account the outputs of the work related to the new financing architecture, developed by the Executive Director in consultation with the Advisory Board as contained in Document ITTC(LVIII)/6.

Item 14 **ITTO Biennial Work Programme – Decisions 9(XXXIV) and 2(LVI)**
[Documents ITTC(LVIII)/7 and ITTC(LVIII)/8]

The Council will receive the progress report on the implementation of the ITTO Biennial Work Programme 2021-2022. The Council will also receive updates/reports on selected BWP activities, including the fellowship programme as will be informed in the provisional programme of meetings and activities.

The Secretariat is proposing an extension of the BWP 2021-2022 for one year through 2023, so that the timing of the BWP is back in line with the financial biennium of the administrative budget.

Item 15 **Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations – Decision 7(LVII)**
[Document ITTC(LVIII)/10]

The Council will receive an update on the implementation of Decision 7(LVII) on matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations as contained in Document ITTC(LVIII)/10.

Item 16 **Special Account and Bali Partnership Fund**

[Document ITTC(LVIII)/11]

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

Item 17 **Implementation of ITTO's New Financing Architecture, Phase II – Decision 4(LVI) and 8(LVII)**

[Document ITTC(LVIII)/12]

In accordance with Decision 8(LVII), the Council will receive the second progress report on the implementation of ITTO's new financing architecture, Phase II as contained in Document ITTC(LVIII)/12.

Item 18 **Biennial Review and Assessment of the World Timber Situation 2021-2022**

[Document ITTC(LVIII)/13]

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

- (a) Elements for the 2021-22 Biennial Review and Assessment of the International Timber Situation
The Secretariat will present the draft Review as contained in Document ITTC(LVIII)/13, comprising statistics and available data on production, imports and exports of timber products, emphasizing tropical timber products, and an analysis of economic and market developments. The Elements for the 2021-22 Biennial Review will be partly based on information extracted from national responses to the ITTO/UNECE/FAO/EUROSTAT Joint Forest Sector Questionnaire and partly from other sources.
- (b) A presentation by the Secretariat
Using various sources of information including the Elements for the 2021-22 Biennial Review, the presentation will give an overview of the world timber situation, focusing on tropical timber, including recent market developments and the short-term outlook based on available forecasts.

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

Item 19 **Update on the Cooperation between ITTO and CITES – Decision 3(XVI)**

[Document ITTC(LVIII)/14]

The Council will be updated on the cooperation between ITTO and CITES under the CITES Tree Species Programme, CTSP. In accordance with Decision 3(XVI), the Council will also be updated on new proposals to list internationally traded tropical timber species in the Appendices of CITES, as contained in Document ITTC(LVIII)/14.

Item 20 **Reports of the Committees**

The Council will have before it the Reports of the Associated Sessions of the Committees presented by the respective Chairpersons. The Council may consider and adopt the recommendations contained in each of the Reports.

Item 21 **Election of Chairperson and Vice-Chairperson of the Council for 2023**

The Council may decide after due consultations, to elect a Chairperson and Vice-Chairperson for 2023. Under Article 8 of the ITTA, 2006, the Council is required to elect a Chairperson and Vice-Chairperson for each calendar year, one from among the representatives of producer countries, and the other from among the representatives of the consumer countries. Under Article 8, paragraph 3, these offices are required to

alternate each year between the two categories of Members, provided, however, that this shall not prohibit the re-election of either or both, under exceptional circumstances by the Council.

Item 22 **Dates and Venues of the Fifty-ninth and Sixtieth Sessions of the Council and the Associated Sessions of the Committees**

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

Item 23 **Decisions and Report of the Session**

The Council shall consider the proposed Decision(s) and adopt it/them in accordance with the procedures and modalities governing the Fifty-eighth Session of the Council in line with the ITTA, 2006 and the ITTO Rules of Procedure, as adopted under Agenda Item 10. In accordance with Rule 33 of the Rules of Procedure, a report on the proceedings shall be prepared by the Secretariat and shall be circulated to all Members as soon as possible.

Item 24 **Closing of the Session**

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

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

	2021 <u>No. of Votes</u>	2022/2023 Biennium <u>No. of Votes</u>
Africa		
Angola	-	21
Benin	22	21
Cameroon	22	21
Central African Republic	22	21
Congo	22	21
Côte d'Ivoire	22	21
Democratic Republic of the Congo	22	21
Gabon	22	21
Ghana	22	21
Liberia	21	21
Madagascar	22	21
Mali	21	21
Mozambique	22	21
Togo	21	21
Asia & Pacific		
Cambodia	24	21
Fiji	14	14
India	28	28
Indonesia	90	93
Malaysia	83	72
Myanmar	30	26
Papua New Guinea	42	44
Philippines	15	15
Thailand	49	52
Vietnam	16	16
Latin America/Caribbean		
Brazil	121	122
Colombia	23	23
Costa Rica	13	13
Ecuador	19	19
Guatemala	12	12
Guyana	16	15
Honduras	11	12
México	24	24
Panamá	13	13
Peru	29	27
Suriname	15	15
Trinidad and Tobago	10	10
Venezuela	20	20
TOTAL:	1,000	1,000

CONSUMER MEMBERS

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

ANNEX III

TEXT OF THE DECISIONS

ADOPTED BY THE COUNCIL AT ITS FIFTY-EIGHTH SESSION

DOCUMENT: ITTC(LVIII)/15
DOCUMENT: ITTC(LVIII)/16
DOCUMENT: ITTC(LVIII)/17
DOCUMENT: ITTC(LVIII)/18



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTTC(LVIII)/15
11 November 2022

Original: ENGLISH

FIFTY-EIGHTH SESSION
7-11 November 2022
Yokohama, Japan (Hybrid Session)

DECISION 1(LVIII)

PROJECTS, PRE-PROJECTS AND ACTIVITIES

The International Tropical Timber Council,

Having considered at its Fifty-eighth Session the recommendations of the three Committees on Projects, Pre-Projects and Activities and the Report of the Expert Panel for Technical Appraisal of Project Proposals for the 2022 project cycle, as contained in documents CEM-CFI(LVI)/3, CRF(LVI)/5 and ITTC/EP-57, respectively;

Noting that the time-bound electronic no objection procedures to approve relevant projects taking into account Expert Panel Ratings for Projects and Pre-Projects were conducted during the project cycle for 2022;

Welcoming the expression of interest by donors in several concept notes submitted under the programmatic approach and to be developed into full project proposals for future Council approval and funding, as listed in the annex to this decision;

1. Decides to:

- (i) Endorse the approval obtained through the time-bound electronic no objection procedure for the following Projects and Pre-Projects for the project cycle of 2022:

PD 915/21 Rev.2 (F)	Strengthening the Rehabilitation and Sustainable Management of Sacred Forests in Ramsar Sites 1017 and 1018 in Benin (Benin) ITTO Budget \$512,402
PD 921/21 Rev.2 (F)	Support for the Conservation and Promotion of Forest Tree Seeds in Benin (Benin) ITTO Budget \$447,072
PD 926/22 Rev.1 (I)	Promotion of Sustainable Domestic Consumption of Wood Products in Thailand (Thailand) ITTO Budget \$320,000
PD 928/22 Rev.1 (I)	Development of Sustainable Domestic Market for Wood Products (Indonesia) ITTO Budget \$261,811
PD 929/22 Rev.1 (F)	Developing Silvicultural Management Models for Forest Restoration Based on the Use of Seed Trees for the Establishment of Natural and Artificial Regeneration in the Province of Tahuamanu, Peru (Peru) ITTO Budget \$1,061,040

- (ii) Reinstate the approved status of the following project under the sunset provisions of Decision 2(X) as of the date of adoption of the report of the Fifty-sixth Session of the CEM-CFI and CRF and authorize that funding be made available for its implementation;

PD 912/20 Rev.2 (I) Strengthening Technical and Business Management in the Timber Forest
Industry of Peru (Peru)
ITTO Budget \$385,706

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

ANNEX

Financing during 2022 for Projects, Activities and Concept Notes

(i) Projects:	
PD 926/22 Rev.1 (I) Promotion of Sustainable Domestic Consumption of Wood Products in Thailand (Thailand) [Japan \$320,000.00 (Note 2)]	\$320,000.00
PD 928/22 Rev.1 (I) Development of Sustainable Domestic Market for Wood Products (Indonesia) [Japan \$261,811.00 (Note 2)]	\$261,811.00
PD 913/20 Rev.1 (M) Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama (Panama) [Japan \$730,088.00 (Note 2)]	\$730,088.00
PD 903/19 Rev.2 (F) Management of Sungai Menyang Conservation Area for Orangutan Protection and Uplifting Community Livelihood, Sarawak, Malaysia (Malaysia) – Partial funding [Outstanding balance \$387,136.50] [Australia \$121,903.50 (Note 2)]	\$121,903.50
PD 905/19 Rev.2 (F) Providing Support for the Sustainable Management of the Fosse-aux-Lions Gazetted Forest in the Savanna Region in Togo (Togo) – Partial funding [Outstanding balance \$282,623.68] [Japan \$200,000.00 (Note 5)]	\$200,000.00
PD 916/21 Rev.1 (F) Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-Descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia) – Partial funding [Outstanding balance \$328,185.00] [USA \$100,000.00 (Note 5)]	\$100,000.00
(ii) Activities approved through Decision 2(LVI) Biennial Work Programme for the Years 2021-2022 (extended to 2023):	
PP-A/53-323 Building Legal and Sustainable Forest Product Supply Chains (LSSC) (ITTO Biennial Work Programme 2021-2022 Activity: 2 – Additional funding) [China \$83,000.00 (Note 5)]	\$83,000.00
PP-A/53-323F Supporting the Establishment and Operation of the Global Timber Index Platform for Building Legal and Sustainable Forest Products Supply Chains (ITTO Biennial Work Programme 2021-2022 Activity: 2) [China, Macao SAR \$986,720.00 (Note 1)]	\$986,720.00
PP-A/53-323G Supporting Pilot Collaborative Operation of the Blockchain-based Timber Traceability System (BTTS) for Building Legal and Sustainable Forest Products Supply Chains (ITTO Biennial Work Programme 2021-2022 Activity: 2) [China, Macao SAR \$347,200.00 (Note 1)]	\$347,200.00

PP-A/53/324 Strengthening Participation of the Private Sector in the Work of ITTO: Industry-led legality compliance/due care training (ITTO Biennial Work Programme 2021-2022 Activity: 5 – Additional funding) [USA \$25,000.00 (Note 5)]	\$25,000.00
PP-A/52-320 Enhance Cooperation between ITTO and CITES (ITTO Biennial Work Programme 2021-2022 Activity: 5 – Additional funding) [USA \$125,000.00 (Note 5)]	\$125,000.00
PP-A/52-320D Contract with CITES for CTSP – ITTO CITES Programme (ITTO Biennial Work Programme 2021-2022 Activity: 5 – Additional funding) [CITES Secretariat \$25,000.00 (Note 1)]	\$25,000.00
PP-A/54-332 Statistical capacity building workshops (ITTO Biennial Work Programme 2021-2022 Activity: 8 – Additional funding) [Japan \$15,000.00 (Note 5)]	\$15,000.00
PP-A/56-344 Disseminating the ITTO Guidelines for Forest Landscape Restoration in the Tropics (ITTO Biennial Work Programme 2021-2022 Activity: 11(b) – Additional funding) [USA \$20,000.00 (Note 5)]	\$20,000.00
PP-A/56-345 Conservation and sustainable use of biodiversity in tropical timber production forests (ITTO and CBD) (ITTO Biennial Work Programme 2021-2022 Activity: 12 – Additional funding) [Japan \$25,288.15 (Note 1), Japan \$24,712.00 (Note 5)]	\$50,000.15
PP-A/50-305 Cooperation and consultation with the CPF, UNFF and others (ITTO Biennial Work Programme 2021-2022 Activity: 13 – Additional funding) [USA \$10,000.00 (Note 5)]	\$10,000.00
PP-A/54-330 Communication and Outreach / ITTC coverage by ENB (ITTO Biennial Work Programme 2021-2022 Activity: 17 (a) – Additional funding) [USA \$25,000.00 (Note 5)]	\$25,000.00
PP-A/57-348 Translation of the ITTO website and relevant public relations materials into Japanese (ITTO Biennial Work Programme 2021-2022 Activity: 17 (c) – Additional funding) [Japan \$25,000.00 (Note 5)]	\$25,000.00
PP-A/50-304 Trade (TAG) and Civil Society (CSAG) Advisory Group involvement (ITTO Biennial Work Programme 2021-2022 Activity: 18 – Additional funding) [USA \$20,000.00 (Note 5)]	\$20,000.00
PP-A/52-319 ITTO Fellowship Programme (Year 2022) (ITTO Biennial Work Programme 2021-2022 Activity: 21) [Kisso-an (Private) \$2,961.28 (Note 2), Japan \$12,288.00 (Note 5), USA \$40,000.00 (Note 5)]	\$55,249.28

(iii)	Other activity	
	Ex-post Evaluation of Projects in Africa [Japan \$37,323.68 (Note 2), Japan \$11,000.00 (Note 3)]	\$48,323.68
	Total pledges to Projects and Activities confirmed after the Fifty-seventh Session of the Council to-date:	\$3,594,295.61
(iv)	Expressions of interest in financing Concept Notes (Note 6):	
	CN-1523 (Developed into PD 927/22 (F)) Development of an Information System on the Potential for Wood and Carbon to support Sustainable Forest Management in South Kalimantan (Indonesia) – Balance funding [Australia \$83,300.00 (Note 2)]	\$83,300.00
	CN-21005 (former CN-1527) Repositioning of forest management as competitive land use in the agroforestry landscape of the North Huetar Region of Costa Rica (Costa Rica) [Korea \$4,113.76 (Note 3), Korea \$134,256.24 (Note 4)]	\$138,370.00
	CN-21007 (former CN-1530) Strengthening the management and conservation for endangered rosewood (Dalbergia) in Vietnam (Vietnam) [Australia \$100,000.00 (Note 2), USA \$49,000.00 (Note 5)]	\$149,000.00
	CN-21009 (former CN-1533) Strengthening and consolidating the national process for controlling illegal logging and associated trade in Cameroon (Cameroon) – Partial funding [Outstanding balance \$29,983.00] [USA \$120,000.00 (Note 5)]	\$120,000.00
	CN-22014 (former CN-1941) Assessment of Planting Caoba Experiences (<i>Swietenia Macrophylla</i>) in the Coastal Region of Peru in Contribution to the Climate Change Adaptation (Peru) [Korea \$85,000.00 (Note 3)]	\$85,000.00

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

Note 2: Inter-sessional pledges received after the Fifty-seventh Session of the Council (new cash).

Note 3: Inter-sessional pledges received after the Fifty-seventh Session of the Council by allocating balance funds from completed projects returned to the donor.

Note 4: Inter-sessional pledges received after the Fifty-seventh Session of the Council by reallocating funds pledged earlier to PP-A/57-350 Secondment of Programme Officer from the Korea Forest Service, therefore, there is no increase to the net pledges received.

Note 5: Pledges received during the Fifty-eighth Session of the Council.

Note 6: This list is included hereby to provide an official record of donor expressions of interest in Concept Notes made during 2022.



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVIII)/16
11 November 2022

Original: ENGLISH

FIFTY-EIGHTH SESSION
7-11 November 2022
Yokohama, Japan (Hybrid Session)

DECISION 2(LVIII)

EXTENSION OF THE ITTO BIENNIAL WORK PROGRAMME 2021-2022

The International Tropical Timber Council,

Appreciating the work of the Secretariat in implementing the Biennial Work Programme for the years 2021-2022;

Taking note that the progress report on implementation of the BWP 2021-2022 presented to the Fifty-eighth Session of the ITTC (Document ITTC(LVIII)/7) includes descriptions of work that may carry on into 2023 and possibly beyond in the Implementation Status updates provided for relevant approved activities;

Further taking note of the recommendation of the Informal Advisory Group to extend the BWP 2021-2022 so that it is back in line with the biennial approval cycle of the ITTO Administrative Budget;

Decides to:

1. Extend the Biennial Work Programme for 2021-2022, as adopted under Decision 2(LVI), for a period of one year;
2. Urge all members to pay their assessed contributions in a timely manner and consider making additional resources available, be it through voluntary contributions or in-kind resources to implement the Biennial Work Programme 2021-2022;
3. Request the Executive Director to seek additional funding sources to finance the continued implementation of the Biennial Work Programme 2021-2022;
4. Request the Executive Director to report on the progress in implementing the Biennial Work Programme 2021-2022 to the Council during its Fifty-ninth Session; and
5. Request the Executive Director, in accordance with operative paragraph 6 of Decision 4(LVI), to present a new Biennial Work Programme for consideration and approval to the Council during its Fifty-ninth Session.

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INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVIII)/17
11 November 2022

Original: ENGLISH

FIFTY-EIGHTH SESSION
7-11 November 2022
Yokohama, Japan (Hybrid Session)

DECISION 3(LVIII)

MANAGEMENT OF THE ADMINISTRATIVE BUDGET

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Executive Director and her staff in exercising cost savings in the expenditures from the Administrative Budget for the year 2022;

Noting with concern the insufficient receipts of contributions to-date from Members to the Administrative Budget for 2022;

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

Recognizing that late payments can frequently arise from emergencies and global economic downturns and fiscal uncertainties in the future, and also recognizing that in 2021, a deficit of approximately US\$400,000 was incurred between expenditures under the approved Administrative Budget and assessed contributions received from Members, and that the receipts of contributions from Members to the Administrative Budget for the remainder of 2022 might fall short of the estimated total expenditure for 2022;

Taking into account the serious difficulties faced by some producer members in paying their assessed contributions to the Administrative Budget and/or arrears, and noting the urgency to explore ways to find a sustainable solution to this problem;

Recalling Decision 3(LVII) which authorizes the Executive Director to transfer, if necessary, such as in emergency situations, an amount not exceeding 10% of the approved budget from the Working Capital Reserve annually to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization, and established a virtual intersessional group to make recommendations on the management of the Administrative Budget;

Further noting the recommendations made by the virtual intersessional working group established under Decision 3(LVII) contained in its report (Document ITTC(LVIII)/4) discussed during the 58th Council Session, and the open and frank exchange held during the 37th Committee on Finance and Administration including the importance of considering innovative incentive mechanisms to prompt members to pay contributions and/or pay arrears where applicable to the administrative budget;

Decides to:

1. Authorize the Executive Director to transfer, if necessary, such as in extraordinary and emergency situations, an amount not exceeding 15% of the approved budget from the Working Capital Reserve, with immediate effect, to meet any shortfall of funds to ensure continuity of operations in the event of a temporary shortfall of cash and implement the work programme of the Organization, as long as expenditures stay within the approved annual budget; and request the Executive Director to provide an annual update on drawdowns from the Working Capital Reserve to the Committee on Finance and Administration (CFA) at the Council Sessions;

2. Request the Executive Director to reflect paragraph 1 in Rule 5 of the Financial Rules and Regulations, maintaining the requirements to report to the CFA, through its Chair, on a timely basis with regards to any drawdowns from the Working Capital Reserve; and to restore any drawdowns from the working capital reserve from contributions as soon as possible;
3. Approve the amendments to the Financial Rules and Regulations, as stated above and as contained in the Annex, to improve the cashflow of the Administrative Account.
4. Request the Secretariat to add information on the assessed contribution collection rate per year in the annual report to the CFA;
5. Request members to pay as early as possible, and in full, their contributions to the Administrative Budgets, including for 2022 and 2023, as well as all arrears in contributions from previous years, to prevent further depletion of the Organization's savings through the utilization of the Working Capital Reserve to meet the shortfalls in contributions;
6. Urge the Secretariat to continue to undertake appropriate cost saving and efficiency measures in accordance with ITTO rules, regulations, policies and decisions in relation to current and future Administrative Budgets;
7. Extend for one year the mandate of the virtual intersessional working group established in accordance with Decision 3(LVII) and to request the working group to submit an updated report for consideration of Council at its Fifty-ninth Session.

ANNEX

ORIGINAL TEXT

Financial Rules and Rules Relating to Projects of the International Tropical Timber Organization

Rule 5 : Administration of the Administrative Account

4. The Working Capital Reserve shall be used to receive:

- (a) any surplus of revenues over expenditures from the Administrative Account for the previous financial year as approved by Council;
- (b) any payments by members of their contributions to the Administrative Account that are received after the year in which they are due; and
- (c) the initial contribution of any member joining the Organization after the entry into force of the ITTA 2006, in accordance with Rule 4, paragraph 2 of these rules.

PROPOSED AMENDMENTS

Amendments to improve cashflow of the Administrative Account in order to allow arrear payments to be placed directly into the current operational account for the year in which it is received, and to allow flexibility for annual budgets to be used within the same financial biennium without being returned to the Working Capital Reserve at the end of the year

PROPOSED FINAL TEXT

Financial Rules and Rules Relating to Projects of the International Tropical Timber Organization

Rule 5 : Administration of the Administrative Account

4. The following funds shall be available in the Administrative Account to be used by the approved administrative budget for the current financial biennium:
- (a) any surplus of revenues over expenditures from the Administrative Account for the previous financial year as approved by Council;
 - (b) any payments by members of their contributions to the Administrative Account that are received after the year in which they are due; and
 - (c) the initial contribution of any member joining the Organization after the entry into force of the ITTA 2006, in accordance with Rule 4, paragraph 2 of these rules.
5. The Working Capital Reserve shall be used to receive any surplus of revenues over expenditures from the Administrative Account for the previous financial biennium as approved by Council.



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTTC(LVIII)/18
11 November 2022

Original: ENGLISH

FIFTY-EIGHTH SESSION
7-11 November 2022
Yokohama, Japan (Hybrid Session)

DECISION 4(LVIII)

WORKING GROUP ON MATTERS PERTAINING TO ARTICLE 44 OF ITTA, 2006

The International Tropical Timber Council,

Recalling Article 44 of the ITTA, 2006;

Noting that the ITTA, 2006 entered into force on 7 December 2011, with an initial duration of ten years and was extended for a period of five years with effect from 7 December 2021 until 6 December 2026, in accordance with Decision 4(LVII);

Further noting the work and recommendations of the intersessional working group established under Decision 4(LVII) to assess the need for renegotiation and/or further extension of the ITTA, 2006 as contained in Document ITTC(LVIII)/5;

Recognizing that deliberations on these matters are complex, need to involve all ITTO members, and require time in order to obtain the necessary information for Council to take a decision;

Further recognizing the need to plan for the expiry of the ITTA, 2006 to allow adequate time and resources for determining, preparing and implementing any subsequent agreement;

Decides to:

1. Extend the mandate of the intersessional working group, established under Decision 4(LVII), for one year until the Fifty-ninth Session of the Council;
2. Request the intersessional working group with the support of the Secretariat to collect further views on whether members would support a renegotiation and/or a final extension of the ITTA, 2006 as set out in Article 44 paragraph 2 of the ITTA, 2006;
3. Request the intersessional working group, in close collaboration with the Secretariat, to draft preparatory roadmaps for both potential expiry dates and information on the procedural implications of expiry, extension and/or renegotiation of ITTA, 2006. The roadmaps should include the following elements:
 - a. a process and scope for consultative review of the ITTA, 2006 and related matters;
 - b. the composition and settings for a preparatory group for potential renegotiation;
 - c. cost estimates for key elements;
 - d. timing, including for renegotiations;
4. Request that the report of the intersessional working group, including recommendations, the roadmaps and any draft decisions, be provided to members no less than two months before the Fifty-ninth Session of the Council;

5. Request that the intersessional working group recommence its work no later than February 2023 and continue to meet virtually to substantially complete its work, and then take a decision on the need to meet in person to finalize its report;
6. Authorize the Executive Director to seek voluntary contributions to meet the financial requirements of this Decision, not exceeding US\$150,000. In the absence of sufficient voluntary contributions, the Executive Director is requested to use funds from the Working Capital Reserve.

* * *

ANNEX IV

REPORTS OF THE ASSOCIATED SESSIONS OF THE COMMITTEES

**Documents: CEM-CFI(LVI)/4
CRF(LVI)/5
CFA(XXXVII)/9**



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON ECONOMICS,
STATISTICS AND MARKETS**

COMMITTEE ON FOREST INDUSTRY

Distr.
GENERAL

CEM-CFI(LVI)/4
11 November 2022

ENGLISH ONLY

FIFTY-SIXTH SESSION
7-11 November 2022
Yokohama, Japan (Hybrid Session)

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

FIFTY-SIXTH SESSION OF THE

COMMITTEE ON ECONOMICS, STATISTICS AND MARKETS

AND THE COMMITTEE ON FOREST INDUSTRY

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Report

Appendix A: Report on the ITTO Annual Market Discussion – 2023

Appendix B: Statement of the Trade Advisory Group (TAG)

REPORT

1. Opening of the Session

The Fifty-sixth Session of the Committees was opened on 7 November 2022 at the Joint Session of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI), chaired by Ms. Anna Tyler (New Zealand), Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI). The list of participants is presented in document ITTC(LVIII)/Info. 2.

2. Adoption of Agenda and Organization of Work

The Agenda for the Joint Session of the CEM and the CFI as contained in document CEM-CFI(LVI)/1 was duly adopted. The CEM and the CFI met on 7 and 11 November 2022 to consider items 1, 2, 3, 6, 7, 8, 9B, 10, 11, 12, 13, 14, 15 and 16 of the Agenda. The Joint Session of All Committees met on 8 and 9 November 2022 to consider items 4, 5, 9A and 10 (i), (ii) and (iv) of the Agenda. The Joint Session of all Committees was co-chaired by Ms. Anna Tyler (agenda items 4 and 10 (i), (ii) and (iv)) and Ms. Siti Syaliza Mustapha (Chair of CRF, agenda items 5 and 9A).

3. Admission of Observers

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

4. ITTO Annual Market Discussion – 2022

The Committees noted the summary of the ITTO Annual Market Discussion – 2022, held in the Joint Session of All Committees on 8 November 2022, as contained in Appendix A. The theme of the Market Discussion was “Carbon markets and the timber industry: an opportunity for a paradigm shift?”. Mr. Barney Chan (TAG Co-coordinator) moderated the Market Discussion.

The following feature presentations were made during the Market Discussion (available at <https://www.itto.int/itc-58/presentations/>):

Ms. Celina (Kin-Yii) Yong, UNDP	<i>Overview of Forest Carbon Market in the context of Nationally Determined Contributions Implementation in Asia Pacific</i>
Mr. Ivan Tomaselli, ABIMCI, Brazil	<i>Is Managing Tropical Forests for Timber and Carbon a Fate or a Fake?</i>
Mr. Pierre Schueller, TERE Consultants, France	<i>Feasibility of Carbon Projects in Africa: Examples and Challenges</i>
Mr. William Augusto Llactayo León GIS Specialist, Peru	<i>LIDAR Technology and Carbon Inventory in Peru</i>
Mr. Nicholas Butcher, CarbonCrop, New Zealand	<i>Scaling New Zealand Native Forest Restoration with Carbon Credits and AI</i>

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

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

The Joint Session of All Committees considered the report of the Fifty-seventh Virtual Expert Panel for Technical Appraisal of Project Proposals presented by panel member Mr. John Leigh (Peru), as contained in document ITTC/EP-57 (presentation available at <https://www.itto.int/itc-58/presentations/>).

The Fifty-seventh Panel appraised 11 proposals, including three proposals i.e., PD 926/22 (I) ‘Promotion of Sustainable Domestic Consumption of Wood Products in Thailand’, PD 927/22 (F)

'Development of an Information System on the Potential for Wood and Carbon to Support Sustainable Forest Management in South Kalimantan, Indonesia', and PD 928/22 (I) 'Development of Sustainable Domestic Market for Wood Products', resulting from concept notes submitted under calls for concept notes under ITTO's new financing architecture in accordance with Decision 4(LVI). The Panel noted that:

- Five (5) project proposals (45 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1);
- Five (5) project proposals (45 percent of the total) will be sent back to proponents for essential revisions, rated as category 2; and
- One (1) project proposal (10 percent of the total) received a category 4, indicating that the Expert Panel does not commend it to the Committee for approval as it requires complete reformulation.

The delegate of Australia expressed appreciation for the comprehensive and clear presentation delivered by the Chair of the 57th Expert Panel for Technical Appraisal of Project Proposals. He noted the intention of Australia to propose an expert for the Expert Panel in 2023 to fill one of the positions to be filled by the consumer caucus.

6. New Projects

The Committees noted the projects that were approved in September 2022 under the time-bound electronic no objection procedures to accept Expert Panel ratings and circulated to member countries pursuant to Decision 6(XLIII), following the recommendations of the Expert Panel at its Fifty-seventh Meeting as follows:

Committee on Forest Industry		
PD NUMBER	TITLE	SUBMITTED BY
PD 926/22 Rev.1 (I)	Promotion of Sustainable Domestic Consumption of Wood Products in Thailand	Thailand
PD 928/22 Rev.1 (I)	Development of Sustainable Domestic Market for Wood Products	Indonesia

The delegate of Japan recognized the approval of the two new projects which will contribute toward a decarbonized society and help improve the contribution of the forestry sector to national economies. The delegate of Japan acknowledged the ITTO Secretariat for efficiently overseeing the development of the proposals that arose from concept notes and the Government of Japan confirmed that it would pledge funds at this Session to allow implementation of the projects. The delegate of Indonesia thanked the Government of Japan for its pledge of funding for PD 928/22 Rev. 1 (I). The Committees decided to recommend both of the above projects for immediate funding.

7. Review of Projects and Pre-projects in Progress

The Committees considered the Report of Projects and Pre-projects in Progress as contained in document CEM-CFI(LVI)/2 and took note of progress in the implementation of the following projects and pre-projects.

(A) Projects under implementation

Committee on Economics, Statistics and Markets

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

4. PD 913/20 Rev.3 (M) Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama

Committee on Forest Industry

1. PD 770/15 Rev.1 (I) Promotion and Sustainable Management of Lesser-Used Timber Species (LUTS) in the Moist Forests of the Departments of Atlantida, Colon and Northern Olancho in Honduras
2. PD 815/16 Rev.2 (I) Increasing Efficiency of Acacia Plantation and Timber Processing Industry in Vietnam
3. PD 922/21 Rev.1 (I) Promotion of Sustainable Domestic Wood Consumption in Vietnam

The Committees took note of the updates provided by the Secretariat on satisfactory progress in all the above projects and held discussions on the following project:

Committee on Economics, Statistics and Markets

1. PD 913/20 Rev.3 (M) Strengthening Forest Monitoring and Extending the Coverage of the Traceability System in Panama

The Committees were informed that this project, previously listed under "Project pending agreement" in the Agenda, was now under implementation since the Government of Panama had signed the project agreement on 7 October 2022 and the first disbursement of funds had been sent on 21 October 2022. A full progress report on the project will be provided to the next Session.

(B) Projects pending agreement

Committee on Forest Industry

1. PD 926/22 Rev.1 (I) Promotion of Sustainable Domestic Wood Consumption of Wood Products in Thailand

The Committees were informed that this project, previously listed under "Projects and Pre-projects pending financing" in the Agenda, arose from a concept note submitted under the call for proposals mandated by Decision 4(LVI). Following its approval through the no-objection process in September 2022, the Japan Forestry Agency committed to provide funding. Preparation of the project agreement will commence as soon as the pledge from Japan is formalized 1 at this Session.

2. PD 928/22 Rev.1 (I) Development of Sustainable Domestic Market for Wood Products (Indonesia)

The Committees were informed that this project, previously listed under "Projects and Pre-projects pending financing" in the Agenda, arose from a concept note submitted under the call for proposals mandated by Decision 4(LVI). Following its approval in September 2022, the Japan Forestry Agency committed to provide funding. Preparation of the project agreement will commence as soon as the pledge from Japan is formalized at this Session.

(C) Projects and Pre-projects pending financing

Committee on Economics, Statistics and Markets

1. PD 879/18 Rev.2 (M) Building the Capacity of the National Forest Information and Statistics System (Benin)

Committee on Forest Industry

1. PD 900/19 Rev.2 (I) Developing Gender Sensitive, Community-based Bamboo Industry Development to Support Sustainable Bamboo Resource Management and Conservation in Lake Toba Catchment Area (LTCA) of the North Sumatra Province of Indonesia
2. PD 912/20 Rev.2 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru
3. PPD 195/19 Rev.2 (I) Pre-project for a Feasibility Study on Processing and Valorizing Timber in Togo
4. PPD 200/21 Rev.1 (I) Capacity-building of Woodworking Artisans in Southern Benin

The Committees noted that projects PD 879/18 Rev.2 (M), PD 900/19 Rev.2 (I) and PPD 200/21 Rev.1 (I) would lose their approved status under the sunset provision of Decision 2(X) before the next session of the Committees. The Committees decided to recommend all of the above projects for immediate funding.

8. Report on Completed Projects and Pre-projects

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

Committee on Forest Industry

- PD 737/14 Rev.2 (I) Developing Supply Capacity of Wood-based Biomass Energy through Improved Enabling Conditions and Efficient Utilization of Degraded Forest Lands Involving Local Communities in North Sumatra Province of Indonesia

The representative of the project executing agency made a presentation to inform the Committee that all planned project activities were completed within the approved time and budget. While all planned activities were fully executed, planned outputs were only partially delivered, and the specific objective was achieved only partly due to partial delivery of Output 2 covering involvement and investment of the private sector in regional bioenergy development. The partial delivery of project outputs/objective was due to a lower than anticipated degree of interest in bioenergy by private sector interests in the project area.

This project aimed to increase the contribution of the forest sector to renewable energy supply and regional economic development through increased supply of wood-based biomass energy. Its specific objective was to improve enabling conditions for building up supply capacity of wood-based biomass energy in North Sumatra region by efficiently utilizing existing forest resources through development of energy forests on degraded lands involving local communities.

At project completion, activities implemented had contributed to improved enabling conditions for development of wood-based energy industry to support achievement of national policy objectives of green energy development through efficient utilization of available forest resources. Development of energy forests on degraded lands has led to reduced carbon emissions and at the same time opened up larger employment opportunities that augment incomes of local communities. In addition, operation of power plants for manufacturing of wood pellets or generation of electricity created employment, thus increasing income of local communities and reducing carbon emissions through reduced use of coal and fossil fuels. By achieving the specific objective and realizing investment in wood-based biomass energy, the project significantly contributed to acceleration of economic growth, creation of employment and reduction of carbon emissions consistent with the basic principles of national economic development adopted by the government.

The US delegation commented on the partial achievement of the project's outputs and noted that a pre-project feasibility study would have been advisable to help achieve the forest energy investment targets of the project. The Secretariat provided an overview on the economic situation in the project area (North Sumatera Province) that was heavily impacted by the Covid-19 pandemic which resulted

in reduced interest and capacity of the local private sector to invest in the forestry sector, including bioenergy.

9. Ex-post Evaluation

(A) Ex-post Evaluation Reports

The Joint Session of All Committees considered this item. The Committees recalled the Secretariat's report at their last Session about a proposal from the Government of Japan to fund an ex-post evaluation of ITTO projects recently implemented and completed in Africa under the ITTO Strategic Action Plan 2013-2018 (extended to 2021), as a contribution for the Eighth Tokyo International Conference for African Development (TICAD-8) held in July 2022. A regional ex-post evaluation of 10 ITTO projects was accordingly carried out to assess achievements of completed ITTO projects in Africa with the aim to synthesize main relevant findings and outcomes for future forestry-related interventions by Japan and other donor countries in Africa. The following projects under the oversight of CEM-CFI were included in the regional ex-post evaluation:

Submitted by	Project ID	Title
Côte d'Ivoire	PD 692/13 Rev.1 (M)	Implementation and Operationalization of a National Information System for the Sustainable Management of Forest Resources
ITTO	PD 124/01 Rev.4 (M) Phase III Stages 1 and 2	Promotion of Sustainable Management of African Forests (ITTO/ATO)
Germany	PD 620/11 Rev.1 (M)	Development and Implementation of a Species Identification and Timber Tracking System in Africa with DNA Fingerprints and Stable Isotopes
Benin	PD 678/12 Rev.1 (M)	Establishment of a National Forest Statistics Information Management System in Benin
ITTO	PD 700/13 Rev.2 (M) Phase I Stage 1	Development of Intra-African Trade and Further Processing in Tropical Timber and Timber Products – Phase I Stage 1 (ITTO)

The Committees took note of the report of the ex-post evaluation of these projects contained in document ITTC/JC-02, as presented by the consultant Prof. Jurgen Blaser (presentation available at <https://www.itto.int/itcc-58/presentations/>). The impact of ITTO's relatively small projects (compared to much larger projects funded by bodies like the GEF) was highlighted.

(B) Selection of Projects for Ex-post Evaluation

The Secretariat informed the Committees that the current balance available following consultation with donors on remaining monitoring and evaluation funds from completed projects for CEM is US\$61,531 and for CFI US\$15,000. It recommended that members review the table of recently completed projects contained in document CEM-CFI(LVI)/1 with a view to making recommendation(s) for ex-post evaluation(s).

The Committees duly selected the following projects for ex-post evaluation:

1. PD 599/11 Rev.1 (M) Development and Testing of National Forest Stock Monitoring System (FSMS) with Improved Governance Capabilities at all Levels of the Forest Administration
2. TFL-PD 037/13 Rev.2 (M) Implementing a DNA timber tracking system in Indonesia
3. TFL-PD 044/13 Rev.2 (M) Strengthening of ANAM's management capacity to reduce illegal logging and trade in the eastern region of Panama (Bayano and Darien) through monitoring and control mechanisms
4. PD 600/11 Rev.1 (I) Model Capacity Building for Efficient and Sustainable Utilization of Bamboo Resources in Indonesia

5. PD 737/14 Rev.2 (I) Developing Supply Capacity of Wood-based Biomass Energy through Improved Enabling Conditions and Efficient Utilization of Degraded Forest Lands Involving Local Communities in North Sumatra Province of Indonesia

10. Policy Work

Four issues/activities under the CEM and two issues under the CFI were considered by the Committees.

Committee on Economics, Statistics and Markets

(i) Market Access

The Joint Session of All Committees considered this item. The Secretariat reported on developments relating to market access for tropical timber in 2021, including on the following major legislative instruments: the EU Timber Regulation, the proposed regulation to curb EU-driven deforestation and forest degradation, the U.S. Lacey Act Amendments, the draft U.S. Legislation of 'Fostering Overseas Rule of Law and Environmentally Sound Trade' (FOREST) Act, the Illegal Logging Prohibition Act of Australia and the Clean Wood Act of Japan, which are regulating timber entering into these markets. In addition, the update also covered legislative developments in other important timber markets, such as the Korean Revised Sustainable Use of Timber Act, Chinese Forest Law Amendment and Viet Nam - EU VPA/FLEGT Agreement, as well relevant developments from the 73rd session of the Standing Committee of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). The presentation made by the Secretariat is available at <https://www.itto.int/ittc-58/presentations/>.

(ii) Forest and Timber Certification

The Joint Session of All Committees considered this item. The Secretariat reported on recent developments in forest certification in ITTO producer member countries. In 2021, the total area of certified forests in ITTO producing members was 36.4 million hectares, slightly increased from 2020, accounting for 6.5% of the world total. The number of chain of custody certificates in ITTO producer countries increased 10% to 5,484 in 2021 which accounted for 8.4% of the total in the world. The FSC certified forest area in ITTO producer countries reached 21.3 million hectares which was 9% of global FSC certified area, while the PEFC certified area reached 15.1 million hectares, accounting for about 4.6% of the world total of PEFC.

As Vietnam achieved its first certified forest area with PEFC in 2021, the certification statistics covered six national schemes: CERFLOR of Brazil, MTCS of Malaysia, IFCC of Indonesia, PAFC of Gabon, NCCF of India, and VFCA of Vietnam. The Pan African Forest Certification (PAFC) Congo Basin regional system, which includes PAFC-Gabon, PAFC-Congo and Cameroonian Association of PAFC, achieved PEFC endorsement and became the world's first PEFC-endorsed regional forest certification system. The presentation made by the Secretariat is available at <https://www.itto.int/ittc-58/presentations/>.

(iii) APEC EGILAT and ITTO collaboration

The Secretariat reported on the participation of ITTO's Executive Director at the 21st APEC EGILAT meeting, the 5th APEC Meeting of Ministers Responsible for Forestry (MMRF), and the 22nd APEC EGILAT meeting. At the 21st APEC EGILAT meeting, the ITTO Executive Director reported on the impacts of the Covid-19 pandemic in tropical regions and major markets for tropical timber. She also made presentation on ITTO's ongoing work to strengthen collaboration and information-sharing with its member countries and partners. ITTO's Executive Director delivered a keynote speech at the 5th APEC MMRF focusing on the importance of trade in ensuring that the true value of SFM in tropical forests is reflected along with the role of tropical forests in climate change mitigation and adaptation. The Executive Director made two presentations at APEC-EGILAT 22 on cross-organizational information exchange and an update on impacts of the pandemic on tropical timber trade.

(iv) Progress report on Independent Market Monitoring of FLEGT-licensed timber in 2022

The Joint Session of All Committees considered this item. The IMM consultants (Sarah Storck and George White) delivered a presentation on IMM work, informing the latest developments on Voluntary Partnership Agreements (VPAs), EU Timber Regulation (EUTR) related issues, trade perceptions and tropical timber trade flows to the EU. The presentation made by the consultants is available at <https://www.itto.int/ittc-58/presentations/>.

Delegates of Ghana, Indonesia and the European Commission (EC) expressed their appreciation for the work of the IMM following the presentation. The delegate of Ghana asked if there is any evidence of a price premium for FLEGT-licensed timber so far, noting that this could be an incentive for other countries in the FLEGT process to complete implementation. He further noted that from his own country's experience, not only is there no price premium but importers in the EU now tend to pay less than importers in other markets such as the US, further undermining the incentive to engage in FLEGT licensing. The IMM consultant agreed that there was no evidence of price premiums being paid for FLEGT licensed timber to date, and the benefits were more in terms of continued market access and simplified regulatory compliance, not only in the EU but also in other regulated markets which account for a growing share of world trade. The delegate of Ghana followed up by asking how VPA partner countries should address the "myth" that FLEGT is only about legality. The IMM consultant noted that many additional benefits have accrued to countries engaging in the VPA/FLEGT licencing process, including the development or improvement of timber legality assurance systems (TLASs), improved forest governance procedures, and improved forest management.

The delegate of Indonesia pointed out that their involvement in the VPA/FLEGT licencing process had led to twenty years of work on forest governance improvements but little reward so far in terms of increased share of trade, especially in EU markets. The VPA article committing the EU to creating a favorable market in the EU for FLEGT licensed timber has not been addressed very clearly in Indonesia's opinion. However, Indonesia believes that there have been intangible benefits, and that the VPA process has begun to improve the country's image from one with lots of irregular timber to one with good forest governance. Indonesia hopes its experiences will help more tropical countries to develop internationally respected TLAS systems.

The delegate of the EC noted that the IMM has undertaken very important work that the Commission and EU member states (the IMM project donors) find useful. He commented that reporting on perceptions from the market on the draft EUDR (as reported from the IMM trade survey) is speculative at this stage and not helpful. The EC looks forward to the final project steering committee to be convened in late November in Brussels.

The IMM presentation followed immediately after the update on Market Access provided under item (i) above, and shortly after the presentation of the TAG Statement (Appendix B) at the end of the Market Discussion. Since all these items touched on issues related to the proposed EU Deforestation Regulation (EUDR), a discussion ensued on this topic.

The delegate of Ghana suggested that due to its importance to the tropical timber trade, ITTC59 should devote an entire day to the subject of the EUDR and market access. The delegate of Indonesia stated that the EUDR is still unclear for his country, with particular concern about the proposed deforestation definition and how (and by whom) proposed country benchmarking would be carried out. Indonesia requested guidance from the EC/EU on how to comply with the draft regulation. Indonesia is also concerned whether the FLEGT VPA framework will continue to exist or whether VPAs will be transformed to Forest Partnerships or some other mechanism.

The delegate of the EC noted that deforestation is still an ongoing problem, and that international action so far has not been sufficient to address it. He noted that the world is witnessing a climate crisis and more urgent measures are required. The proposed EUDR is part of a wider package of EU Green Deal measures which aim to ensure EU consumption does not contribute to climate change. The EC delegate stated that there had been significant bilateral consultations with both producer and consumer countries during development of the EUDR proposal. A key consideration in drafting the law is to ensure it is non-discriminatory and compliant with international law. He stressed that as yet there is no 'new law' as referred to by some speakers – the proposed law is still being negotiated between the European Council and Parliament and has yet to be finalized, although this process is expected to be completed soon. He felt that speculation on the proposed EUDR before it is finalised is not productive or helpful.

In response to the concerns expressed by Indonesia and in the TAG statement, the delegate of the EC stressed that the EU are not walking away from FLEGT and are still signing VPAs and will honor existing commitments. The EU is building upon experience gained in implementing FLEGT to expand the focus from illegal logging to address the main drivers of deforestation more broadly. Although FLEGT has not been delivering at the speed that the EU would like, they are still committed to and engaging with the process. The delegate of the EC concluded his remarks by stressing that support for producer countries is a major component of EU policy, noting that the President of the EU Commission had just signed five forest partnership agreements involving significant support packages at UNFCCC COP28. He noted that deforestation and its impacts on climate change is a global issue that needs to be addressed globally.

The delegate of Brazil, in response to the statement from the delegate of the EC, noted that his country was not convinced by trade restricting measures that go against the principles of the ITTA. He reported that Brazil had made numerous comments to the EC/EU on the proposed EUDR, but that these had not been taken into account. He stated that the proposed EUDR must be consistent with multilateral agreements.

The delegate of Australia noted that based on his country's experience as both a commodity importer and exporter, complex elements of the proposed EUDR such as geolocation need to be introduced very early into a multilateral conversation. He suggested that ITTO is a good platform to discuss these issues. The delegate of New Zealand concurred and proposed that all countries should find ways to cooperate in multilateral fora such as ITTO, while recognizing national legislation and not acting unilaterally.

(v) Items for CEM Policy Work for 2023

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2023:

- Market access;
- Forest and timber certification;
- APEC EGILAT and ITTO collaboration;
- IMM progress report; and
- Selected ongoing activities under the Legal and Sustainable Supply Chain (LSSC) programme.

Committee on Forest Industry

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

The Secretariat made a presentation on the progress of BWP activity PP-A/54-331 'Enhancing Conservation and Sustainable Management of Teak Forests and Legality of Wood Supply in Greater Mekong Sub-Region'. The Project, funded by the Federal Ministry of Food and Agriculture of the Government of the Federal Republic of Germany (BMEL), is being implemented in five participating countries in the Mekong Sub-Region. The participating countries are Cambodia, Lao PDR, Myanmar, Thailand and Vietnam. The project has completed all of its activities and the project completion report and final financial report are being prepared. One of the project's outputs is a book entitled 'Teak in Mekong for a Sustainable Future'. The book contains 27 chapters written by 41 authors. The Committees welcomed the successful completion of this activity.

(ii) Analysis of TLAS and good forestry practices in China and Vietnam

The Secretariat reported the progress of BWP activity PP-A/56-342B 'Analysis of timber legality assurance systems and good practices in China, Myanmar, and Viet Nam for sustainable timber trade' implemented by the Institute for Global Environmental Strategies (IGES). The scope of the project has been refocused on case studies in China and Vietnam. To determine importers' interests, needs and challenges of dealing with these countries, 18 Japanese companies whose business types cover traders of timber and timber products, home builders, manufacturers of joinery and furniture, and retailers were interviewed. The interviewed companies import/use products from China and Viet Nam, including sawn timber, plywood, laminated veneer lumber (LVL), wood pellets, woodchips, wood joinery, flooring, paneling, and furniture (e.g. bed frames), using planted species or imported ones.

IGES has reviewed available statistical data to understand timber production and trade and analyzed the legal frameworks of China and Vietnam. More specifically, the project team has studied the amended Chinese Forest Law via desk review and conducted an interview survey with China's research organizations and industry associations. In collaboration with the local consultant in China, the project team has undertaken an interview survey with 35 Chinese companies. In the Vietnam component, in collaboration with the local consultant, the project team has studied the risk-associated timber products exported to Japan and the legal framework focusing on the Decree 102/ND-CP/2020 on Vietnam Timber Legality Assurance System. Currently the project team is preparing technical reports on these topics. The project team has been developing a research plan for the field survey (planned in November 2022) in collaboration with the consultants in Vietnam.

(iii) Items for CFI Policy Work for 2023

The Committee considered and agreed on the following items for discussion under its policy work agenda in 2023:

- Analysis of TLAS and good forestry practices in China and Vietnam; and
- Promotion of sustainable wood use in domestic markets.

11. Biennial Work Programme of the Committees for 2023-2024

The Committees noted that in order to align the BWP with the biennial administrative budget approval process, the Secretariat had proposed a one-year extension of the 2021-22 BWP. If this proposal is approved by Council, a new BWP for 2024-25 (coinciding with the 2024-25 administrative budget) will be presented for the consideration and approval of Council at its next Session in 2023.

12. Election of Chairpersons and Vice-Chairpersons for 2023

Following the usual consultations undertaken by the producer and consumer groups, Mr. Samuel Doe (Ghana) was elected as the Chairperson of the CEM and CFI for 2023. Dr. Catherine Karr-Colque (USA) was elected as Vice-Chairperson of the CEM and CFI for 2023.

13. Dates and Venues of the Fifty-seventh and Fifty-eighth Sessions of the Committees

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

The Fifty-eighth Session of the Committees will be held in conjunction with the Sixtieth Session of the International Tropical Timber Council in 2024.

14. Other Business

None.

15. Recommendations to the International Tropical Timber Council

- (i) The Committees recommended that funding be made immediately available for the following projects approved under the time-bound electronic no-objection procedure for the project cycle 2022:

Committee on Forest Industry

PD 926/22 Rev.1 (I)	Promotion of Sustainable Domestic Consumption of Wood Products in Thailand [US\$320,000]
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PD 928/22 Rev.1 (I)	Development of Sustainable Domestic Market for Wood Products (Indonesia) [US\$261,811]
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- (ii) The Committees recommended that funding be made immediately available for the following projects and pre-project approved at earlier Sessions:

Committee on Economics, Statistics and Markets

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

Committee on Forest Industry

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

PD 912/20 Rev.2 (I) Strengthening Technical and Business Management in the Timber Forest Industry of Peru [US\$385,706]

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

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

16. Report of the Session

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

APPENDIX A

REPORT ON THE ITTO ANNUAL MARKET DISCUSSION – 2022 “Carbon markets and the timber industry: an opportunity for a paradigm shift?” 8 November 2022, Yokohama, Japan

The theme of the 2022 Annual Market Discussion organized by the ITTO Trade Advisory Group (TAG) was: “Carbon markets and the timber industry: an opportunity for a paradigm shift?”.

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

Ms. Celina (Kin-Yii) Yong, UNDP	<i>Overview of Forest Carbon Market in the Context of Nationally Determined Contributions Implementation in Asia-Pacific</i>
Mr. Ivan Tomaselli, ABIMCI, Brazil	<i>Is Managing Tropical Forests for Timber and Carbon a Fate or a Fake?</i>
Mr. Pierre Schueller, TERA Consultants, France	<i>Feasibility of Carbon Projects in Africa: Examples and Challenges</i>
Mr. William Augusto Llactayo León GIS Specialist, Peru	<i>LIDAR Technology and Carbon Inventory in Peru</i>
Mr. Nicholas Butcher, CarbonCrop, New Zealand	<i>Scaling New Zealand Native Forest Restoration with Carbon Credits and AI</i>

The presentations were followed by a question and answer session with members of the Council. Following the event, Mr. Robert Tate (TAG) presented the TAG Market Statement (Appendix B). Presentations made during the 2022 ITTO Annual Market Discussion and the TAG Market Statement are available at <http://www.itto.int/ittc-58/presentations>.

Summary of Presentations

Celina (Kin-Yii) Yong

Overview of Forest Carbon Market in the Context of Nationally Determined Contributions Implementation in Asia-Pacific

At COP26, details were agreed on the processes and procedures that countries need to follow if they intend to access the carbon markets regulated by Article 6 of the Paris Agreement. The opportunities are many and this regulated market has great potential. However, countries must commit to meeting the guidance/rules of Article 6 and putting in place the necessary regulatory and institutional arrangements.

Government decision makers, particularly in developing countries, are often overwhelmed by the complexities of carbon markets. The increasing interest in carbon markets goes hand-in-hand with an explosion of actors and initiatives that seek to promote, regulate, or otherwise influence carbon markets in developing countries.

Depending on their interests and convictions, such actors seek support for investment proposals, represent carbon crediting programs, or promote bilateral and multilateral initiatives that are linked to voluntary carbon markets (VCMs), domestic crediting programs, or pilot transactions under Article 6 of the Paris Agreement. This proliferation of activities and interests exposes governments to requests and demands, with implications that are often poorly understood.

Ms. Yong outlined what the UNDP Climate and Forests does to assist countries to understand and implement the Paris Agreement under which each party to the Agreement is required to establish their nationally determined contribution (NDC). Eighty-five per cent of countries with NDCs now indicate they may use international market mechanisms to reduce greenhouse gas emissions.

Ivan Tomaselli

Is Managing Tropical Forests for Timber and Carbon a Fate or a Fake?

Latin America accounts for around 25% of the total global credits issued to date and 80% are related to REDD+ and forestry credits traded in the voluntary market. Carbon credits from areas managed for timber production offer an important additional source of revenue as demand for carbon credits is growing but forest owners and the timber industry are struggling to develop and register projects to create carbon credits.

In Latin American countries there is a growing interest in carbon credits across different economic sectors as well as transactions between countries aimed at emission reduction and achieving net zero emissions. For the forest sector in Latin America, REDD+ and other forestry-related projects are the main schemes offering access to the carbon market.

Latin American countries are expanding participation in both compliance and voluntary carbon markets with Colombia, Mexico, Chile and Argentina the front-runners in compliance with carbon pricing instruments (CPIs). In Brazil there are mainly voluntary carbon projects in forests managed for timber production.

The estimated potential annual carbon credit generation in Latin America, considering the existing managed forest areas for timber production, is around USD2 billion per year. Carbon prices are increasing due to increasing demand and revenues are expected to be even higher.

Pierre Shueller

Feasibility of Carbon Projects in Africa: Examples and Challenges

The Congo Basin forest area extends over 6 countries and covers about 240 million ha. of which 89 million ha. is primary forest. There is a growing interest among companies operating in the Congo Basin for business diversification through carbon trading, but most players are not well informed of the mechanisms in carbon markets or the rules and criteria for the realization of a carbon trade.

REDD+ has attracted significant funding opportunities in many African countries and examples of forest carbon project initiatives are seen in the Rep. of Congo and DRC. The main challenge is removing the technical barriers to carrying out carbon projects in Africa and determining ownership of carbon credits. This is a very sensitive issue and governments generally define how and what proportion of the share of credits generated is distributed. There is a need for dialogue with governments on ownership of carbon credits, revenue sharing mechanisms and taxation.

The forestry sector in Africa needs to better understand the functioning of carbon market mechanisms and the setting up of projects which are complex with many procedures, long completion times and high initial costs. It is the objective of the ATIBT Carbon and Biodiversity Commission to support and raise awareness among forestry companies on developing carbon markets.

William Augusto Llactayo León

LIDAR Technology and Carbon Inventory in Peru

Remote sensing technologies are widely used to provide solutions on mapping and monitoring above-ground carbon. In Peru, new research is being utilized, including machine learning and Light Detection and Ranging (LiDAR, a remote sensing method) combined with high spatial and temporal resolution satellite imagery.

Data from the Peru Flight Surveys (GAO), Planet satellite imagery and other ancillary data were compiled to provide an estimate for above-ground carbon for each hectare of forest in Peru. Using a strategic and cost-effective combination of LiDAR sampling, tactically placed field calibration plots, freely available satellite data, and a new geostatistical modeling approach, it has been shown that a high-resolution geography of above-ground carbon stocks can be revealed for a large and environmentally complex country such as Peru. This new carbon-geography also includes spatially explicit maps of uncertainty, which are essential in decision-making for conservation, management and policy development efforts associated with ecosystems and societal use of lands.

Tropical forests are an important asset in mitigating climate change by limiting carbon dioxide concentrations in the atmosphere, but the tropics are hotspots of global land-use change, deforestation and forest degradation and this is estimated to contribute up to 10% of the world's total annual emissions.

Nicholas Butcher

Scaling New Zealand Native Forest Restoration with Carbon Credits and AI

Integrated solutions using Artificial Intelligence, remote sensing and automation are driving the NZ Emissions Trading System (ETS) and creating progress towards Nationally Determined Contributions (NDCs), the heart of the Paris Agreement, through increased forest carbon sequestration. For purposes of the United Nations Framework Convention on Climate Change (UNFCCC), 100% of the New Zealand (NZ) forest estate is 'managed forest' and monitored nationally.

To be credible, solutions through remote sensing, artificial intelligence and automation require integrity, transparency, traceability and auditability. Technology applied in NZ has had a positive impact and was reported as delivering over NZD20 million for carbon to landholders from an area of under 500,000 ha.

It was further reported that around 13 million tonnes of CO₂ sequestration was achieved in 2022, worth an estimated USD600 million at current prices. However, Mr. Butcher noted that this represents both a success and a failure because only 55% of estimated eligible forest is enrolled in the scheme, mixed land use participants have the lowest engagement, and indigenous biodiverse forests (a high policy priority) have the lowest registration rates. The reason for the slow uptake is due to the complexity of registration and compliance processes along with uncertainty on carbon yields and monitoring processes.

Discussion and interventions

The delegate from Peru congratulated speakers for their presentations on a very complex topic and pointed out that more time should be provided during the ITTC for such trade issues. He added there is a clear need to expand communication on carbon market development and it is not only policy makers that need to better understand the issue but also landowners. He suggested that the ITTC consider activities to build national capacity and understanding of carbon market opportunities.

The delegate from Malaysia supported the suggestion from Peru that the ITTC consider action on building national understanding and capacity on opportunities in carbon markets. The delegate raised the issue of the definition of 'forests' and asked whether there is a need for a common definition to advance carbon market development. In response Nicholas Butcher said that in New Zealand the Kyoto Protocol definition of forests has been adopted and acknowledged this may be different from the definition in the Paris Agreement.

The delegate from Togo returned to the issue of legal definitions pointing out that each country has its own forestry laws and regulations and asked if carbon markets can be developed within the framework of national legislation. Pierre Schueller responded that carbon market development in West Africa has been based on national legislation. He added that having a common definition could encourage more investment in forests for carbon sequestration.

Nicholas Butcher added that landowners can register to participate in the NZ Emissions Trading Scheme. Land ownership is well defined in New Zealand but in countries where this is not the case, carbon trading will be a challenge.

Celina Yong commented that one major issue in developing carbon markets is a requirement for legislation on benefit-sharing mechanisms and that this is a requirement for enjoying opportunities in the voluntary carbon market.

The delegate from the United States supported the suggestion that ITTO should include work on national capacity building on carbon markets so countries can better understand the opportunities and how they can prepare themselves. She suggested this could be achieved by including an activity in the Biennial Work Program. There are opportunities for ITTO to work with other international agencies to avoid duplication and ensure alignment with UNFCCC to advance understanding of carbon market opportunities in member countries.

The delegate from Germany asked why New Zealand opted for a national rather than voluntary carbon market approach. In response the delegate from New Zealand said the government found the national market was the best option at the time the Climate Change Response Act was adopted, which was some time ago in 2008, and was considered to attract most participants. She also added that when the Climate Change Response Act was adopted the voluntary market mechanism was not well developed.

The TAG Coordinator asked for an update on the New Zealand Farm Emission Policy. The delegate from New Zealand said that this aims to bring together the forestry and agricultural sectors on climate action. She said nearly half of New Zealand's greenhouse gas emissions come from agriculture with the main source

being digestive emission of methane. Through the Farm Emission Policy farmers will be required to pay for their agricultural greenhouse gas emissions and payments collected will be funneled back to support climate action by the sector.

The delegate from Myanmar complimented the speakers on their presentations and said there is a clear need for action to inform member countries on carbon market mechanisms and how they can seize the opportunities this market offers. He asked specifically on how New Zealand negotiates with landholders on benefit sharing. In response, Nicholas Butcher said that in New Zealand carbon projects are specific to each landowner so there is no requirement to negotiate because the benefits are paid to the individual landowners.

Trade statement

Mr. Robert Tate (TAG) read out a prepared statement to participants attending the Market Discussion. This statement is appended as it was presented in Appendix B.

Theme for 2023 Annual market discussion

The Trade Advisory Group (TAG) decided to defer its decision on the theme for the 2023 Annual Market Discussion. A theme will be conveyed to the ITTO Secretariat in advance of the next ITTC.

The 2022 Market Discussion was live-streamed on YouTube and is available at <https://youtu.be/YPs67tzAwI>.

APPENDIX B

STATEMENT OF THE TRADE ADVISORY GROUP (TAG)

Presented at the 2022 Annual Market Discussion by
Robert Tate (TAG)
8 November 2022

Chairman,
Ladies and Gentlemen.

The US dollar has appreciated 13% against the Euro and 6% since the start of this year. The Indian rupee has dropped nearly 10% this year against the dollar. The Vietnam dong has gone down 6% and Indonesian rupiah down 3%. South Korea won and Thailand baht are down more than 10%. China renminbi is trading near 14 year lows. The Malaysian ringgit is at its lowest in 24 years while the Japanese Yen is at its 32 years low.

The soaring dollar in 2022 is especially painful as it comes at a time of global inflationary pressures when prices were already soaring. Disruptions to energy and commodities caused by the Ukraine war made worse the COVID-19 recession and recovery. Inflation is at record highs in many countries.

It is against this dark backdrop that the tropical timber trade is bracing for what may lie ahead --- an economic recession.

(1) Europe

The tropical timber trade has every reason to support the objectives of the so-called EU Deforestation Law currently being considered by the European Council and Parliament. However, we are concerned that in the absence of any meaningful consultation with producer countries or trading partners, including those with which the EU has legally-binding partnership agreements, the law as currently drafted risks creating unnecessary technical barriers to trade, particularly for tropical countries. We note that even European forest and trade associations, have raised many questions on the how this law can be implemented in practice.

Our key concerns for the tropical timber trade and industry include the following:

1. Unlike the EUTR, the proposed deforestation law is not based on a legality standard that respects tropical countries laws, but prohibits products from legal as well as illegal deforestation. In other words, it is a unilateral approach rather than a cooperative one.
2. As such, it seems contrary to the principles of international law, as referenced in the ITTA, that States have "the sovereign right to exploit their own resources pursuant to their own environmental policies"
3. The new law would impose binding definitions of terms such as "deforestation" and "forest degradation". These terms are as yet not defined in an acceptable international arena. Depending on the definitions imposed by the EU, the new law could place significant constraints on tropical countries' ability to develop new forest plantations even on degraded forest lands.
4. The new law would impose an untested requirement for geolocation to be identified for all consignments of regulated products placed on the EU market, irrespective of the level of country risk, with significant potential to raise trade barriers, particularly for smallholders and composite products.

We believe the EU should avoid using these new regulations to curb free and fair trade, and improve on its communication with the stakeholders, including from outside of the EU, to assess the challenges faced by businesses towards compliance.

We urge Council to seek clarity. Is the EU walking away from its FLEGT by stealth? Producers have already invested heavily into FLEGT commitments and are shocked that EU is now shifting the goalposts.

(2) Plantations

Industrial tree plantations are needed to augment supply of raw material to the timber industry as well as planned climate change mitigation efforts by some countries.

It is believed that the rate of establishment in the tropics has been hampered by a lack of readily available and reliable information. And it seems in the lack of such information, investors turn to planting agriculture commodities instead of trees for a more assured financial return. Tree plantations need investment, training of personnel and establishment of nurseries.

ITTO can show leadership to champion tree plantations, by taking the following actions:

- Survey existing tree plantations in ITTO members of the three tropical regions, collecting real-time data on species, planting spacing, growth rates, soil specifics, production volumes, utilisation volumes, cost analysis, and so on.
- Using the data collected, design a database with appropriate menus for users to access data from actual plantations (good or bad) so as to make optimal commercial decisions in choice of species, sites, expected returns, planting plans, etc.

We urge ITTO to publish a Plantation Handbook containing all relevant technical and financial information specifically aimed at those investors who are going to plant trees.

(3) Carbon trade.

There are various estimates of the global Voluntary Carbon Offsets market, ranging from one to two billion US dollars a year. Reportedly, nearly 500 million credits, or tons of carbon, were traded in 2021 at an average price of US\$ 4 per ton. Whatever the actual figures are, these are indeed huge numbers! The question is, how much of the offsets money are going into our Members?

As we have just heard, from the experts in the Market Discussion, there are relatively very few carbon related projects in ITTO Producing Countries, in all the three global tropical regions.

The mechanisms in carbon markets are complex and not readily understood. Even the basics of Carbon Credits and Carbon Offsets are not understood by government officials who are not familiar with developments in the UNFCCC. Many, if not most officials, in Producing Members do not know how to set up such projects

There is a desperate need to disseminate information and guidance on the opportunities to Producing Members, and at the same time provide strategic advice and technical assistance. A specific challenge is to orient companies towards carbon projects without losing sight of SFM. National institutions need to be strengthened and different stakeholders engaged in the process.

We urge ITTO to organise a Technical Training Workshop to address the weakness and shortcomings of Members so that they can participate in Climate Change mitigation while adding to their national revenue.

As the likelihood of a global recession looms, there is a risk that financial support for development projects in member countries will be reduced. This would be unfortunate as it is in difficult times that emerging economies need extra help, not less. If a recession comes and is prolonged, resource rich countries will be tempted to liquidate more of their natural resources to raise money and this spells danger for tropical forests. Not only do we need to tighten our belts, we need to make sure we get the most out of whatever financial resources we have. And this means to invest in ITTO projects wisely for the good of all members.

TAG, as always, stands ready to work with Members and the Secretariat to formulate Concept Notes for our two suggested projects which will impact many Producer Members: a Plantation Handbook and a technical training workshop for Carbon Offsets.

Thank you.

Note: TAG can be contacted at ti@itto.int

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**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
REFORESTATION AND FOREST MANAGEMENT**

Distr.
GENERAL

CRF(LVI)/5
11 November 2022

ENGLISH ONLY

FIFTY-SIXTH SESSION
7-11 November 2022
Yokohama, Japan (Hybrid Session)

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

Item 1 - Opening of the Session

The Fifty-sixth Session of the Committee on Reforestation and Forest Management (CRF) was opened on 8 November 2022 by Ms. Siti Syaliza Mustapha (Malaysia), Chairperson of the CRF. The list of participants is presented in Document ITTC(LVIII)/Info.2.

Item 2 - Adoption of Agenda and Organization of Work

The Provisional Agenda for the CRF, as contained in Document CRF(LVI)/1 Rev.1, was adopted by the Committee. To expedite proceedings, the Agenda items 4, 6, and 9 were considered at the Joint Session of the Committees convened on 8 and 9 November 2022 in order to ensure that all agenda items are covered within the limited time available to the Committee. The Chairperson of the CRF proposed to organize the Session in the following order: Item 3, Item 5, Item 7, Item 8, Item 10, Item 11, Item 12, Item 13, Item 14, Item 15 and Item 16.

Item 3 - Admission of Observers

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

Item 4 - ITTO Annual Market Discussion - 2022

The Committee noted the summary of the ITTO Annual Market Discussion – 2022, held in the Joint Session of All Committees on 8 November 2022. The theme of the Market Discussion was “Carbon markets and the timber industry: an opportunity for a paradigm shift?”. Mr. Barney Chan (TAG Co-coordinator) moderated the Market Discussion.

The following feature presentations were made during the Market Discussion (available at <https://www.itto.int/ittc-58/presentations/>):

Ms. Celina (Kin-Yii) Yong, UNDP	<i>Overview of Forest Carbon Market in the context of Nationally Determined Contributions Implementation in Asia Pacific</i>
Mr. Ivan Tomaselli, ABIMCI, Brazil	<i>Is Managing Tropical Forests for Timber and Carbon a Fate or a Fake?</i>
Mr. Pierre Schueller, TERE Consultants, France	<i>Feasibility of Carbon Projects in Africa: Examples and Challenges</i>
Mr. William Augusto Llactayo León GIS Specialist, Peru	<i>LIDAR Technology and Carbon Inventory in Peru</i>
Mr. Nicholas Butcher, CarbonCrop, New Zealand	<i>Scaling New Zealand Native Forest Restoration with Carbon Credits and AI</i>

The Committee further noted the statement of the Trade Advisory Group (TAG) presented during the Market Discussion as contained in Appendix B to Document CEM-CFI(LVI)/4.

Item 5 - Policy Work

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

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

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

- The BMEL-LSSC Activity #3 had been implemented as a component of the German-funded BWP Activity, referenced as PP-A/55-334, under the ITTO Programme on Legal and Sustainable Supply Chains (LSSC). Its implementation is completed with the finalization and submission of the report on the regional strategy on forest landscape restoration (FLR) for promoting FLR-related policies in West Africa, as well as outreach materials, prepared by the team of national consultants working under the leadership of Prof. Juergen BLASER (Bern University of Applied Sciences, Switzerland) assisted by Prof. Kouami KOKOU (University of Lomé, Togo). Main results are summarized, here below.
- Six country-led studies on forest landscape restoration (FLR) had been prepared by national consultants for six ITTO member countries in West Africa (Benin, Cote d'Ivoire, Ghana, Liberia, Mali and Togo) under the guidance of the international lead consultant, Professor Juergen BLASER. National workshops, for the validation of these country-led studies, were held under the leadership of the regional consultant, Professor Kouami KOKOU, as experts from Switzerland could not travel to Africa because of the COVID-19 pandemic restrictions in 2020 and 2021.
- The completion report on the main achievements was submitted to the ITTO Secretariat.
- The TFU article titled "*Integrating smallholders into forest landscape restoration*" was published in the Issue 30 No.3/4 by the ITTO Communication and Outreach Unit, while other outreach materials (short video and PowerPoint presentations on country-led studies) were submitted to the ITTO Secretariat and forwarded to the financial donor (BMEL-Germany) as supporting documents of the abovementioned final report.

The Committee took note of the results and outcomes of this Policy Work related Activity showing the importance of promoting forest landscape restoration in relation to some relevant challenges linked to the climate change in West African countries.

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

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

- The BMEL-LSSC Activity #5 had been implemented as a component of the German-funded BWP Activity, referenced as PP-A/55-334, under the ITTO Programme on Legal and Sustainable Supply Chains (LSSC). Its implementation is completed with the finalization and submission of four training modules prepared by four consultants working under the supervision of Prof. Claude KACHAKA SUDI, regional coordinator of the network of forestry and environmental training institutions in Central Africa (RIFFEAC in French acronym).
- The BMEL-LSSC Activity #5 had been implemented on LSSC-related issues in ITTO member countries in the Congo Basin region (Cameroon, Central African Republic, Congo-Brazzaville, Congo-Kinshasa and Gabon) through the preparation of four training modules/curricula, which were reviewed by experts during the holding of validation workshops. These four LSSC-related training modules/curricula and related four consultants are, as follows:
 - Module/curriculum 1: Understanding deforestation-free [by Dr. Bonaventure LELE NYAMI]
 - Module/curriculum 2: Assessing legality and achieving accountability [by Dr. Felix KOUBOUANA]
 - Module/curricula 3: From legality to sustainability [by Dr. François HIOL HIOL]
 - Module/curriculum 4: Markets and access to markets [by Dr. Jean Marcial BELL]
- These four LSSC-related training modules/curricula are available in English, French and Spanish, on ITTO website, since 26 July 2022.
- The TFU article titled "Improving supply chains in Central Africa" was published in the Issue 31 No.2 by the ITTO Communication and Outreach Unit, while the validation workshop reports were submitted to the ITTO Secretariat and forwarded to the financial donor (BMEL-Germany) as supporting documents of the final report on the implementation of PP-A/55-334.

The Delegation of the United States of America (USA) acknowledged the important role played by legal and sustainable supply chains (LSSC) as a way for strengthening sustainable forest management (SFM) through the use LSSC-related training modules for capacity building in Congo Basin countries. Following the question from the Delegation of USA, the Secretariat informed the Committee that the impact of the outcomes of this BMEL-LSSC Activity #5 is beyond five ITTO member countries in Congo Basin (Cameroon, Central African Republic, Congo-Brazzaville, Congo-Kinshasa and Gabon) because the implementing agency (RIFFEAC) had

disseminated the training modules to all forestry training institutions operating in 11 Central African countries. The Delegation from Indonesia expressed the interest in having access to these LSSC-related training modules which could be considered as complementary to the criteria and indicators for sustainable forest management. The link facilitating to get access to these LSSC-related training modules in the ITTO website could be sent by the Secretariat to anyone upon written request. The Delegation from Papua New Guinea (PNG) virtually participated and congratulated the implementing agency (RIFFEAC) and the Secretariat for the development of these LSSC-related training modules that PNG could replicate and adapt to its context, as a contribution to promoting SFM and forest certification.

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

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

- The ITTO Guidelines for Forest Landscape Restoration in the Tropics were developed in 2020 with the support of many members of the Collaborative Partnership on Forests (CPF), including CIFOR, FAO, IUCN and IUFRO. To increase awareness and understanding of the ITTO FLR Guidelines a series of webinars was organized for Latin America and the Caribbean and the Asia-Pacific region in 2021 and 2022.
- The “ITTO FLR Guidelines” were well received and attracted the attention of the participants who attended the fifteenth meeting of the World Forestry Congress hosted by the Republic of Korea in May 2022 under the theme of “building a green, healthy and resilient future with forests.” During the 15th World Forestry Congress some ITTO projects on restoration were highlighted. These include the SFM project in Belem, Brazil showcasing the initiatives for timber production in community forests in the Amazon. This project emphasized the value of sound forest management practices, such as reduced impact logging, while also promoting entrepreneurship in the community. The mangrove project in Fiji featured the role of empowered women in the restoration of degraded mangrove forests in the Rewa Delta through community training and awareness-raising in six villages.
- In September 2022, in collaboration with the Asian Forest Cooperation Organization (AFoCO), a workshop on ‘Forest Landscape Restoration in the Asia-Pacific Region: Accessing Climate Change Finance and Carbon Benefits for FLR’ was virtually organized. This workshop was attended by 49 FLR policy and planning makers from 14 countries. It covered 2 keynote addresses and 6 sessions regarding Article 6 of the Paris Agreement, climate change financing mechanisms and carbon benefits synergized by FLR intervention by experts from Korea Forest Research Institute, Green Climate Fund (GCF), Food and Agriculture Organization (FAO), Kasetsart University, and Waseda University.

The Secretariat made a presentation on global teak supply chains highlighting the following:

- The Federal Ministry of Food and Agriculture of the Government of the Federal Republic of Germany (BMEL) established a partnership with ITTO to improve the conservation and sustainable management of teak forests and legal and sustainable teakwood supply chains in the Mekong region.
- The ITTO Mekong Teak Project Team actively participated in the 4th World Teak Conference which was held during 5 to 8 September 2022 in Accra, Ghana to share lessons learned from the implementation of the BMEL sponsored teak project in Mekong. During the 4th World Teak Conference, a special session was organized to launch a new teak book entitled “Teak in Mekong for a Sustainable Future.”
- In an overview of global teak supply chains, the highlights include:
 - Sustainable supply chains from plantation teaks will dominate global teak markets: Natural teak-growing countries contribute small portions in global supply chains.
 - Smallholders teak plantations will play an increasingly important role in global teak supply chains (e.g. in Java, Indonesia, 1.5 million smallholders manage 0.4 mil ha): Need to promote more streamlined government regulations and support systems.
 - The new world champion will be based on improved management to produce larger diameter and better-quality logs, high end markets and attractive design for new markets.

In the discussion, the Delegation of Togo said that teak, due to its excellent wood quality, has become a very interesting plantation species in the country and current practices include a 30-year rotation cycle of planted teak. It was noted that the rotation cycle for planted teak could be shortened to around 15 years. Regarding wood properties, he requested information on the quality of teak wood grown in short rotation cycles. The Secretariat responded that there is a growing need for more research on the quality of short-rotation teak wood, adding that the quality of 20 to 25 year old teakwood has been proven to be suitable for a

wide range of uses. He also noted that teak plantation owners would consider diversifying teak rotations to short, medium or long term, depending on the end user markets for teak products.

The Delegation of the United States acknowledged the promotional activities of the ITTO FLR guidelines at the 15th World Forestry Congress and the organization of ITTO FLR webinars. He said that the US Forest Service would be happy to share its public-private FLR models at future ITTO FLR events. He encouraged ITTO to work with the organizers of the UN Decade on Ecosystem Restoration 2021-2030 to ensure wider use of the ITTO FLR guidelines as a valuable input to contribute to ecosystem restoration.

The Delegation of Germany commended the Secretariat for the comprehensive report of the Mekong teak project working in several countries and the report of the 4th World Teak Conference in Ghana. He said that the challenge not only for teak, but also for other species, remains to produce the best possible quality in the shortest time. From the perspective of a consumer country, he said consumers are looking for the highest quality teak. As natural teak forests are disappearing, he highlighted the challenge of establishing plantations while sustainably managing the remaining forests. He commented that the properties of short rotation teak which have a high proportion of juvenile wood cannot be compared to teak grown in 40 or 50 years. He expressed interest in expanding the current Mekong teak project to improve silvicultural methods and tools to produce high quality timber as well as to improve economic models, especially to support smallholders to adopt longer rotations.

He pointed out that the German Development Agency has implemented numerous projects over the last decade in West Africa and elsewhere with the aim of producing high quality teak from long rotations. To solve the problem of the economic pressure on small holders and community forests for short rotations, he highlighted the importance of improving quality through silviculture and genetic improvements, as well as establishing economic models for teak growers that support the standing of part of their plantations for at least 30 years. He looked forward to the Secretariat's work in developing and promoting model plantation forestry in landscape restoration to help smallholders.

The Committee recommended that the Secretariat proactively promote the ITTO FLR guidelines to contribute to the achievement of the UN Decade on Ecosystem Restoration 2021-2030.

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

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

- In February 2021 ITTO and CBD renewed a MoU for a further five years until 2025 with the aim of supporting CBD Parties and ITTO member countries in the tropics in their efforts to conserve biodiversity, implement sustainable forest management, restore degraded forest landscapes and encourage the sustainable use of forest resources.
- The renewed collaboration between the CBD and ITTO will help countries develop technical expertise to enhance tropical biodiversity and the provision of ecosystem services in forest landscapes. The joint collaboration will also support capacity building to implement the ITTO/IUCN Guidelines for the Conservation and Sustainable Use of Biodiversity in Tropical Timber Production Forests and other relevant guidelines and policies of the CBD and ITTO.
- The Secretariat carried out a technical assessment of 16 projects implemented under the ITTO/CBD Joint Initiative. The results of the technical assessment of the ITTO/CBD Joint Initiative were reported at the previous session of the CRF in 2021.
- ITTO will organize a side event with the CBD Secretariat at CBD COP 15 at its second part in Montreal, Canada in December 2022 in order to share lessons learned from the implementation of the ITTO-CBD Collaborative Initiative. After COP 15, ITTO will revise the Programme Document on the ITTO-CBD Collaborative Initiative to support the achievement of the tropical forest-related goals and targets of the Post-2020 Global Biodiversity Framework.

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

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

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

- The draft set of ITTO C&I for sustainable forest management adapted to Africa context, was made available on the ITTO website, as Document CRF(LV)/6, for comments, until mid-December 2021. Based on the comments of the Secretariat, the final version was prepared by the international consultant (Richard EBA'A ATYI) and regional consultant (Olivier AHIMIN ADJE).
- The final version of the revised/adapted C&I was posted on the ITTO website for comments by ITTO Members, and by the deadline of 1 November 2022 there were no comments. The ITTO Secretariat is currently undergoing the translation (English/French, two ITTO working languages used by ITTO member countries in Africa) with final editing, layout, design and publication (in e-version due to the lack of funds for printing) to be completed by the end of 2022.
- The Secretariat informed the Committee that despite no new funding being made available for implementing this activity under the BWP 2021-2022, for revising and updating the 2006 ITTO Criteria and Indicators (C&I) for Sustainable Forest Management (SFM) to African context, the progress had been made using limited resources remaining from similar activities funded under previous BWPs.
- The ITTO Secretariat is seeking additional funds, for an amount estimated to US\$25,000, under the approved BWP activity (which was only partially funded) to cover the slight overspending as well as additional costs for final lay-out and printing of hard copies which are useful for the dissemination purpose in ITTO member countries in Africa.
- If additional funds are made available, the revised/adapted ITTO policy-related document on C&I will be used for additional work to disseminate and promote ITTO C&I for SFM in Africa.

The Chairperson commended the work of the international consultant (Richard EBA'A ATYI) and regional consultant (Olivier AHIMIN ADJE), and encouraged the ITTO donors to provide the Secretariat with additional funds for the publication of this important ITTO policy-related document and its dissemination in ITTO member countries in Africa.

**(vi) Prevention and management of forest fires
[PP-A/56-340-1 in Indonesia and PP-A/56-340-2 in Peru]**

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

- The Government of Japan financed two BWP-based forest fire activities in Indonesia and Peru for the continuation of the fire-related work in 2021 and 2022. These BWP-based forest fires activities have contributed to improving coordination and cooperation between national, regional authorities and local communities in the work to prevent and respond to forest fires while strengthening the capacity of government agencies, fire brigades and local communities.
- The forest fire activity in the ITTO Biennial Work Programme 2021-2022 aims to enhance synergies between ITTO forest fire projects and international mechanisms. More specifically this activity intends to assist the participation of ITTO forest fire related project teams/stakeholders in international forest fire meetings.
- ITTO is currently a member of the Global Wildland Advisory Group of the United Nations International Strategy for Disaster Reduction (UNISDR) and International Liaison Committee (ILC) of International Wildland Fire Conferences. ITTO provided support to the 6th International Wildland Fire Conference held in October 2015 in Korea by assisting the participation of 14 participants from ITTO member countries as well to the 7th International Wildland Fire Conference held in October 2019 in Campo Grande, Mato Grosso do Sul, Brazil.
- The 8th International Wildland Fire Conference will take place from 16 to 19 May 2023 in Porto, Portugal. This event aims to facilitate the sharing of knowledge and expertise concerning wildland fire policies, research and management. It will give guidance for national and cross-boundary policies to reduce the negative impacts of wildland fire on the environment and humanity.
- The ITTO Secretariat has continued its close collaboration with global forest fire institutes. ITTO developed Guidelines on Fire Management in Tropical Forests in 1997, which is an excellent attempt from the past. The ITTO Guidelines have served in the past and will continue in future with other guidelines developed later by WHO, FAO, and GFMIC.
- ITTO will continue to seek support for capacity building in fire management in Producer Member Countries through strengthening partnerships to develop a tropical forest fire prevention and management programme of the forest fire activity in the BWP 2021-2022 to be extended to 2023 and ITTO looks forward

to providing support to the 8th International Wildland Fire Conference (IWFC) in Portugal in May 2023 by assisting the participation of ITTO forest fire related project teams and organizing a side event to share ITTO experience in integrated forest management.

The Delegation of Germany enquired on ITTO's participation in the FAO/UNEP Global Fire Management Platform to promote integrated fire management and encouraged ITTO to partner with this Platform. The Secretariat responded that ITTO is working with partners as a member of the International Liaison Committee (ILC) of the 8th International Wildland Fire Conference and looks forward to the opportunity to collaborate with the Global Fire Management Platform.

The Committee was informed that the completion of the two BWP-based forest fire activities will be presented under the CRF agenda item 8 (Report on Completed Projects and Pre-projects).

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

The Joint Session of All Committees considered the report of the Fifty-seventh Virtual Expert Panel for Technical Appraisal of Project Proposals presented by panel member Mr. John Leigh (Peru), as contained in document ITTC/EP-57.

The Fifty-seventh Panel appraised 11 proposals, including three proposals i.e., PD 926/22 (I) 'Promotion of Sustainable Domestic Consumption of Wood Products in Thailand', PD 927/22 (F) 'Development of an Information System on the Potential for Wood and Carbon to Support Sustainable Forest Management in South Kalimantan, Indonesia', and PD 928/22 (I) 'Development of Sustainable Domestic Market for Wood Products', resulting from concept notes submitted under calls for concept notes under ITTO's new financing architecture in accordance with Decision 4(LVI). The Panel noted that:

- Five (5) project proposals (45 percent of the total) were commended to the Committee for final appraisal with minor modifications required (category 1);
- Five (5) project proposals (45 percent of the total) will be sent back to proponents for essential revisions, rated as category 2; and
- One (1) project proposal (10 percent of the total) received a category 4, indicating that the Expert Panel does not commend it to the Committee for approval as it requires complete reformulation.

The delegate of Australia expressed appreciation for the comprehensive and clear presentation delivered by the Chair of the 57th Expert Panel for Technical Appraisal of Project Proposals. He noted the intention of Australia to propose an expert for the Expert Panel in 2023 for one of the positions to be filled by the consumer caucus.

Item 7 - New Projects and Pre-projects

The Committee noted the projects and pre-projects that were approved under the time-bound electronic no objection procedures to accept the Expert Panel's ratings and circulated to member countries pursuant to Decision 6(XLIII), as contained in Annex to Document ITTC/EP-57, following the recommendations of the Expert Panel at its Fifty-seventh Meeting as follows:

Fifty-seventh Expert Panel

Category 1:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 915/21 Rev.2 (F)	Strengthening the Rehabilitation and Sustainable Management of Sacred Forests in Ramsar Sites 1017 and 1018 in Benin	Benin
PD 921/21 Rev.2 (F)	Support for the Conservation and Promotion of Forest Tree Seeds in Benin	Benin
PD 929/22 Rev.1 (F)	Developing Silvicultural Management Models for Forest Restoration Based on the Use of Seed Trees for the Establishment of Natural and Artificial Regeneration in the Province of Tahuamanu, Peru	Peru

Category 4:

PD/PPD NUMBER	TITLE	SUBMITTING COUNTRY
PD 923/22 (F)	Development and Sustainable Use of Green Areas with Tropical and Desert Native Species in the Mexicali Municipality of Baja California, Mexico	Mexico

Item 8 - Report on Completed Projects and Pre-projects

The Committee considered the completed projects contained in Document CRF(LVI)/2 and noted that seven projects, two pre-projects and four Biennial Work Programme-based activities were to be declared complete by the Council.

8.1 Completed Projects

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

The Committee took note that the project, which was funded by the Government of Japan, had been implemented by Papua New Guinea Forest Authority. The project aimed to create a model reforestation framework that encourages customary landowners in the lowlands of Central Province to reforest their grasslands with high value trees.

The Delegation of PNG made a presentation on the achievements of the project. He said that the project was able to create a reforestation framework that will continue to expand over time both within and beyond Central Province, leading to the gradual rehabilitation of under-utilized grasslands across PNG. The project contributed to the development of reforestation enterprises to promote an appropriate set of business models and production systems. In terms of implementing the project activities, the project performance was slow and lacked continuity, due to a series of internal and external administrative problems. For the efficient implementation of the project, it was noted that project implementation constraints should be clearly highlighted in regular progress reports and frequent review meetings are essential.

The Secretariat informed the Committee that the Completion Report, and Technical Reports had been delivered by the Executing Agency in accordance with the Project Agreement. The Final Financial Audit Report was submitted to the Secretariat, but this Audit Report received some inquiries from the Secretariat's assessment. The Committee therefore decided to consider the project PD 552/09 Rev.1 (F) as completed, subject to the satisfactory completion of the Final Financial Audit Report.

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

The Committee took note that the implementation of this project, which was funded by the Government of Japan, had mainly contributed to the capacity building of targeted youth stakeholders for their involvement in the entire process of forest landscape restoration (FLR): identification and selection of degraded forest landscape sites, establishment of nurseries for seedlings production, land preparation, reforestation with tree planting combined with selected food crops (using modified taungya agroforestry system), etc. These skills acquired through the project implementation had contributed to empower young women and men, involved in the project implementation, on FLR-related issues while contributing to the improvement of their livelihoods. The Committee also took note that the project intervention had sharpened the awareness and behaviour of young women and men with respect to FLR-related issues, enabling them to continue being part of the solution regarding FLR-related actions and activities in the Biakoye District, Volta Region, Ghana.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 653/12 Rev.1 (F) as completed.

3) PD 696/13 Rev.2 (F) Community Based Restoration and Sustainable Management of Vulnerable Forest of the Rewa Delta, Viti Levu, Fiji (Fiji)

The Committee noted that the project, which was funded by the Government of Japan, had been implemented by the Forest Department of Fiji to restore and sustainably manage degraded coastal and mangrove forests in the Rewa Delta (35,238 ha). The project trained and empowered six local communities to implement livelihood improvement activities to reduce overdependence on coastal and mangrove wetland resources. An area of 137 ha of degraded and deforested coastal mangrove wetlands had been rehabilitated through afforestation and reforestation using appropriate native species. Traditional knowledge and skills for the harvesting and conservation of main food sources found in mangrove ecosystems were well documented.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 696/13 Rev.2 (F) as completed.

4) PD 740/14 Rev.2 (F) Sustainable Forest Management Through REDD+ Mechanisms in Kampong Thom Province (Cambodia)

The Committee noted that the project, which was funded by the Government of Japan, had contributed to strengthening the capacity of government staff at the national and local levels to advance the monitoring of sustainable forest management to reduce deforestation and forest degradation in Tomring Forest in Kampong Thom province. In particular, the project increased the capacity of monitoring, reporting and verification (MRV) at the Cantonment level of the Forestry Administration and Community Forests through a series of training courses. Several technical reports and project leaflets were published in English and Khmer. Policy briefs highlighting the key findings of the project were published include:

- Assessment of existing benefit-sharing mechanisms in forestry and REDD+ projects for an effective national REDD+ incentive mechanism in Cambodia
- Design, implement and monitor REDD+ safeguards in Kampong Thom Province
- Development of a sustainable financing strategy for REDD+ in Cambodia
- Development of default values and adjustment of forest reference emission levels in Kampong Thom province

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 740/14 Rev.2 (F) as completed.

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

The Committee noted that the project, which was funded by the Government of USA and CBD Secretariat, had been implemented by National Forest Institute (INAB), Guatemala. The project undertook forest landscape restoration actions in pilot restoration sites established in accordance with the guidance of the "ITTO Guidelines for the Restoration, Management and Rehabilitation of Degraded and Secondary Tropical Forests". The project focused on four strategic forest ecosystems that have been prioritized by the National Forest Institute (INAB) and the National Council for Protected Areas - cloud forests, dry forests, pine-oak forests and mangrove forests. The project achieved all its objectives and provided an example of how to apply the ITTO restoration guidelines at an operational level. The main lesson learnt during the implementation of the project was the importance of engaging with local communities and stakeholders to ensure the success of forest landscape restoration activities. Continued government support to the communities involved in the project will be required to assist them to manage and market products from the restored forests; once revenues from marketed products start to benefit local communities, restoration activities will be sustained into the future.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 765/14 Rev.4 (F) as completed.

6) PD 777/15 Rev.3 (F) Accelerating the Restoration of Cibodas Biosphere Reserve (CBR) Functions through Proper Management of Landscapes Involving Local Stakeholders (Indonesia)

The Committee noted that the project, which was funded by the Government of Japan, had been implemented by the Gunung Gede Pangrango National Park Authority, Indonesian Ministry of Environment and Forestry. The project aimed to restore the conservation and development functions of the Cibodas Biosphere Reserve (CBR) in West Java province of Indonesia. The CBR, which covers a total area of approximately 114,779 hectares, is one of the most important biosphere reserves in Indonesia, mainly due to its rich and unique biodiversity.

The Delegation of Indonesia made a presentation on the achievements of the project. He stated that the project had improved the conservation and sustainable management of biodiversity and ecosystems of the Cibodas Biosphere Reserve through reducing the threat to biodiversity in the core area, and promoting of the best land use practices in the buffer and transition zones. He highlighted that the commitments of the participating local communities have been substantially enhanced towards sustainable management of the CBR, recognizing that its landscapes are the sites for biodiversity conservation and sustainable livelihoods.

The Committee further noted that all requirements for the completion of this project have been met in accordance with the rules and procedures of ITTO. The Committee therefore decided to consider the project PD 777/15 Rev.3 (F) as completed.

7) PD 852/17 Rev.4 (F) Development of a Regional Strategy for the Restoration and Rehabilitation of Degraded Areas on the South Coast of Peru (Peru)

The Committee took note that the implementation of this project, which was funded by the Government of USA, had mainly contributed to improve the awareness and behavior of women and men with respect to the forest landscape restoration (FLR) issues in the project target areas in the South Coast of Peru, through the establishment of agroforestry plantations. The project also contributed to solve the problem of water supply through the installation of drip irrigation systems, as a way for improving the soil moisture retention capacity, which was crucial for the successful establishment of agroforestry plantations in the project target areas. The Committee also took note that the project implementation was an opportunity to demonstrate economic alternative opportunities for small farmers to be involved in the forest landscape restoration activities at a bigger scale with the support of SERFOR and other national and international donors.

The project coordinator, Mr. Jorge MALLEUX, made a presentation summarizing the main results and outcomes of this project. His presentation led to the comments made by the Delegation from Guatemala congratulating the project coordinator for sharing interesting lessons learnt which could be used by her country, while the Delegation from USA commended the project's emphasis on gender equality and thoughtful inclusion of women for the project's activities. The United States called on ITTO to promote gender equality in all its project work, consistent with ITTO's guidelines on Gender Equality and the Empowerment of Women. The Delegation from Colombia expressed the interest on *Caesalpinia spinosa* and its multiple uses for communities involved in the project implementation. All these inquiries were addressed by the project coordinator.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Project Agreement. The Committee therefore decided to consider the project PD 852/17 Rev.4 (F) as completed.

8.2 Completed Pre-project

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

The Committee took note that this pre-project, which was funded by the Government of USA, had been implemented to carry out the study on selected species which was carried out in the Tahuamanu province, Madre de Dios region, in Peru. The findings have been summarized in a technical report providing useful information and data on the key species to be used for forest regeneration activities in the target area of the future project. The database of seedlings, with their characteristics, location within the area and the corresponding maps, as well as which concession or community they depend on, had been developed and compiled in the technical report submitted to the Secretariat. The Committee also took note that the

participation of the future beneficiaries and stakeholders, a project proposal had been prepared with the following tentative title “*Generating silviculture management models for the restoration of forests based on the use of seedlings for natural and artificial regeneration, in the Tahuamanu Province, Republic of Peru*” and it is expected to be submitted in the ITTO project cycle in due time.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Pre-project Agreement. The Committee therefore decided to consider the pre-project PPD 189/17 Rev.3 (F) as completed.

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

The Committee took note that this pre-project, which was funded by the Government of USA, had been the opportunity to gather main stakeholders in a preliminary consultation process for the purpose of sharing information on the pre-project and selecting the relevant ideas to be converted into the development of full projects to be submitted to Togo’s bilateral and multilateral partners, and international institutions. The Five out of six forest-related project proposals had been developed compliance with the international commitments of Togo in the areas linked with the country’s forest national policies and development programs, as well as in compliance the objectives and priorities of international partners, including international institutions like ITTO. These project proposals are considered as contribution to the list of projects to be subject to validation by the Government of Togo for submission to Togo’s bilateral (France, Germany, Japan, etc.) and multilateral cooperation partners (European Union, UNDP, etc.), as well as international institutions (FAO, GEF, ITTO, etc.), in due time for each Togo’s partner.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Pre-project Agreement. The Committee therefore decided to consider the pre-project PPD 196/19 Rev.1 (F) as completed.

8.3 Completed Biennial Work Programme-based Activities

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

The Committee took note that the implementation of this BWP-based Activity, which was funded by the Government of Japan (JFA), had mainly contributed to the compilation of four LSSC-related training modules, developed during the implementation of the BWP activity funded by Germany and referenced as PP-A/55-334 Activity #5, into a single module, through the work of the consultant François HIOL HIOL. The single module, validated by key LSSC-related stakeholders, had been disseminated in ITTO member countries in the Congo Basin (Cameroon, Central African Republic, Gabon, Congo-Brazzaville, and Congo-Kinshasa) through meetings organized by RIFFEAC and led by the abovementioned consultant. The Committee also took note that the draft TFU article tentatively titled “Dissemination of the unique module on legal and sustainable supply chains (LSSC) in Congo Basin countries” was submitted for publication by the ITTO Communication and Outreach Unit, in due time.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the Memorandum of Understanding governing the implementation of this BWP-based Activity. The Committee therefore decided to consider the activity PP-A/53-323 as completed.

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

The Committee noted that the Government of Japan (MoFA) funded this project through its emergency assistance for the effective management of forest fires in the tropics. The project had been implemented by intensive efforts of the Directorate of Forest and Land Fire Management, Directorate General of Climate change, Ministry of Environment and Forestry since January 2021.

Dr Israr Albar from the Executing Agency made a presentation on the main achievements of the project. He introduced that the project aimed to improve the prevention of forest and land fires through strengthening the management and technical capacity of stakeholders at the national level and three targeted provinces: South Sumatera, Central Kalimantan and South Kalimantan. His highlights include the following key outcomes of the project:

- Fire Care Community (Masyarakat Peduli Api) groups become the agent of change in forest and land fire prevention through best agriculture practices/sustainable agricultural and silvicultural management to their neighbourhoods and implementing zero burning practices.
- Improved performance of Forest and Land Fire Brigade (Manggala Agni) and government officials in forest and land fire management, and effective response to forest and land fires.
- Participation of all stakeholders in forest and land fire prevention is increased with improved coordination and communications on forest and land fire issues.

Dr Israr expressed the Executing Agency's gratitude to the Government of Japan for financing the project and to the Secretariat for close cooperation. The Delegation of Japan commented on the importance of the project in strengthening the capacity building of key stakeholders in addressing forest fires. She commended the achievements of the project despite the challenges of the COVID-19 pandemic.

The Committee further noted that all requirements for the completion of this project have been met in accordance with the rules and procedures of ITTO. The Committee therefore decided to consider the activity PP-A/56-340-1 as completed.

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

The Committee took note that the implementation of this BWP-based Activity, which was funded by the Government of Japan (MoFA), had mainly contributed to increasing/enhancing the motivation and ability of selected organizations and entities, involving hundreds of people, on the ways and means to prevent and respond to forest fires. Local community members had been sensitized and trained during the project implementation on awareness-raising and on relevant capacity building activities making them agents of change regarding fire prevention and response attitudes, which in turn should contribute to reduce human-induced forest fire and fire damage.

The Committee also took note that the consultant, Dr. Manoel SOBRAL FILHO, carried out the mid-term evaluation for supporting and guiding the implementing agency (SERFOR of Peru) leading to a smooth completion of this BWP-based Activity. He presented the main findings of the mid-term evaluation which can be summarized as follows:

- capacity building for stakeholders was impacted by the restrictions linked to the COVID-19 pandemic but the over 200 members had been trained and had their capacity enhanced to respond to forest fires
- increased capacity of the SERFOR and other Peruvian state agencies to plan and implement prospective, correctional and response measures to improve their forest fire management work
- The training and capacity building may also lead to economic gains to local producers that adopt alternatives to fire to deal with residues, such as using waste for composting/fertilizers, as taught/promoted in the project
- SERFOR's enhanced capacity and the training tools and platforms strengthened/developed will facilitate scaling up of training/capacity building, including for the country departments not covered by the project
- High rotation of the key project implementing team members also impacted the smooth implementation of this BWP-based activity, in addition to the restrictions linked to the COVID-19 pandemic in Peru.

For a 12-month project, the duration is not enough for a final judgment on the abovementioned effectiveness and impacts of the training/capacity building. An in-depth assessment of effectiveness and impact could be conducted in an ex- post evaluation which, if deemed desirable, may be planned for some time after the completion of this BWP Activity.

Then, the consultant, Mr. Jorge MALLEUX, made a presentation on the main outcomes of the BWP-based Activity PP-A/56-340-2 which can be summarized as follows:

- improving coordination and cooperation between national, regional authorities and local communities in the work to prevent and respond to forest fires.
- increasing awareness on the value of forests and on the importance of forest fire prevention and response, particularly among rural communities.
- strengthening the capacity of government agencies, fire brigades and local communities to prevent and respond to forest fires.
- elaborating, validating, and making available protocols on forest fire prevention and forest fire response.

- strengthening the volunteer fire brigades in the 5 departments covered by the project, through training focused on forest fire response and provision of appropriate vestments.
- involving local and/or indigenous communities in fire prevention and response networks.
- Strengthening SERFOR'S Geographical Information and Remote Sensing systems and services and enhancing and improving the overall efficiency and effectiveness of the country's forest fire monitoring system.
- The training offered to fire brigades was successfully implemented, attracting a large number of participants, with 287 people initially registered to attend the virtual and presential training events. Moreover, out of the 287 registered people, 209 attended all 4 training events conducted in this training/capacitation component.

Both presentations were followed by the comments made by the Delegation from Japan congratulating both consultant for contributing to the smooth completion of this BWP-based Activity, and then by the Delegation from USA suggesting improved communication between implementing agencies through the existing interagency fire management working group, consisting of SERFOR, the Volunteer Fire Department, Natural Protected Areas Service, and the National Institute of Civil Defense, as well as connecting with existing partner initiatives, such as the USAID/US Forest Service South American Regional Fire program.

The Secretariat informed the Committee that the Completion Report and Technical Reports have been submitted. However, an independent financial auditor is interacting with the implementing agency (SERFOR) for the finalization of a satisfactory Final Financial Audit Report. This is a pre-requisite to declare the BWP-based Activity PP-A/56-340-2 as completed in accordance with the rules of ITTO. Upon receipt of a satisfactory Final Financial Audit Report by the Secretariat, the BWP-based Activity PP-A/56-340-2 will be considered as completed.

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

The Committee took note that the implementation of this 12-month BWP-based Activity, funded by Soka Gakkai, had mainly contributed to the sensitization of main relevant stakeholders in both target prefectures (Blitta and Lacs) to share with them the objectives of this BWP-based Activity. Thus, the administrative and traditional authorities were informed about the importance of restoring forest landscapes degraded by human activities. The Committee also took note that the training sessions had been organized for more than 100 women on nursery for seedlings production and reforestation techniques, allowing them to establish 8 ha of modified Taungya-based plantations and 12 ha of agroforestry plantations combined with selected food crops. The committee further took note that the reforestation associated with food crops had not been only a tool for forest landscape restoration but also a way for improving food security and household incomes in women's communities.

The Secretariat informed the Committee that the Completion Report, Technical Reports and the Final Financial Audit Report had been delivered by the Executing Agency in accordance with the with the Memorandum of Understanding governing the implementation of this BWP-based Activity. The Committee therefore decided to consider the activity PP-A/56-341 as completed.

Item 9 - Ex-post Evaluation

(C) Ex-post Evaluation Reports
[Document ITTC-JC(LVI)/2]

The Joint Session of Committees considered this item. The Committees recalled the Secretariat's report at their last Session about a proposal from the Government of Japan to fund an ex-post evaluation of ITTO projects recently implemented and completed in Africa under the ITTO Strategic Action Plan 2013-2018 (extended to 2021), as a contribution for the Eighth Tokyo International Conference for African Development (TICAD-8) held on 27-28 August 2022, in Tunisia. A regional ex-post evaluation of 10 ITTO projects was accordingly carried out to assess achievements of completed ITTO projects in Africa with the aim to synthesize main relevant findings and outcomes for future forestry-related interventions by Japan and other donor countries in Africa. The ex-post evaluation work examined ten projects including five projects under oversight of CEM-CFI and five projects under oversight of CRF. It was carried out by Prof. Juergen BLASER as international consultant and Mr. Olivier AHIMIN as regional consultant. The following projects under the oversight of CRF were included in the regional ex-post evaluation:

Project ID	Title	Country/countries	Duration	ITTO budget (USD)
PD 456/07 Rev.4 (F)	Capacity building for sustainable management of tropical rainforests and biodiversity conservation in the ITTO Congo Basin countries	Cameroon, Central African Republic, Congo, Democratic Republic of the Congo, Gabon	2012–2019	3,890,681
PD 754/14 Rev.3 (F)	Rehabilitation and sustainable management of sacred forests on Ramsar sites 1017 and 1028 in Benin	Benin	2017–2020	541,031
PD725/13 Rev.2 (F)	Rehabilitation of degraded forest land in the Ahua forest reserve by the women members of association MALEBI in compensation for the forest resources removed to meet the need for fuelwood (charcoal and firewood)	Côte d'Ivoire	2016–2018	149,408
PD 419/06 Rev.3 (F)-Ext-TICAD5-Rev.1	Forest seeds management and conservation: rehabilitation and restoration of degraded forests with the involvement of local communities (refugees, internally displaced people and local populations)	Côte d'Ivoire	2013–2018	1,800,000
PD 530/08 Rev.3 (F)	Management of forests established through rehabilitation of degraded forests by local communities in Ghana (Phase 2 of PD 30/97 Rev.6)	Ghana	2012–2018	569,665

The Policy Brief titled “*Lessons for working well together in African forests*”, which summarizes the outcomes of the ex-post evaluation, was published and hundreds of hardcopies were printed out for distribution by the organizers of TICAD-8 to participants.

The Delegation of Japan commended both consultant for their good work which led to the findings presented at the Joint Session of Committees and thanked both consultants and the Secretariat for the publication of the abovementioned policy-brief to be largely disseminated.

The Committees took note of the report of the ex-post evaluation of these projects contained in document ITTC/JC-02, as virtually presented by the consultant Prof. Jurgen Blaser. The impact of these ITTO’s relatively small-size projects (compared to much larger projects funded by bodies like the GEF) was highlighted by the Chairperson of the Joint Session of Committees.

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

The Committee took note that shortlist of ex-post evaluations 2022-2023, as contained in document CRF(LV)/5, was approved by the Committee during its 55th Session. Some projects in the shortlist had been subject to assessment under the abovementioned regional group ex-post evaluation work for TICAD-8, including three completed projects dealing with forest landscape restoration (FLR) in African ITTO member countries. Therefore, the planning of the ex-post evaluation, in 2023, will give the priority to the Thematic Group Evaluation on Forest Rehabilitation / Landscape Restoration / Secondary Forest Management, excluding the three completed FLR-related projects already assessed under the abovementioned ex-post evaluation for TICAD-8.

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

[Document CRF(LVI)/3 Rev.1]

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

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

10.1 **Projects**

The Committee took note of the status of projects that had been approved by the Council, as contained in Document CRF(LVI)/3 Rev.1, categorized as: (A) projects under implementation (four projects); (B) projects awaiting implementation agreement (two projects) and (C) projects awaiting financing (twelve projects).

(A) Projects under implementation

The Committee noted that there were no issues of four projects currently under implementation and looked forward to the effective and successful implementation of these on-going projects in accordance with the rules and procedures of ITTO.

- 1) PD 452/07 Rev.5 (F) Sustainable Management of Production Forests at the Commercial Scale in the Brazilian Amazon – Phase II (Brazil)

The Delegation of Brazil thanked the Secretariat for the extension of the project implementation period until January 2023 allowing the implementing agency to complete some activities delayed by the restrictions linked to the COVID-19 pandemic in Brazil.

- 2) PD 764/14 Rev.3 (F) Enabling Customary Landowners to Participate Effectively in Community Forest Management Schemes Within 6 Pilot Areas of PNG (PNG)
- 3) PD 836/17 Rev.2 (F) Enhancing Capacity of Local Communities and Forest Administration to Effectively Implement Community Forestry Programme (CFP) in Kratie and Mondulkiri Provinces of Cambodia (Cambodia)
- 4) PD 849/17 Rev.2 (F) Increasing Commercial Reforestation Competitiveness in Costa Rica (Costa Rica)

(B) Projects awaiting implementation agreement

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

The Secretariat reported to the Committee on the progress made in establishing the project agreement as follows:

- This project was approved under the project cycle of 2014 and funded by the Government of Korea. The project aims to promote the effective implementation of sustainable management and conservation of the Giam Siak Kecil-Bukit Batu Biosphere Reserve (GSK-BR).
- The draft project agreement regulating the implementation of the project was sent to the Ministry of Environment and Forestry in April this year for review and signature.
- However, the Secretariat was informed that the review of all project agreements not only from ITTO but also from other international organizations has been delayed due to the lengthy internal procedure of the Ministry and the reorganization of the Ministry's institutions.
- The Secretariat was recently informed that the Minister of Environment and Forestry completed her initial review of the draft project agreement.
- The Korea Forest Service, the donor, has been concerned about the delay in project implementation. Therefore, the Secretariat looks forward to the early conclusion of the project agreement to facilitate the start of project activities before the end of this year.

The Delegation of Indonesia informed the Committee that the Implementing Agency revised the project document in Phase I and Phase II, taking into account the project funds available for immediate implementation. He looked forward to the implementation of Phase I and the funding of Phase II.

The Committee urged the Executing Agency to expedite the prompt conclusion of the signing of the project agreement for the start of the project.

2) PD 902/19 Rev.3 (F) Management of Upper Baram Forest Area for Conservation and Sustainable Development with Involvement of Local Communities, Upper Baram, Sarawak, Malaysia (Malaysia)

The Secretariat reported to the Committee on the progress made in establishing the project agreement as follows:

- The project was approved under the project cycle of 2020. During 2021, the project was partially financed with an amount of US\$556,083, leaving an outstanding balance of \$258,045. Donors to the project include the Bruno Manser Funds, City of Basel (Switzerland), Japan, and the Unearmarked Fund of the Bali Partnership Funds.
- The project aims to manage the Upper Baram Forest Area, including Penan Peace Park, for biodiversity conservation and socio-economic development for the benefits of local communities.
- The Submitting Agency, Forest Department Sarawak, revised the project document to implement field activities based on the secured funds of US\$556,083 without waiting for full funding. This revised project document was approved in October 2022 through an online no-objection procedure.
- The draft project agreement governing the implementation of the project was sent to the Malaysian Ministry of Plantation Industries and Commodities in October 2022. The project will start as soon as the project agreement is finalized.

The Committee urged the Executing Agency to expedite the prompt conclusion of the signing of the project agreement for the immediate commencement of the project.

(C) Projects awaiting financing

The Committee noted that the following twelve projects approved at earlier and current sessions were still awaiting funding, out of which five projects with an asterisk (*) will be sunset between the 56th and 57th CRF Sessions if funding is not made available.

The Committee noted that PD 903/19 Rev.2 (F) in Malaysia and PD 916/21 Rev.1 (F) in Columbia were partially funded. The Delegation of Columbia informed the Committee that Colombia is fully committed to improving sustainable forest management and that PD 916/21 Rev.1 (F) had been prepared to support the conservation, restoration and management of strategic ecosystems in the region of the Colombian Pacific. He thanked the United States for its partial funding to PD 916/21 Rev.1 (F) and looked forward to more donor support for the implementation of project activities with local communities and academic groups. The Delegation of Guatemala acknowledged ITTO's support in promoting SFM and the marketing of forest products. He drew the attention of the Committee to the multiple benefits of forestry projects that help achieve SDGs and climate change. He encouraged donors to continue their support to the implementation of projects that contribute to conservation and sustainable development.

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

- 6) PD 890/18 Rev.3 (F)* Rehabilitation of the Upper Bandama Gazetted Forest in the North of Côte d'Ivoire with the Participation of the Local People (Côte d'Ivoire)
- 7) PD 903/19 Rev.2 (F) Management of Sungai Menyang Conservation Area for Orangutan Protection and Uplifting Community Livelihood, Sarawak, Malaysia (Malaysia) [Partial funding \$121,903.50]
- 8) PD 905/19 Rev.2 (F)* Providing Support for the Sustainable Management of the Fosse-aux-Lions Gazetted Forest in the Savanna Region in Togo (Togo)
- 9) PD 915/21 Rev.2 (F) Strengthening the Rehabilitation and Sustainable Management of Sacred Forests in Ramsar Sites 1017 and 1018 in Benin (Benin)
- 10) PD 916/21 Rev.1 (F) Pilot Sustainable Management Systems for Secondary Natural Forests in the Collective Afro-descendant Community Territory of the Bajo Calima Community Council, Municipality of Buenaventura, Colombia (Colombia) [Partial funding \$150,000.00]
- 11) PD 921/21 Rev.2 (F) Support for the Conservation and Promotion of Forest Tree Seeds in Benin (Benin)
- 12) PD 929/22 Rev.1 (F) Developing Silvicultural Management Models for Forest Restoration Based on the Use of Seed Trees for the Establishment of Natural and Artificial Regeneration in the Province of Tahuamanu, Peru (Peru)

10.2 Pre-projects

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

(A) Pre-projects under implementation

The Committee noted that there were no issues of one pre-project currently under implementation.

- 1) PPD 201/21 Rev.1 (F) Study for Capacity Building of Private and Community Tree Farmers in Benin (Benin)

(B) Pre-projects awaiting implementation agreement

None.

(C) Pre-projects awaiting financing

The Committee noted that one pre-project was still awaiting funding. This pre-project will become sunset between the 56th and 57th CRF Sessions.

- 1) PPD 198/21 Rev.1 (F)* Study for the Restoration and Sustainable Management of Gallery Forests in the Mono Delta Biosphere Reserve in Benin (Benin)

10.3 Biennial Work Programme-based Activities

The Committee noted that there were no issues of the two BWP-based activities currently under implementation.

- 1) PP-A/56-341-A Support for Women's Groups with the Restoration of Forest Landscapes in the Prefectures of Blitta and Lacs, Togo – Phase II
- 2) PP-A/56-342-A Strengthening SFM Standards and Timber Legality Framework in Myanmar

Item 11 - Biennial Work Programme of the Committee for 2023-2024

The Committee noted that in order to align the BWP with the biennial administrative budget approval process, the Secretariat proposed a one-year extension of the ITTO Biennial Work Programme for 2021-2022, which includes the strategic policy activities of the Committee.

Item 12 - Election of Chairperson and Vice-Chairperson for 2023

Ms. Alicia Grimes (USA) was elected as the Chairperson of the CRF for 2023. The Vice-Chairperson of the Committee for 2023 will be announced by the Producer Caucus at a later date.

Item 13 - Dates and Venues of the Fifty-seventh and Fifty-eighth Sessions of the Committee

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

The Fifty-eighth Session of the Committee will be held in conjunction with the Sixtieth Session of the International Tropical Timber Council in 2024.

None.

Item 15 - Recommendations to the International Tropical Timber Council

(A)The Committee recommended that funding be made immediately available for the following projects approved under the Project Cycle 2022:

Projects

PD 915/21 Rev.2 (F)	Strengthening the Rehabilitation and Sustainable Management of Sacred Forests in Ramsar Sites 1017 and 1018 in Benin [ITTO Budget: US\$ 512,402]
PD 921/21 Rev.2 (F)	Support for the Conservation and Promotion of Forest Tree Seeds in Benin [ITTO Budget: US\$ 447,072]
PD 929/22 Rev.1 (F)	Developing Silvicultural Management Models for Forest Restoration Based on the Use of Seed Trees for the Establishment of Natural and Artificial Regeneration in the Province of Tahuamanu, Peru [ITTO Budget: US\$ 1,061,040]

(B)The Committee recommended that an additional fund of US\$25,000 be made immediately available to support the publication of the ITTO C&I for sustainable forest management adapted to Africa context for wider dissemination.

Item 16 - Report of the Session

The Committee accepted this Report for submission to the Council.

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**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

**COMMITTEE ON
FINANCE AND ADMINISTRATION**

Distr.
GENERAL

CFA(XXXVII)/9
11 November 2022

Original: ENGLISH

THIRTY-SEVENTH SESSION
7 - 11 November 2022
Yokohama, Japan (Hybrid Session)

REPORT TO THE INTERNATIONAL TROPICAL TIMBER COUNCIL

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

Item 1: Opening of the Session

1. The Chairperson of the Committee on Finance and Administration (CFA), Mr. Björn Merzell of Sweden, welcomed all delegates to the Thirty-seventh Session of the Committee.

Item 2: Adoption of Agenda and Organization of Work

2. The Chairperson referred to the Provisional Agenda, as contained in document CFA(XXXVII)/1. He opened the floor for comments. As no issues were raised, the Committee adopted the Provisional Agenda.

3. The Chairperson proposed that the Committee take up the Agenda items one by one, as listed in the Provisional Agenda. The Committee accepted the approach.

Item 3: Admission of Observers

4. No applicants had been received by the deadline of 12 October, as shown in Document ITTC(LVIII)/Info.4. However, the Chairperson noted that two new observers (Kenya and the Japan Paper Association), who submitted their application past the deadline, had been accepted as observers during the Council Session. The Chairperson advised the Committee that the Council had admitted all applicants, as shown in document ITTC(LIII)/Info.3, which listed states, inter-governmental and non-governmental organizations applying for observer status.

Item 4: Approved Biennial Administrative Budgets for the Years 2022 and 2023

5. At its Fifty-seventh Council Session in December 2021, the Council had approved the draft Administrative Budget for the Biennium 2022 and 2023, [Document CFA(XXXVI)/2 Rev.1], in accordance with Article 19(4) of the ITTA, 2006. No revision has been made to this document.

6. The delegate of the United States of America (USA) asked the Secretariat whether there would be any reduction of expected expenditures on Salaries and Benefits resulting from the retirement of two senior positions expected in the year 2023. The Secretariat explained that there was unlikely to be much change because the positions would be filled subsequently and similar levels of expenditures were projected.

7. Since there were no other comments, the Committee concluded that no changes would be made to the budget for the financial biennium 2022-2023, as set out in Document CFA(XXXVII)/2.

Item 5: Review of Contributions to the Administrative Budgets

8. Document CFA(XXXVII)/3 dated 1 October 2022 detailed the status of members' contributions to the Administrative Budgets for the financial years from 1986 to 1 October 2022, including assessments, receipts, interest charges, and arrearages in contributions. In 2022, \$1,456,710 had been received from producer members out of the total net assessment of \$3,299,463; and \$3,621,645 had been received from consumer members out of the net assessed amount of \$3,765,305.

9. The arrearages in contributions to previous years' budgets from producer members amounted to \$7,882,256.50 and arrearages from consumer members amounted to \$461,465.00. The amount outstanding from this year's assessment was \$1,842,753 for producer members and \$143,660 for consumer members. Furthermore, arrearages in contributions from former members of the Organization amounted to \$1,738,049.28, bringing the total outstanding arrearages to \$12,068,183.78.

10. The delegate of the European Union (EU), supported by the USA, noted that the Council should be invited to elaborate strategies to reduce the arrearages in contributions.

11. The delegate of the USA inquired whether the Secretariat had been in touch with members with a view to encouraging them to reduce their arrears. The Secretariat responded that, in addition to regular reminders that were sent out three times a year, the Executive Director had also personally sent letters to some members with large arrears and asked them to submit plans to pay. Noting that the outbreak of COVID-19, intense currency fluctuations and the Russia/Ukraine crisis had made it difficult for many members to pay their

assessed contributions, the Secretariat had been making a strong effort to encourage members to reduce their arrears.

12. The delegate of Ghana said there was a need to introduce a new formula for assessing members' contributions to the administrative budget, noting that the financial capabilities were not the same between, for example, the EU and countries in Africa. A more equitable way to distribute the assessed contributions should be established, he said. Such discussions should take place in the course of the renegotiation of the International Tropical Timber Agreement (ITTA), but the Committee could start its deliberations at this session and deal with the issue in the long term. Mexico recommended financial consultations within the Council to determine, for each member in arrears, how these might be resolved. This recommendation was supported by Brazil and the USA.

13. The delegate of the USA sought clarification from the Secretariat on how the assessed contributions were divided between producers and consumers. The Secretariat explained that the budget for the basic administrative costs were distributed evenly (50:50) between the producers and consumers, and the budget for core operational costs were allocated on a ratio of 20 percent for the producers and 80 percent for the consumers.

14. The Chairperson informed the Committee that further deliberations on ways to reduce arrearages in contributions would take place under Item 14 (Other Business).

15. The Committee took note of the report.

Item 6: Current Status of the Administrative Account

16. The Secretariat introduced document CFA(XXXVII)/4, which detailed the current status of the Administrative Account, together with estimated expenditures for the current year and new disclosures required under the Financial Rules on bid and tender processes, sole suppliers, bad debt write-offs, approved banks and financial institutions, and matters related to the administration of the Administrative Account.

17. Document CFA(XXXVII)/4, dated 1 October 2022, reports on the current status of the Administrative Account for the financial year 2022, together with the estimated expenditure for the current year.

18. Section A of page 1 of the document shows that the estimated total expenditure for the financial year 2022 would amount to \$5,500,470.15 (i.e. \$1,530,849.85 less than the total amount approved in the budget for 2022 of \$7,031,320). The total contributions received from both producer and consumer members amounted to \$5,078,355, and it was anticipated that a deficit in the amount of \$375,813.15 would accrue in 2022. This amount would be deducted from the Working Capital Reserve (WCR).

19. Section B shows that the current year's arrears in contributions amounted to \$1,986,413. Total arrears for the period 1986–2021 amounted to \$7,837,932.96 for producer members, \$461,465 for consumer members, and \$1,707,005.72 for former members. The interest charges on these arrears in contributions amounted to \$75,367.10. Total outstanding contributions to the Administrative Account, including interest charges, amounted to \$12,068,183.78.

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

21. Section D shows that the resources of the WCR were estimated to decrease from the year's opening balance of \$6,229,651.66 at the beginning of 2022 to \$5,815,539.76 by the end of 2022.

22. Section E shows an interest income balance of \$228,575.24, which was to be used by the Executive Director for hiring consultants in accordance with the Financial Rules, Rule 5(10). The document also contains details of expenditure for each budget item and where savings were to be made.

23. Annex 1 contains information required by the Financial Rules to be brought to the attention of the CFA. This included a list of procurement greater than \$100,000; sole suppliers; bad debts that were written off; and banks and financial institutions approved by the Council.

24. The delegate of Ghana asked the Secretariat about the rationale for including former members' arrearages in the financial document and whether the arrearages could be written off. The Secretariat explained that it was presented because the former member still had a legal obligation under previous ITTAs and its write-off could only be realized by approval of the Council.

25. The delegate of the EU reaffirmed the importance of the Council extending the mandate of the Working Group established under Decision 3(LVII) for another year in order to develop a strategy to adapt the budget of the Organization to long-term trends in payments of contributions. While supporting the current work of the Secretariat in reminding members to pay their arrears in a timely manner, the delegate suggested that the Council consider analysing options for reducing the size of the permanent staffing in the organigram, which could be discussed in 2023; and options for adapting the budget in the long term because expenses remained substantive and the continued use of the WCR to make up annual shortfalls in the Administrative Account would ultimately lead to its depletion.

26. The Secretariat informed the Committee that the possible extension of the mandate of the Working Group would be included in a draft Council Decision to be considered at this session. A number of issues discussed and considered by this Working Group might also require decisions by the Council, and the recommendations made by the Working Group would be presented to the Council for discussion at this session under the relevant agenda items. The extension of the mandate of the Working Group was considered necessary because some of the matters considered would require short- to medium-term planning to find the most effective ways for resolving the issues of members in arrears, motivating members to pay on time, and other matters.

27. The Secretariat noted that discussions on write-offs of arrears would also require more in-depth discussion. The Executive Director stressed that it would be most important to identify the reasons why members were not paying their assessed contributions.

28. Referring to the intervention on reducing the size of the Secretariat, the Executive Director noted that this would be an unhealthy discussion to enter into while ITTO was trying to stabilize its operational and functional status in international fora. This would be a matter for the Council, and such discussions might overlap with those on the extension or renegotiation of the ITTA, 2006. The Executive Director also referred to a potential overlap with Decision 5(LVII) on the Strategic Action Plan adopted by the Council in 2021, which tasked the Secretariat with developing a resource mobilization strategy. The interlinkages between these various discussions should be taken into account.

29. The Committee took note of the report.

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

30. Document CFA (XXXVII)/5 dated 5 October 2022 on "Resources of the Special Account and the Bali Partnership Fund" captured the current balance of funds under the Special Account and the Bali Partnership Fund.

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

32. The current balance of funds under the Special Account and the Bali Partnership Fund is \$14,014,915.87, of which \$10,414,235.78 are funds committed to specific projects and activities. The unearmarked funds and the Sub-account B of the Bali Partnership Fund, which had a balance of \$3,886.74, may be allocated to projects/activities by the Panel on Sub-Account B of the Bali Partnership Fund. The Panel is normally convened during the period when the Council Session is held. As recommended by the Informal Advisory Group (IAG), however, it was decided that the Panel would not be convened at this session due to its low level of funding.

33. The Committee took note of the document.

Item 8: Auditor's Report for the Financial Year 2021

34. Document CFA(XXXVII)/6 on the "Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)" contained two reports required to be submitted by the ITTO Auditing Standard: The Executive Summary of ITTO's Financial Statements for the year ended 31 December 2021 prepared by the ITTO Management; and ITTO's Financial Statements for the year ended 31 December 2021, audited by the Independent Auditors.

35. The audit was carried out by Ernst & Young Japan, which was appointed by the Council in November 2017 to audit the accounts of the Organization for the financial year. It carried out the financial audit for the period ending 2021 in March to June 2022.

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

37. For ITTO's project accounts in FY2021, new voluntary contribution pledges of \$3.8 million were announced at the Council session, and total project cost expenses during that period were \$3.9 million from projects mostly funded prior to FY2021. Total Administrative Account assessed contribution revenues were \$7.1 million, of which \$2.0 million was not received during FY2021 and was accounted for as assessed contributions receivable (arrears).

38. The Council adopted Decision 5(LIV) at its 54th Session in November 2018 on enhancing the Organization's financing architecture and fundraising. Additional fundraising approaches were to be piloted and new streamlined project cycles and programmed themes were to be developed from 2019, in accordance with this decision. Information on revenue and direct and indirect costs associated with implementing this pilot would also be reported in the financial statements for calendar years 2019, 2020 and 2021, in accordance with the decision. For calendar year 2021, it was reported that total pledges of \$419,582 were made associated with implementing the pilot, and the total cost associated with implementing the pilot was \$211,320.

39. Other highlights included the following:

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

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

41. The delegate of the USA proposed that, from next time, a requirement should be added for the appointed auditor to have the draft audit report edited by native English speakers for readability. The Secretariat took note of the proposal.

42. The delegate of the EU accepted the report and accompanying financial statements and encouraged the Secretariat to continue its transparent and ethical management.

43. As there were no other comments, the Committee recommended to the Council that it approve the "Financial Reports Prepared in Accordance with ITTO Financial Rules and Procedures (Annex 4)" on the Accounts of the Organization for the financial year 2021, as contained in Document CFA(XXXVII)/6.

Item 9: Appointment of Auditor

44. Document CFA(XXXVII)/7 on the “Appointment of Auditor for the financial years 2022-2026” contained background on the process for identifying a qualified auditor for consideration of the Council, as described in ITTO’s Auditing Standards, 1.1 Selection Process.

45. The Secretariat explained the process taken on the appointment of the auditor, noting that the amended Financial Rules under Decision 5(LV) extended the term of the auditor from three years to five years, with the possibility for the same audit firm to be reappointed, given that the lead audit engagement partner would be rotated off an engagement after a maximum of five years in their capacity.

46. The delegate of the USA sought clarification from the Secretariat on why only one proposal was received out of the ten audit firms invited to the tender process. The Secretariat informed the Committee that, although not all firms had given explanations, most had declined due to insufficient capacity and/or a lack of expertise in conducting audit based on IPSAS.

47. The delegate of the USA expressed concern that, if the situation continued, only Ernst & Young would be available to audit ITTO’s financial accounts. The Secretariat responded that it was only Ernst & Young at this time but, in future, the capacity of the other audit firms could increase and their expertise in IPSAS might be established. Fortunately, the rules allowed ITTO to reappoint the same firm, as long as the lead partner was rotated off, so there would be no problem for the foreseeable future.

48. The delegate of Brazil asked whether other international organizations headquartered in Japan were facing the same issue, with difficulties in finding auditors that could conduct financial audits based on IPSAS. The Executive Director responded that ITTO was the first body in Japan to pass an audit for financial statements prepared based on the IPSAS standards. She noted that it might be the case that, in the next two or three years, other firms would obtain more exposure to the IPSAS accounting standards and more experience in dealing with international organizations such as ITTO. Given that ITTO was the only international organization headquartered in Japan, however, the situation was unlikely to change in the near future.

49. The Committee examined Document CFA(XXXVII)/7 and recommended to Council the appointment of Ernst & Young Japan to audit the accounts of the Organization for the financial years 2022 and beyond, in accordance with the provisions contained in the ITTO Auditing Standard (Annex 4 to the ITTO Financial Rules).

Item 10: Draft Policy Documents

50. The Committee examined document CFA(XXXVII)/8, which contained suggestions for amendments to several policy documents made by the open-ended member-led working group established this year in accordance with the CFA’s recommendation. By consensus, the Committee decided to recommend to the Council that it formally adopts the new policies together with the amendments.

Item 11: Extension of the Tenure of Senior Management Staff Member/s

51. The Executive Director recommended to the Committee the extension of the tenures of two senior management staff members, Dr Hwan Ok Ma and Dr Steven Johnson, upon reaching their retirement age in 2023, as provided for under Regulation 7.4 of the ITTO Staff Regulations and Rules. The recommendation was made in accordance with Rule 709 of the Staff Regulations and Rules of the ITTO.

52. The Executive Director stressed the institutional knowledge embodied in the two staff members, their exemplary work records, their project management skills and experience, their excellent relationships with partner members and organizations, and the difficulty in finding suitable replacements at short notice. The Executive Director described the recent work of Dr Ma and Dr Johnson that would require their ongoing involvement and hence the necessity of extending their appointments. In responding to points made by delegates, the Executive Director said the Secretariat was working to find a qualified replacement for Dr Ma. The position of Director of Reforestation and Forest Management had been advertised, and the Executive Director was confident that a suitable appointment would be made. Her main concern, however, was about the transition, and the extension of Dr Ma’s appointment would ensure that this would be as smooth as possible. She clarified that any decision to extend the tenures of Dr Ma and Dr Johnson would not require an explicit decision by the Council but could be noted in the report of this committee. The Executive Director also

confirmed that she would fully consider the balance of professional staff between producer and consumer members and between regions.

53. There was consensus on extending the tenure of Dr Ma, whose term was due to expire in January 2023. Delegates also supported the extension of the tenure of Dr Johnson, although the delegate of Ghana questioned whether it was necessary at this session, given that Dr Johnson's tenure was not due to conclude until the end of October 2023. It might be more appropriate, he said, to make a decision intersessionally. After discussion, it was agreed to recommend to the Council that it approve the extension of the tenure of Dr Ma for one year beyond the current date of his retirement in January 2023 and to approve the extension of the tenure of Dr Johnson for three months beyond the current date of his retirement in October 2023. The further extension of Dr Johnson's tenure could be considered by the CFA at its next session in December 2023.

54. Upon agreement of the CFA, this was reflected in the recommendation section of the CFA report for adoption by Council.

Item 12: Election of Chairperson and Vice-Chairperson for 2023

55. The Chairperson of the Committee for 2023 will be announced by the producer caucus at a later date. The Vice-Chairperson of the Committee for 2023 will be announced by the consumer caucus at a later date.

Item 13: Dates and Venue of the Thirty-eighth and Thirty-ninth Sessions

56. The Committee agreed that its sessions may be held on the same dates and at the same venues as the Fifty-ninth and Sixtieth Sessions of the Council.

Item 14: Other Business

A. Projects funded at least 80% of its approved budget

57. The Committee considered the recommendation from the Secretariat that, when at least 80% of the approved budget of a project or activity has been pledged, to allow the Executive Director to revise the budget and proceed with implementation using available funds without the need for further review or approval by the Council. The Executive Director said this had been the practice in the Secretariat for several years, and her preference was to formalize this practice with the agreement of the CFA and the Council.

58. The delegate of Peru expressed concern that, even if this practice was formalized, projects that could not secure financing up to 80% of its approved budget (such as the case of PD 916/21 Rev.1 (F) in Colombia, which had received partially funding in December 2021) could fall under the sunset clause and lose its validity for financing. He asked whether the Secretariat had considered ways to prevent such partially funded projects from becoming sunset or to raise the level of funding for partially funded projects to 80% so they could be implemented.

59. The Secretariat reaffirmed that efforts were always made to secure funds of at least 80% through consultations with donors. Funding for concept notes was one way to secure funds by allowing donors to express interest and to formulate project proposals that could be implemented with the available funding. Moreover, partially funded project proposals already had a longer period before sunset (26 months compared with 20 months), and sunset proposals could also be resubmitted.

60. The delegate of France suggested that feasibility studies should be carried out to assess projects that received 80% funding and their budgets were modified subsequently so they could be implemented with available funds. The Executive Director responded that all approved projects had been screened by the Expert Panel on Technical Appraisal of Project Proposals. The Expert Panel, which represented the members, essentially conducted feasibility studies as part of their process. The Executive Director added that the current practice to enable projects to proceed with 80% funding was done while also working with other donors to obtain financing for the remaining 20% of the project.

61. As there were no objections from the floor, the Committee decided to recommend that the Council approve this rule.

B. Matters related to the Administrative Account

62. The Chairperson invited the Secretariat to introduce the suggestion made by the Working Group (WG) established under Decision 3(LVII) on the Administrative budget that the following topics should be discussed at the CFA:

- i. Amendments to Rule 5 of the Financial Rules to improve cashflow in the Administrative Account in order to allow arrear payments to be placed directly into the current operational account for the year in which it is received, and to allow flexibility for annual budgets to be used within the same financial biennium without being returned to the WCR at the end of the year.
- ii. Propose ways to prompt members to pay their assessed contributions. The WG deferred this discussion to the CFA at ITTC 58 for an open and frank exchange among members and to make recommendations to the Council.

(i) Amendments to Rule 5 of the Financial Rules

63. The delegate of Peru said that urging members to pay their arrears in full did not seem to be in line with the “flexibility” suggested by the WG. The Secretariat explained that the term “flexibility” was used in the context that late payments received would be used within the same financial biennium, instead of returned to the WCR.

64. The delegate of Peru pointed out that the proposed draft decision did not contain details for partial payments of arrears. The Chairperson thanked Peru for this intervention and noted that this issue could be discussed in the open-ended drafting group.

65. In response to a request from the delegate of the USA, the Secretariat clarified that, under Rule 5 of the Financial Rules, any surplus would be transferred to the WCR at the end of each financial year, regardless of the financial biennium. Since the WG discussed ways to improve cashflow, the proposed amendment to Rule 5 would allow the surplus of the first year of the financial biennium to be used to cover expenses incurred in the second year of the financial biennium rather than transferring it to the WCR.

66. The delegate of New Zealand indicated her country’s support for an amendment to the rules to allow arrears to be used directly in the year in which it was received. She also noted that ITTO sends out its invoices for assessed contributions immediately following Council sessions, which was normally around the beginning of December, with a due date for payment of 1 January of the following year. This meant that members had only one month’s notice, which was insufficient time to secure a budget. She proposed exploring ways in which invoices could be issued with more notice, such as was the practice in the World Organisation for Animal Health, which generally met mid-year. The Secretariat explained that the due date was specified in the ITTA, 2006 and changing it might therefore require a Council decision. She noted that members could address this issue by securing adequate budgets one year in advance, as Malaysia did.

67. The delegate of Australia, joined by Malaysia and the EU, supported the WG’s recommendation on providing the Executive Director with flexibility in the use of late payments of assessed contributions. The delegate of Australia flagged that, where large arrears were involved, sufficient oversight of this needed to be in place.

68. The delegate of the USA asked whether adding surpluses to the cashflow would not change the total amount authorized for use from the WCR. The Chairperson confirmed that that was correct.

69. The delegate of New Zealand noted that this amendment would be consistent with the financial rules adopted by other commodity organizations. She also recommended the use of the term “late payments” in the amendment to Rule 5 instead of “arrears” to avoid confusion. In this case “late payments” referred to payments that were due in the first year of the financial biennium but were received in the second year. The Chairperson noted that this point would be taken into consideration at the open-ended drafting session. The Secretariat clarified that the term “arrears” and “late payments” were not used in Financial Rule 5. For the purposes of the amendment, neither term would need to be used.

(ii) How to propose ways to prompt members to pay contributions

70. The Chairperson opened the floor for comments and facilitated a wide discussion on how to propose

ways to prompt members to pay assessed contributions.

71. The delegate of the USA thanked the Secretariat for the documents that helped clarify this complicated discussion. She noted that, when the arrears were divided by decade, the arrears under the ITTA, 1983 added up to only US\$778,000, involving only three members, while, under the period of the ITTA, 1994, the amount was \$1 million. She sought an explanation from the Secretariat on the current scheme for writing off arrears. She inquired whether the Secretariat had the flexibility to provide discounts and perhaps to consider deeper discounts to resolve this “longstanding overhang” to enable a focus on arrears under the current agreement. The Secretariat informed the Committee that provisions under Decision 7(XXXIII) allow the write-off of arrears accumulated during the period of the ITTA, 1983. This decision stated that, if members cleared all payments from 2002, they would obtain a one-fifth write-off of their arrears accrued during the period of the ITTA, 1983. Currently, this was the only automatic write-off mechanism specified. There was a provision in the ITTA, 2006 that the Council may approve write-offs as deemed necessary. A 5.5 percent discount was available to members that paid their assessed contributions within four months of the due date. Discussion on schemes for write-offs and discounts were held at the previous session of the Council but had been deferred to this session.

72. The delegate of Ghana inquired whether there was any provision for write-offs under the ITTA, 2006. He noted that donors generally had more financial capacity to pay their assessed contributions early and thus obtain the discount. The problem was that producer members that had accumulated arrears over many years had no financial incentive in the form of a discount. He noted that policymakers in producer countries often faced decisions on whether to pay arrears to ITTO or use the sparse funds for immediate development needs, such as the provision of potable water. There was a need to look at a fair formula for assessed contributions based on economic size.

73. Responding to the delegate of Ghana, the delegate of the EU said that the basis for calculating the assessed contributions were set out in the ITTA, 2006.

74. The delegate of the EU referred to Decision 7(XXXIII) in 2002 about write-offs of arrears in the period 1986–1996. The idea of this measure, he said, was to stimulate those members with long-term arrears to get back on track. He asked for information on whether this measure had worked in practice.

75. The Secretariat reported that six countries had obtained write-offs with a total value of \$1.2 million under this decision (as indicated in the table on page 36 of Document ITTC(LVIII/4). Today, some of those countries, such as Togo, had no arrears, but some other countries had large arrears, so it might have been a temporary solution. The Secretariat also clarified that there was no provision for write-offs for the periods covered under the ITTA, 2006 or the ITTA, 1994; the only Council decision with a provision for write-offs was for the period 1983–1996 under the ITTA, 1983 (as described above). A new Council decision would be needed for new write-offs. He noted that, under Article 30 of the ITTA, 2006, members were free to make their case regarding the payment of their assessed contributions in exceptional circumstances, and some countries had made use of this. Liberia had made such a case in 2019 and the CFA had requested them to develop a payment plan, which was yet to be received.

76. The delegate of Ghana used a hypothetical example to propose a means for incentivizing producer members to pay arrears. If a member with an assessed contribution of \$150,000 obtained funding for a project to the amount of \$300,000, a percentage of the total (e.g. 10 percent, or \$30,000) could be contributed towards that member’s assessed contribution. This would compel governments to submit proposals. The Chairperson said his immediate reaction was that money set aside for projects should be used for projects, but it might prompt similar ideas. The Executive Director said there were no rules that would allow such an arrangement. She noted that, under Article 19 of the ITTA, 2006, members in arrears were unable to submit projects to ITTO. The delegate of the USA said her delegation was open to considering positive incentives but suggested obtaining reactions from members with arrears to determine the feasibility of the proposal. The delegate of Peru suggested directing a percentage of project funds already apportioned to the Secretariat for project monitoring and administrative costs to the Administrative budget. The delegate of the EU said that his preliminary thinking was that arrears in assessed contributions were for meeting certain administrative costs and core activities, as set out in the ITTA, 2006. This was different to project funding, and transferring funds between project and administrative budgets would not necessarily be consistent with good practice and the financial standards of international organizations. There was a need to ensure that any new arrangements did not compromise the efforts of the Organization to maintain good financial management. The delegate of Papua New Guinea suggested that, for approved projects, the percentage of project funding going to the administrative budget could be increased. The Executive Director said that funding for projects was voluntary,

and it was not possible to put a proportion of that funding into the Administrative Account to cover arrears. The delegate of Ghana clarified that his proposal was not to use a proportion of project funds for defraying debt; rather, his proposal was forward-looking, from 2023, to encourage members to pay their assessed contributions going forward. Another option was that the typical contributions of home countries to project funding, when they comprised cash, could be allocated to paying assessed contributions.

77. The delegate of Indonesia reiterated that payments of arrears could be used for operational costs but any surpluses should be returned to the WCR. Regarding Ghana's proposal, such funds could be called additional revenue for assessed contributions but the Organization would not function without actual contributions. He proposed that arrangements could be made in which a portion of revenues generated by ITTO projects, such as through voluntary carbon markets and compliance markets, could be dedicated to paying arrears. The Executive Director said the Secretariat had commenced discussions along these lines. She also mentioned an idea of setting thresholds for paying arrears, beyond which members might receive write-offs of the remainder.

78. The delegate of Australia said that the Administrative Account was there to serve the core functions that benefit all members, and earmarking certain funds around arrears would raise issues. He asked if it was possible in the rules to make voluntary contributions to the Administrative Account. He said Australia was open to proposals for encouraging payments in the future, perhaps by discounting, over time, those countries that paid their annual dues. The delegate of Peru said that, rather than putting pressure on members to pay arrears, incentive mechanisms were urgently required. The delegate of Mexico proposed that, for members with arrears that paid their assessed contributions over a period of three years, they would become eligible for submitting project proposals and, when they did so, a portion of the project funding (e.g. 20 percent) could be allocated to drawing down their debt.

79. The delegate of New Zealand acknowledged the difficult financial circumstances faced by many members, and she said the delegate of Ghana had sent a strong message of choosing between paying historical arrears to ITTO and vital services such as infrastructure. In principle, New Zealand did not support discounting arrangements associated with projects, but there could be a balancing of historical arrears and future contributions. She proposed discounting arrears for forward payments to incentivize members to pay their contributions and thus become eligible for project funding. The delegate of Japan said that contributions to the administrative budget was an international commitment, and any discussions should keep in mind that any exception for relief should be subject to Article 30 of the ITTA, 2006, which specified measures in exceptional circumstances.

80. The Executive Director said it was not possible to mix funding between voluntary contributions and the Administrative Account; if a donor country wished to undertake the arrears of another country, it would require amendment to the rules. She said the big question was why members were not paying their assessed contributions. Many countries were in arrears before the COVID-19 pandemic, so this was not the only factor.

81. The Chair proposed recommending extension of the WG for another year with a view to proposing concrete solutions at the next Council session. The delegate of Ghana proposed making use of the producer spokesperson in the WG as a conduit for all producer members to contribute to the WG.

Item 15: Recommendations to the International Tropical Timber Council

82. The following recommendations were provided by the Committee to the Council:

- 1) to approve the Financial Reports prepared in accordance with ITTO Financial Rules and Procedures (Annex 4) for the Financial year 2021, as contained in document CFA(XXXVII)/6;
- 2) to approve the appointment of Ernst & Young Shin Nihon LLC to audit the Accounts of the Organization for the financial year 2022 and beyond, subject to satisfactory performance;
- 3) to formalize the "Policy Documents" as an official document, publish it on the ITTO website and disseminate to relevant audiences, as appropriate;
- 4) to take note of the list of disclosures required by the Financial Rules, as contained in Annex 1 of CFA(XXXVII)/4, and endorse the list of sole providers and approve the list of banks and financial institutions;
- 5) to endorse the policy for the Secretariat to allow the Executive Director, when at least 80% of the approved budget of a project/activity has been pledged, to revise the budget and proceed with implementation using available funds without the need for further review/approval by the Council;
- 6) to approve the extension of the tenure of Dr Hwan Ok Ma, Project Manager, Reforestation and

Forest Management, for one year beyond his current retirement date, to 31 January 2024, and of Dr Steven Johnson, Director, Trade and Industry, for three months beyond his current retirement date, to 31 January 2024; and

- 7) to approve the extension of the working group on Decision 3(LVII) on the Administrative budget for one year.

Item 16: Report of the Session

83. The Committee adopted this report.

ANNEX V

REPORT OF THE INFORMAL ADVISORY GROUP (IAG)

DOCUMENT: ITTC(LVIII)/2



**INTERNATIONAL TROPICAL
TIMBER COUNCIL**

Distr.
GENERAL

ITTC(LVIII)/2
3 November 2022

Original: ENGLISH

FIFTY-EIGHTH SESSION
7-11 November 2022
Yokohama, Japan (Hybrid Session)

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

**2 November 2022
Virtual meeting**

**Thirty-sixth Meeting of the Informal Advisory Group (IAG)
Virtual Meeting, 2 November 2022**

Report of the Chairperson

1. The Thirty-sixth Meeting of the IAG was convened virtually on Wednesday 2 November 2022 at 19:00 (JST), chaired by Mr. Jesse Mahoney (Australia), Chairperson of the Council. The meeting was attended by Dr. Mohammed Nurudeen Iddrisu (Ghana), Vice-chairperson of the Council; Ms. Anna Tyler (New Zealand), Chairperson of the Committee on Economics, Statistics and Markets (CEM) and the Committee on Forest Industry (CFI) and also Consumer Spokesperson; Mr. Björn Merzell (Sweden), Chairperson of the Committee on Finance and Administration (CFA); Ms. Siti Syaliza Mustapha (Malaysia), Chairperson of the Committee on Reforestation and Forest Management (CRF); Mr. Jorge Malleux (Peru), Producer Spokesperson; Mr. Yasuyuki Kobayashi (Japan), Representative of the Host Government of the Headquarters, and observer colleague Ms. Marie Tsunoda (Japan); and Ms. Sheam Satkuru, Executive Director (ED), and other senior members of the Secretariat.
2. The Chairperson agreed that the ED would introduce the meeting agenda on his behalf. The ED welcomed the members of the IAG to the meeting.
3. The IAG considered and adopted the following agenda for discussion:
 - A. Brief background of the IAG:
 - Decision 2(LI);
 - Report of the IAG at its Thirty-fifth Meeting (1 July, 26 August and 24 November 2021);
 - General observations by the IAG Members;
 - B. Update on Japan entry requirements and changes to border controls
 - C. Update on the COVID-19 situation in Japan
 - D. Modalities of the 58th ITTC
 - E. Update on preparations for ITTC 58
 - F. Status of Parties to the Agreement
 - G. Status of contributions to the Administrative Account
 - H. Update on CFA policies
 - I. Filling positions of Council officers/bodies
 - J. Consideration of draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII):
 - Projects, Pre-Projects and Activities [Decision 1(LVIII)];
 - Extension of the BWP 2021-2022 [Decision 2(LVIII)]
 - Management of the Administrative Budget [Decision 3(LVIII)]
 - Extension of the International Tropical Timber Agreement, 2006 (ITTA) [Decision 4(LVIII)]
 - K. Other matters

A. Brief background of the IAG

4. In its deliberations, the IAG noted and made reference to Decision 2(LI) and the Report of the Informal Advisory Group (IAG) at its Thirty-fifth Meeting held virtually on 1 July, 26 August and 24 November 2021, as contained in document ITTC(LVII)/2 dated 26 November 2021.

B. Update on Japan entry requirements and changes to border controls

5. The ED reported that Japan very recently minimized the border controls for entry into Japan following the COVID-19 pandemic. Those delegates who would normally require a visa to enter Japan will still need to obtain such a visa, and the Secretariat has been assisting members on this. This session will be held in a hybrid manner, involving both physical and virtual attendance. To date, 183 participants have registered to attend the session, of whom 89 have registered to attend virtually. A total of 20 producer members and 17 consumer members are registered to attend.

C. Update on COVID-19 situation in Japan

6. The ED said that cases of COVID-19 have recently started increasing again in Japan. Delegates travelling to Japan to attend the session will need to use a new app introduced by the Government of Japan on November 1 to facilitate their entry into the country. Information on this requirement will be circulated to all participants registered to attend the session in person. The app is only available in English and Japanese, which might pose difficulties for non-English-speaking participants; however, it is expected that assistance will be available at airport immigration areas upon arrival. Vaccination certificates need to be in English; those delegates whose certificates are in another language are advised to carry a translated version and post this to the app as well as the original. An alternative to be able to avoid quarantine would be to have a negative PCR test done within 72 hours of departure.
7. The ED stated that, at the Council session itself, the Secretariat will take precautionary measures where face masks will be provided to all participants and rapid antigen test kits will also be available for those participants wishing to test themselves for the COVID-19 virus. It is not a legal requirement to wear masks in public spaces in Japan, but the chairs and vice-chairs of the Council and Committees should encourage participants to wear face masks out of consideration of others.

D. Modalities of the 58th ITTC

8. The ED said that the Decision 9(XXXI) Ad Hoc Advisory Group, convened in early July 2022, recommended that the Secretariat prepare for a hybrid session. The arrangements for this are discussed under agenda item E.

E. Update on preparations for ITTC 58

9. The ED said that the schedule for the session has been prepared to accommodate a hybrid session, based on the model used previously for physical meetings, with a plenary hall, committee rooms, and a room for the Chairperson's Bureau. Simultaneous interpretation will be available for the caucuses; only informal meeting rooms and the Chairperson's Bureau will not have interpretation. The main rooms will all be set up with full hybrid arrangements, including those used by the producer and consumer caucuses. Most documentation for the session is available on the ITTO website and the remaining documents will be posted over the next few days.
10. The ED briefed the meeting on each agenda item for the 58th Session of the International Tropical Timber Council (ITTC), as follows.
11. *1: Opening of the session.* This will involve five speakers—the Council Chair, Mr. Jesse Mahoney; the Honourable Mr. Shinsuke Takei, Deputy Minister of the Ministry of Foreign Affairs of Japan; the Honourable Mr. Yamanaka Takeharu, the Mayor of Yokohama; His Excellency the Ambassador of Peru to Japan; and Ms. Sheam Satkuru, ITTO ED.
12. *2: Quorum.* The Secretariat will report on the presence or absence of quorum, as required.
13. *3: Adoption of agenda and organization of work.* This item is usually a formality.
14. *4: Report on membership of the Council.* Angola acceded to the International Tropical Timber Agreement in July 2022 but has not responded to an invitation to attend the session.
15. *5: Distribution of votes for the 2022–2023 biennium.* This was previously approved by the Council and will be unchanged except for the inclusion of Angola, which will have a minor effect on the voting, mainly for Africa but also for a few other producer members.
16. *6: Admission of observers.* There have been no new applications from observers this year.
17. *7: Statement of the Executive Director.* This will be about 15 minutes in length.
18. *8: Report of the Informal Advisory Group.* This will be tabled at the first session of Council, as per usual practice. A draft should be ready for review by the Council Chair and ED by Friday 4 November.

19. *9: Report of the Credentials Committee.* The Credentials Committee may sit more than once during the session and report daily during the session, beginning on Monday. Friday is likely to be the most important day for achieving quorum to enable decisions to be adopted; however, there may be no need for voting during the session so the issue of quorum will not be as prominent as it has been at sessions in the previous few years. It was clarified that the report on the quorum to be presented on the first day of the session will be made by the Secretariat based on registrations for the session, pending confirmation of credentials by the Credentials Committee. It was further explained that the work of the Credentials Committee will be ongoing during the session, with members able to communicate by email, in addition to the officially convened meetings.
20. *10: Procedures and modalities.* This item will involve a brief outline of the hybrid nature of the session.
21. *11: Matters related to Article 19 of the ITTA, 2006.* This item will be opened on Monday because the Working Group could not conclude on a couple of issues. It recommended that those items be deferred to the CFA, so discussions will continue in that forum if Council agrees.
22. *12: Extension of the ITTA, 2006:* The Working Group had been unable to make solid recommendations on this item to the Council. The Working Group co-chairs will present a report, with the recommendation that discussions on this matter continue in plenary, with the potential that the Council will decide to extend the Working Group for another year. The Secretariat has drafted a simple decision to accompany the Working Group report, based on discussions in the Working Group. However, one member of the Working Group proposed substantive changes to the draft decision that had not been discussed, and the Secretariat considered that it would be unfair to other Working Group members to forward this draft to the IAG. Therefore, the draft decision currently comprises only a possible title of a decision, for discussion during the Council session.
23. *13: ITTO Strategic Action Plan 2022–2026.* The decision at ITTC 57 to adopt the Strategic Action Plan directed the Secretariat to develop a resource mobilization strategy (RMS), and the ED will present a report on this strategy to the Council. The proposed RMS was developed in close collaboration with the Advisory Board. If it is agreed, the Council could formalize it in a decision or in a note in the report of the session. The proposed RMS incorporates recommendations made by the Advisory Board on the new financial architecture to enable the Council to consider all elements of the strategy in deciding on the best way forward.
24. The main point of debate on the RMS could be the projected amounts needed to implement the Strategic Action Plan. If consensus is reached on this, the RMS could be adopted as stated above. If there is no consensus, the Council could request further consultations and development of the RMS prior to its next session. About half the RMS relates to the core functions of the Secretariat and so can be carried out without formal agreement on the RMS, but a lack of consensus on the overall strategy would delay implementation of other parts of the Strategic Action Plan. The Consumer Spokesperson suggested that the producer and consumer spokespersons could play a role in encouraging members to come to consensus on the projected amounts, through negotiations if necessary. The Producer Spokesperson indicated that the producers have no problem with the projected amounts but want the tentative budget to contain a consideration of funding for already-approved projects. The ED said that this could be the crux of the debate because inclusion of already-approved projects would increase the overall tentative annual target budget for voluntary funds from USD 7 million to almost USD 17 million, which is a significant difference.
25. *14: ITTO Biennial Work Programme.* The Secretariat (Mr Gerhard Breulmann) said that a general overview will be provided on the Biennial Work Programme (BWP), and additional presentations will be made to the Council and Committees on selected activities under other agenda items, such as on cooperation with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and the Fellowship Programme.
26. *15: Matters related to Article 15 of the ITTA, 2006 on cooperation and coordination with other organizations.* A presentation will be made to the Council by the ED on this item similar to that made to the Advisory Board at its most recent meeting.
27. *16: Special Account and Bali Partnership Fund.* The Bali Partnership Fund currently has only about USD 4000, and there will be no need to convene the Panel during the session.

28. *17: Implementation of ITTO's new financing architecture.* The ED will present to the Council on what has changed in the implementation of the new financial architecture and the funding raised to date under it. The presentation will be based on that made to the Advisory Board at its most recent meeting.
29. *18: Biennial Review and Assessment of the World Timber Situation 2021–2022.* The Secretariat (Mr. Steven Johnson) said that the team compiling this report will make a presentation on the data collected to date and a draft analysis of these data. Many members are yet to submit the requested data, and the presentation will be a means for encouraging members to provide data and to correct potential errors. The final report of the *Biennial Review and Assessment of the World Timber Situation 2021–2022* will be published in 2023.
30. *19: Update on the cooperation between ITTO and CITES.* The Secretariat (Mr. Johnson) said the Council will be provided with an update on this ongoing activity under the BWP. ITTO has been assisting members for many years to implement CITES with respect to tree species, most recently under contract with the CITES Secretariat. The ITTO Secretariat will be attending the Conference of the Parties (CoP) to CITES, being held the week following ITTC 58. There will be proposals for new listings, including tropical tree species such as khaya, azelia, ayous, ipe and *Dipteryx*. A standing Council decision requests members to discuss any proposals to list tropical tree species before they go to CITES, but no notifications were received by ITTO on this occasion. CITES has a resolution that it must consult with ITTO on timber listing proposals, and the Secretariat received notification of the proposed listings in July and provided comments by the due date in mid-September; it also received responses to a request for input from a small number of ITTO members, as well as requests from members for help on developing positions on the proposals. In its comments to CITES, the Secretariat expressed concern about a lack of consultation about the proposals with some of the major traders of the species involved. This agenda item will mainly be one of information-sharing with Council members prior to the CITES CoP commencing the week after the ITTC.
31. *20: Reports of the committees.* These reports will be presented by the respective chairs on the final day of the session (Friday).
32. *21: Election of Chairperson and Vice-Chairperson of the Council for 2023.* The Vice-Chairperson for ITTC 58, Mr. Nurudeen, will be nominated as the incoming Chair. The consumers will propose a new Vice-Chair, who, by convention, will be nominated by the Producer Spokesperson.
33. *22: Dates and venues of the Fifty-ninth and Sixtieth Sessions of the Council and the Associated Sessions of the Committees.* To avoid potential overlaps with other international meetings, especially the Conference of the Parties to the United Nations Framework Convention on Climate Change, the Secretariat will propose the convening of ITTC 59 in early December 2023. Viet Nam had previously expressed interest in hosting the session but has informed the Secretariat that it will now be unable to do so. The Secretariat is in discussion with another member in Asia as a potential host. ITTC 60, in 2024, will be hosted in Yokohama. IAG members expressed disappointment that Viet Nam has withdrawn its offer to host ITTC 59, given the importance of that country as a major player in tropical timber trade. The ED expressed hope that another potential host will be announced during ITTC 58, and a fallback position might be to convene the session in Yokohama, pending the availability of an appropriate venue and the budget required.
34. *23: Decisions and report of the session.* The draft decisions are discussed below (under agenda item J).
35. *24: Closing of the session.* This agenda item is usually brief. The expectation is that the session will formally close by 2 p.m. on Friday.
36. The Secretariat outlined the proposed schedule for the session. Registration will start on Sunday afternoon, from 2:30 pm - 5 pm, and will also be open on Monday from 9 am. The opening session will be held from 10:30 am - 11 am. This would normally be followed by a plenary session but, due to the session being a hybrid, a coffee break has been scheduled to allow the room to be rearranged, and the caucuses will meet from 11 am - 12:30 pm. The first plenary session of Council will convene from 4:30 pm - 7 pm, which is later than usual to enable as many virtual participants as possible to attend. The close of the plenary session will be followed by the Chairperson's Bureau and a reception hosted by the Chairperson at the Intercontinental Hotel.

37. The Annual Market Discussion, to be convened on Tuesday as part of a joint session of the Committees, will be broadcast on YouTube; it will feature speakers from the private sector and other invited guests. Effort has been made to group together on Tuesday afternoon those items most closely related to markets and economies, such as the Annual Market Discussion, cooperation with CITES, the Biennial Review and Assessment, updates on market access/certification, and progress on the EU-funded Independent Market Monitor project. Following these items (and also in the joint session of the Committees), the Civil Society Advisory Group (CSAG) will present on a community-scale, women-led ITTO project in Togo. The joint session will also feature a report from the most recent Expert Panel for the Appraisal of Project and Pre-Project Proposals, and a report on ex-post evaluations. The IAG agreed that Ms. Tyler will chair the joint session of the Committees, with the exception of the CSAG event, which will be chaired by the ED.
38. Meetings of the Fellowship Panel will be chaired by the Vice-Chairperson of the Council during the lunch break on Wednesday; the panel has already been active virtually.
39. Excursions arranged by the City of Yokohama will be conducted for participants between 11:15 am - 15:00 pm on Thursday. One excursion will visit a wooden high-rise building (limited to 20 participants), one will visit Sankeien Garden, and one will be hosted at the observation deck of Landmark Tower, with a briefing there on development in Yokohama City. A light lunch will be provided to all those participating in the excursions.
40. The Chairperson's Open-ended Drafting Group is scheduled to be convened on Wednesday evening, with simultaneous interpretation. It may also meet on Thursday, if required. The deadline for decisions and committee reports is Thursday evening.
41. Throughout the session, one half to one hour each morning has been allocated for the caucuses.
42. The session on Friday will commence with the caucuses, followed by committee sessions to enable them to finalize their reports. The final plenary session will convene at 12 noon to deal with the remaining agenda items. It was noted that senior Secretariat staff will be on hand at all committee meetings to assist the chairs and vice-chairs.

F. Status of Parties to the Agreement

43. The accession of Angola to the ITTA 2006 as a new African producer member will be brought to the attention of Council.

G. Status of contributions to the Administrative Account

44. The ED reported on the status of contributions to the Administrative Account to the Advisory Board at its most recent meeting. The CFA will also review the status.

H. Update on CFA policies

45. The ED said that updated policies for ITTO will be considered by the CFA, such as on corruption and fraud, bullying and sexual harassment, and independent vendors. Some of these had been tabled at ITTC 57 and tentatively agreed to although the Council established an Open-ended Working Group to further consider them. Both Sweden and the USA had been active on this issue, despite a lack of interest from other members. The Secretariat worked with Sweden and the USA to finalize the policies, which have been circulated to all members with a request to provide comments. The policies will be further discussed in the CFA during the session and a recommendation could be made in the CFA report at this session to incorporate the policies into ITTO procedures.

I. Filling of positions of Council Officers/bodies

46. The Secretariat (Mr. Gerard Breulmann) said that several nominations are required for the Credentials Committee for ITTC 58. Four nominations are pending from the consumer caucus and two are pending from the producer caucus; two nominations have already been received from the producers.

Nominations are required for the Fellowship Panel for 2023, or the current members could continue in their roles. Nominations are also needed for new vice-chairpersons for the Committees. For the Council, the current Vice-Chair, Mr. Nurudeen, will be nominated as Chairperson, and consumers will need to make a proposal for a new Vice-Chair, who, by convention will be nominated by the Producer Spokesperson. Nominations are needed from consumers for the CFI/CEM and the CFA from consumers and from the producers for the Committee on Reforestation and Forest Management.

J. Consideration of Draft Decisions/Elements of Decisions Submitted Pursuant to ITTC Decision 7(XXXIII)

47. The IAG considered the draft decisions/elements of decisions submitted pursuant to ITTC Decision 7(XXXIII) as follows:
- i. Projects, Pre-Projects and Activities [Decision 1(LVIII)];
 - ii. Extension of the BWP 2021-2022 [Decision 2(LVIII)];
 - iii. Management of the Administrative Budget [Decision 3(LVIII)];
 - iv. Extension of the International Tropical Timber Agreement, 2006 (ITTA) [Decision 4(LVIII)].

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

48. The ED said that, as per usual practice, this decision details activities and projects approved and funded by the Council, and will be ready before the end of the session. Donor consultations are ongoing, and some projects will likely be funded at the session.

Extension of the BWP 2021-2022 [Decision 2(LVIII)]

49. The ED informed that this draft decision is proposed because all activities in the BWP are still relevant and many are still operational. Also, the proposed decision will bring the BWP in line with submission of Administrative Budget. This was especially important because some activities in the BWP are funded from the core budget, which therefore needs to match proposals in the BWP.

Management of the Administrative Budget [Decision 3(LVIII)]

50. This draft decision was prepared by the Secretariat based on discussions under the relevant Working Group as a basis for discussion in the Council. The key proposal in the draft decision is to give the Secretariat more flexibility in its use of the Working Capital Account. The Producer Spokesperson indicated that the producers have some observations on this decision and suggestions for improving it; these may be raised under the relevant agenda item in the Council session.

Extension of the International Tropical Timber Agreement, 2006 [Decision 4(LVIII)]

51. This draft decision, which consists of a title page only, is discussed above (paragraph 22). The ED said that the original draft decision prepared by the Secretariat will be shared with IAG members for their information.
52. The IAG recommends the following list of decisions to be considered for adoption by the Council at its Fifty-eighth Session:
- i. Projects, Pre-Projects and Activities [Decision 1(LVIII)]
 - ii. Extension of the BWP 2021-2022 [Decision 2(LVIII)]
 - iii. Management of the Administrative Budget [Decision 3(LVIII)]
 - iv. Extension of the International Tropical Timber Agreement (ITTA), 2006 [Decision 4(LVIII)]
53. Draft proposals for these decisions (except the first and last) are included in Annex A to this report.

Other Matters

54. The ED informed that the Earth Negotiations Bulletin (ENB) will not be attending the session because of the cramped international schedule this year and a lack of funding. The Secretariat is consulting with a member country to obtain last-minute funding, but even if successful it is unclear whether ENB will be able to attend, given the very short notice. She noted that the ITTO communication team will provide its usual daily coverage of the session. The Council may wish to ensure that sufficient budget is available for future sessions to enable ENB coverage.

K. Adjournment

55. The Thirty-sixth meeting of the IAG was adjourned at 8:55 p.m. Japan time with a vote of thanks to the Chairperson and participants of the meeting.

ANNEX A

Draft Decisions

Only text of draft Decisions are appended to this Report.



INTERNATIONAL TROPICAL TIMBER COUNCIL

Distr.
GENERAL

ITTC(LVIII)/...
xx November 2022

Original: ENGLISH

FIFTY-EIGHTH SESSION
7-11 November 2022
Yokohama, Japan (Hybrid Session)

Draft DECISION 2 (LVIII)

EXTENSION OF THE ITTO BIENNIAL WORK PROGRAMME 2021-2022

The International Tropical Timber Council,

Appreciating the work of the Secretariat in implementing the Biennial Work Programme for the years 2021-2022;

Taking note that the progress report on implementation of the BWP 2021-2022 presented to the Fifty-eighth Session of the ITTC [Document ITTC(LVIII)/7] includes descriptions of work that may carry on into 2023 and possibly beyond in the Implementation Status updates provided for relevant approved activities;

Further taking note of the recommendation of the Informal Advisory Group to extend the BWP 2021-2022 so that it is back in-line with the biennial approval cycle of the ITTO Administrative Budget

Decides to:

6. Extend the Biennial Work Programme for 2021-2022, as adopted under Decision 2(LVI), for a period of one year;
7. Urge all members to pay their assessed contributions in a timely manner and consider making additional resources available, be it through voluntary contributions or in-kind resources to implement the Biennial Work Programme 2021-2022;
8. Request the Executive Director to seek additional funding sources to finance the continued implementation of the Biennial Work Programme 2021-2022;
9. Request the Executive Director to report on the progress in implementing the Biennial Work Programme 2021-2022 to the Council during its Fifty-ninth Session;
10. Request the Executive Director to present a new Biennial Work Programme for consideration and approval to the Council during its Fifty-ninth Session.

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INTERNATIONAL TROPICAL TIMBER COUNCIL

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GENERAL

ITTC(LVIII)/...
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FIFTY-EIGHTH SESSION
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Yokohama, Japan (Hybrid Session)

Draft DECISION 3 (LVIII)

MANAGEMENT OF THE ADMINISTRATIVE BUDGET

The International Tropical Timber Council,

Appreciating the continuing efforts made by the Executive Director and her staff in exercising cost savings in the expenditures from the Administrative Budget for the year 2022;

Noting with concern the insufficient receipts of contributions to-date from Members to the Administrative Budget for 2022;

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

Recognizing that late payments can frequently arise from emergencies and global economic downturns and fiscal uncertainties in the future, and also recognizing that in 2021, a deficit of approximately US\$400,000 was incurred between expenditures under the approved Administrative Budget and assessed contributions received from Members, and that the receipts of contributions from Members to the Administrative Budget for the remainder of 2022 might fall short of the estimated total expenditure for 2022;

Recalling Decision 3 (LVII) which authorizes the Executive Director to transfer, if necessary, such as in emergency situations, an amount not exceeding 10% of the budget from the Working Capital Reserve annually to the current account in the Administrative Account to meet the shortfall of funds to implement the work programme of the Organization, and established a virtual intersessional group to make recommendations on the management of the Administrative Budget;

Further noting the recommendations made by the intersessional group established under Decision 3 (LVII) contained in its report (ITTC (LVIII)/4) discussed during the 58th Council Session;

Decides to:

8. Authorize the Executive Director to transfer, if necessary, such as in extraordinary and emergency situations, an amount not exceeding 15% of the budget from the Working Capital Reserve, with immediate effect, to meet any shortfall of funds to ensure continuity of operations in the event of a temporary shortfall of cash and implement the work programme of the Organization, as long as expenditures stay within the specified annual budget; and request the Executive Director to provide an annual update on drawdowns from the Working Capital Reserve to the Committee on Finance and Administration (CFA) at the Council Sessions;
9. Request the Executive Director to reflect paragraph 1 in Rule 5.5 of the Financial Rules and Regulations, maintaining the requirements to report to the CFA, through its Chair, on a timely basis with regards to any drawdowns from the Working Capital Reserve; and to restore any drawdowns from the working capital reserve from contributions as soon as possible;

10. Request the Secretariat to add information on the assessed contribution collection rate per year in the annual report to the CFA;
11. Request members to pay as early as possible, and in full, their contributions to the Administrative Budgets, including for 2022 and 2023, as well as all arrears in contributions from previous years, to prevent further depletion of the Organization's savings through the utilization of the Working Capital Reserve to meet the shortfall in contributions;
12. Urge the Secretariat to continue to undertake appropriate cost saving and efficiency measures as necessary under the Administrative Budgets for 2022 and 2023;
13. Extend for one year the mandate of the virtual intersessional group established in accordance with Decision 3(LVII).

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